



# The Future of the Warehouse for Midmarket Distributors and 3PLs

IN CONVERSATION WITH

**Steven Fitt, President  
Sequoia Group, Inc.**



## About **Sequoia Group, Inc.**

Sequoia Group is dedicated to delivering outstanding products mated with superior service and support to the broad complex distribution marketplace. They specialize in industry-specific solutions for distribution and 3PL environments to name a few. Their solutions are designed to improve sales, increase efficiencies, reduce waste, solve problems, and most importantly, add value to their clients' bottom line.

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Interviewer

Hi Steven, tell us about Sequoia Group.

Steven Fitt

I started in this industry in the early 80s and then at the end of 1993 we started Sequoia Group. It's been an exciting ride! One of the things that make Sequoia Group unique is that we only focus on the broader distribution marketplace. A lot of consultants divide into manufacturing, retail or other businesses, but we have stayed true to our core competency and continue to focus on the broader distribution marketplace. Distribution and 3PL are the only things we've ever done.

We pride ourselves on consulting with customers in a way that drives them forward with innovative approaches and leading-edge solutions. One thing we do differently is maintain the concept of the customer's business objectives. You don't always know what the company wants to do. Not everybody wants to grow. Some are looking to just be more profitable with what they have. Some want to stay where they are and just become more efficient. So, our focus is always on their business objectives first — what they want to accomplish — and then we help them in creative and successful ways to do that.

Interviewer

Steven Fitt

What warehousing trends do you expect to see in the distribution and 3PL industry in the next five years?

Our company provides service and support around the clock. When that's needed, we're here for them. And as much as anything, we want our customers to know that we care. We care about their business, we care about the individuals and we certainly care about their success, both individually and as a business.

We have the privilege of working with businesses all over North America. We're a team of 15 that is headquartered in Sandy, Utah.

I wish I had a crystal ball to answer that question more completely. It's been fascinating to watch how quickly the supply chain has faced tremendous challenges in the last couple of years — and maybe a little longer. We're seeing our industry be pressed and squeezed from many external forces. I don't think many of us foresaw that coming. I'm shocked at how fragile the national supply chain is.

Many of those external factors, in my opinion, will not be changing anytime soon. However, I think there will be a renewed focus on reducing labor. That's been an objective for many years, but I think we'll probably see continued focus on reducing labor in the warehouse because that's an ongoing challenge.

Therefore, automation will become more of a prevalent solution and critical to the success of many distributors. I love the term automation because it applies so differently for every business. Both small and large distributors can take advantage of it, even though it's not the same solution. When robotics come into play with a heightened level of interfacing and more advanced computer systems, I think without question more robust software solutions will be needed. Those solutions work to help businesses be more successful with the many changing factors that they're dealing with now.

What should midmarket distributors and 3PLs keep in mind when they're investing in technology to run their warehouse operations?

One of the important things to keep in mind is to maintain that larger view and big picture. If you're not maintaining that larger view throughout the warehouse, it's really easy to get sidetracked and derailed. When a new hire or a new leader comes into the warehouse with new ideas, they'll convince people to focus on this little piece or that little piece. And certainly, every improvement we make is good, but if we significantly increase efficiency in one area of the warehouse without similarly improving the other areas, then everything else just becomes a bottleneck.

Interviewer

Steven Fitt

For us, maintaining that big picture view is a critical piece. Success in a warehouse doesn't happen by accident. Every business and every warehouse are different. And, certainly, business objectives – even in the same industry – are oftentimes not the same. Therefore, having a warehouse that's designed and engineered to accomplish the business objectives is critically important. Once we have that in place, then the software and other pieces like automation come into the picture to make sure the whole warehouse flows. We see failures because a business wants to put in this or that solution. In some industries, pick to light is an unbelievably good solution that offers tremendous efficiency gains, but that's certainly not the case in all industries. It's not a cookie cutter answer. Even the technologies that bring inventory to the picker rather than take the picker to the inventory can bring significant improvements to the warehouse in some industries, but not all.

It all depends on those factors and that's the role we like to play. We come in as consultants and we see the big picture. We share experience and we help our clients improve the things that they're not thinking about to achieve that big picture.

What's your take on automation; are you seeing this as a game changer for the distribution industry?

Yes, absolutely. Automation is a game changer. I think that automation is almost like an undiscovered country. We will continue to learn and discover new ways that automation and new technologies can help us achieve success in the warehouse.

In many cases, automation is and will be the competitive advantage for many distributors. It will allow them to provide the best service at a competitive price because of the efficiencies and advantages gained from automation.

When we talk about automation, one critical piece is simulating the actual data that takes place in a warehouse. This means simulating the number of pickers, stations, aisles, lanes and bins – simulating the whole process in the warehouse. This helps us identify the bottlenecks, the challenges and the areas where automation can help us. Simulation is a key piece of that whole picture and then automation just comes in to provide the desired result.

Interviewer

What is one piece of advice you can give a midmarket distributor or 3PL who wants to improve their supply chain operations by leveraging technology?

Steven Fitt

I love that question! It's a fantastic question and we could spend the next hour discussing it. One piece of advice we always give to midmarket distributors and 3PL companies is to get good at the basics first. We have this mantra about the fact that nature is right. First, we crawl, then we walk and then we run. We follow that in our business. I can't tell you how often we'll help somebody who's failing in the warehouse and the reason they're failing is that they're trying to run when they don't quite yet have the foundation in place to walk. You really need to understand your warehouse and compare that to the business objectives. Putting that nature's philosophy in place is a critical piece.

Of course, technology leverages every aspect of this discussion. Once you're good at the basics, then we practice that mindset of continuous improvement. We'll pick an area that is a bottleneck and we just work through that. Midmarket distribution is very much a stepping-stone approach; from patchworked systems, to an ERP providing a backbone for the operations and then starting to expand and have more limbs by adding a WMS, automation, etc.

When we work with the midmarket, they tend to be more careful with their spending and what they take on because not only do they not have large budgets, but they also don't have large or extensively experienced IT personnel to manage elaborate technology systems. These are all important areas to consider.

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## About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades – by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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