

WHITEPAPER


Modern facilities evolution

Balancing the basics and integrating the imperatives

WHAT'S INSIDE

- 3 Navigate change with courage
- 4 Balance the basics
- 5 Include the imperatives
- 6 Choose the right partner

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Warehouse facilities have undergone a remarkable transformation, evolving into pivotal hubs that drive the efficiency and success of supply chains.

In Canada, this evolution has been particularly pronounced, spurred by technological advancements, changing consumer behaviours and the pursuit of sustainable practices.

But leaders are facing many challenges, including labour and space shortages, which are preventing organizations from meeting business objectives, hitting goals and growing with purpose.

To meet today's challenges head on and future-proof for what's next, organizations must focus energy and investment on levelling up their space, their people and their partners.



Navigating change with courage

Canadian warehousing owners and operators face a myriad of challenges to achieve operational excellence.

Increasing demand for storage is outpacing available square footage.¹ Scarcity often leads to higher real estate costs and intensifies competition for suitable warehouse locations.² Higher costs add financial strain, making it hard for business leaders to balance operational expenses in a tight labour market.

This uncertainty creates a challenging environment for decision-makers, limiting their ability to navigate the evolving landscape with confidence. Instead, they may view innovative approaches and technologies with skepticism, hesitancy or outright rejection.

Warehouse owners and operators must become more innovative and creative with existing spaces, optimizing every inch without compromising safety, efficiency or sustainability. Making the most of a limited resource in today's climate means thinking outside the box.



The availability rate for industrial real estate in major markets has shrunk to 2.2%, from almost 3% a year ago, according to [Altus Group](#). In Toronto and Vancouver, it's around 1%.¹

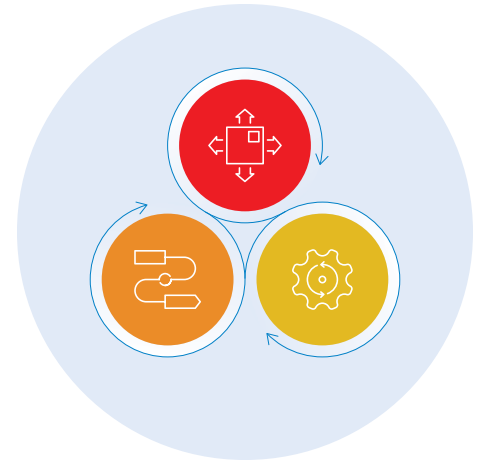


Warehouse leasing rates have increased across the country. In both Toronto and Vancouver, costs have [risen 40%](#) in three years.²



According to a [report](#) by The Business Development Bank of Canada (BDC), 55% of business leaders say they are struggling to hire and 64% say that a worker shortage limits their growth.³

Balance the basics



Canadian facilities managers face a lot of noise with emerging solutions that promise to revolutionize the industry. Finding a path to success means taking a measured and methodical approach to facility design. There are three fundamental building blocks that must be considered simultaneously.

Maximizing space utilization

Unlock untapped storage potential

Facilities are typically leased by the square foot and outgrowing a space often triggers a search for more square footage, but available space is extremely limited.

Sometimes thinking inside the box—looking up rather than stretching out or moving—can lead to creative solutions and lower costs.

ROI can be realized quickly by building up and/or adding density vs. building out and/or committing to a bigger footprint.

Optimizing flow efficiency is pivotal

Ensure safety, productivity and efficiency

Unnecessary travel and handling minimizes efficiency—but designating specific zones for receiving, storage, picking, packing and shipping and establishing a logical flow between these zones is the way to overcome this.

Bringing trucks and other vehicles into the equation to make sure they are fully integrated with the storage infrastructure is key, especially if the strategy is to build high or increase density. Compatibility will be important.

The right orchestration of layout, equipment and people and ensuring that all elements are analyzed simultaneously will help to achieve flow.

Embracing technology and automation

Streamline operations and bolster efficiency

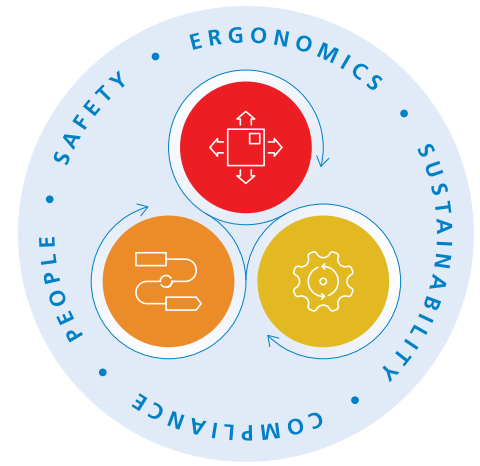
Evolving supply chain strategies and rising consumer expectations means complex pick and pack requirements.

The right technology means being able to meet expectations. Robots can execute layer picks, case picks and even product picks. Pallets of mixed inventory can be optimized for weight, balanced for safety, shrink-wrapped and made ready to ship.

When workforces embrace working with technology, they can uplift each other to work smarter, not harder.

But, in modern facilities design, balancing the three basic elements—maximizing space utilization, optimizing flow efficiency and embracing technology and automation—is only half the job.

Include the imperatives



When strategizing for a successful facilities evolution, people imperatives like safety and ergonomics and business imperatives like compliance and sustainability need to be factored into facilities design. They must be part of the design thinking from the outset, not bolted on along the way.

Boosting well-being

People-oriented imperatives will drive things like the design workstations and storage areas with ergonomics in mind to reduce the risk of injuries and improve overall employee well-being.

A growing emphasis on environmental, social and governance (ESG) accountability and sustainability initiatives will require businesses to adopt eco-friendly practices in their facilities. That may mean factoring energy-efficient lighting, heating and cooling systems and green building materials into the design process to reduce operational costs and environmental impact.

These imperatives aren't solely about following government regulations or meeting enterprise goals. They're also about safeguarding the well-being of the workforce and the business to ensure long-term success.

Getting your people on board

Beyond design, but equally crucial, is an investment in training programs, fostering a culture of continuous learning and development, especially when it comes to new technologies. While apprehensions exist about technology supplanting human roles, the truth lies in the synergy between the two.

Getting employees onboard with new technologies, providing them with the necessary skills and understanding, fosters a workforce that embraces change, enhances productivity and maximizes the potential of technological integrations within the operational ecosystem.

Choose the right partner

A trusted partner not only possesses industry knowledge but shares your vision for growth and efficiency. The right partner becomes an extension of your team, offering support, innovation and reliability. They work to balance the foundational elements of facilities planning while ensuring that people and business imperatives like safety, ergonomics, sustainability and compliance are always part of the plan.

Their ability to adapt, communicate effectively and provide proactive solutions contributes significantly to your warehouse's success, enabling you to navigate challenges, capitalize on opportunities and evolve your facilities in alignment with your strategic ambitions. And an outside perspective can be a game-changer to seeing your facilities in a new light.

But not all providers are equal—in their philosophies, approach or offerings. Here's how to make an informed decision that aligns with your objectives and preferences.

Approach

Do they have:

- ✓ The ability to connect projects/ solutions to your business goals?
- ✓ Data collection on your product, your space and the jobs to be done?
- ✓ Capabilities to service, support and evolve what you have built?

Solutions

Do they have:

- ✓ A full range of best-in-class products, solutions and services?
- ✓ Intralogistics expertise to create a holistic solution?
- ✓ Versatile and flexible solutions that can be custom-fit to your facility?

Credibility

Do they have:

- ✓ Deep experience and a strong track record?
- ✓ Industry experts to help when new challenges arise?
- ✓ Canadian experience and coast-to-coast support?



Strong foundations. Smart evolution.

In spite of industry challenges that seem to work against facilities growth and expansion, there is an immediate opportunity for leaders to forge a deliberate path forward. If you maximize space utilization, refine workflows and embrace technology without losing sight of vital people and business imperatives, you can optimize your facilities for today and sow the seeds of sustainable growth for your people and your business in the future.

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Resources

1. <https://www.altusgroup.com/insights/canadian-industrial-market-update-q2-2023/>
2. <https://www.bloomberg.com/news/newsletters/2022-04-25/supply-chain-latest-canada-s-warehouses-are-full-straining-logistics>
3. <https://www.bdc.ca/en/about/analysis-research/labour-shortage>

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