

Making the Case for a WMS: **How to Win Executive Buy-In**

The true cost
of warehouse
inefficiencies

E-BOOK



Warehousing leaders are under pressure to improve throughput, reduce mistakes and keep costs low.

That's because inefficiencies, delays and errors can be expensive. They affect staffing, space, safety, customer happiness and ultimately the stability of your supply chain.

6%-12%

An industry study by the Warehousing Education and Research Council (WERC) found that inefficient warehouse practices can reduce annual revenue in medium- to large-sized operations by 6%-12%.

65%

Labor is the biggest expense in warehousing, making up 65% of costs. Inefficiencies can increase these costs by up to 30%.

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Picking mistakes can cost hundreds of thousands of dollars each year in high-volume facilities.



The good news is that solving these challenges doesn't have to be complicated. With the right warehouse management system (WMS), even small process improvements can deliver measurable results and lasting ROI.

Making the case for change

This guide is for operations leaders, warehouse managers and supply chain professionals running legacy, outdated or inadequate warehouse systems who need executive buy-in to make the leap to a modern, SaaS-based WMS. Yet convincing leadership, finance and shareholders to invest in that leap can be challenging. This guide helps you connect warehouse performance to business outcomes — showing how operational gains translate into measurable financial results and strategic growth.

How to use this guide

This guide provides a proven framework to build a compelling business case for WMS. You'll learn how to identify the benefits that matter most, connect them to operational impacts, and measure results with clear KPIs. It also equips you to anticipate executive concerns and frame the future state in a way that wins leadership buy-in and drives approval.

The process involves identifying the business benefit first, then the operational impact and finally the way you'll measure the impact.

Tangible business benefits can be measured through key performance indicator (KPI) metrics.

Intangible benefits can be highlighted through compelling narratives.

Use this guide to identify which areas are most valuable to your operations and to structure conversations with finance and executive leadership.

Per Gartner, implementing a successful warehouse management system (WMS) can provide a positive ROI that will justify the cost within 24-36 months. Additionally, a WMS lays the groundwork for fostering a culture of continuous improvement and enables ongoing annual benefits.



Top WMS takeaways

- Quantifying ROI requires framing both tangible and intangible benefits.
- Tangible business benefits can be measured through KPIs.
- Intangible benefits can be highlighted through compelling narratives.
- Use this framework to build an internal business case:

BENEFIT



OPERATIONAL IMPACT



METRIC AND/OR NARRATIVE

Business benefits of investing in a modern WMS



Before starting to build a business case, identify the benefits you want to emphasize most.



Then work backward, using this guide to show how each benefit will be achieved.



Here are some of the most common and accessible benefits.

Customer satisfaction

A modern WMS directly improves order accuracy, fulfillment speed and real-time visibility. With system-directed picking, built-in quality checks and live inventory updates, orders are fulfilled correctly and on time. Customers get faster shipments, fewer errors and accurate order tracking — leading to higher satisfaction and loyalty.

Labor costs

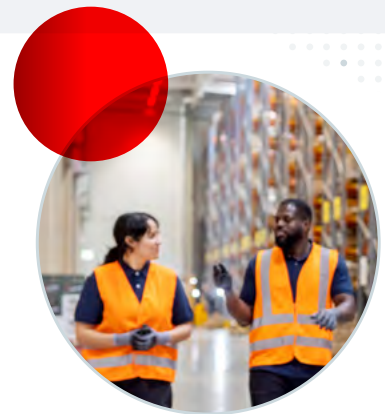
By directing tasks, optimizing workflows and reducing manual data entry, a modern WMS significantly improves labor productivity. Associates spend less time searching, double-checking or correcting mistakes. Slotting, wave picking and mobile devices streamline execution, reducing overtime and allowing you to do more with fewer people.

Warehouse space utilization

A modern WMS improves storage density by optimizing putaway, slotting and replenishment. You gain more throughput from the same footprint — often deferring racking or facility expansion. With fewer congestion points and better space use, you reduce operating costs tied to equipment, rent, energy and maintenance.

Scalability

A good WMS is designed to scale with growth. As volume increases, it adapts to more users, locations and complexity without needing a system overhaul. It can support multi-site operations, integrate with automation or robotics and handle increasing order profiles — so you can grow without breaking the warehouse.



Increased security

Modern WMS platforms include role-based access controls, audit trails and secure cloud infrastructure (if SaaS). They help reduce risks of inventory loss, fraud or unauthorized changes. If the system is cloud-based, updates and patches are automated, reducing vulnerability to attacks or downtime.

New business

A strong WMS positions a distributor to take on new customers, channels and services. Whether it's e-commerce fulfillment, value-added services (like kitting or relabeling), or tighter SLAs from key accounts, a WMS gives you the operational flexibility to say "yes" to new opportunities without creating chaos inside the DC.

Improved decision-making

A WMS helps leaders make faster, better decisions by providing real-time visibility into inventory, labor and order status across the warehouse. With accurate, up-to-date data and system-generated insights, leaders can proactively respond to disruptions, optimize resource allocation and identify performance trends, turning operational noise into actionable intelligence.

Now that you've identified the main benefits, identify the activities that impact these benefits and their key performance indicators.



High-level impacts of a modern WMS

A successful WMS implementation is likely to affect your business in several critical ways.

Inventory visibility and accuracy

Businesses can't ship what they don't have or can't find. Customer satisfaction and efficient processes rely on accurate inventory and good inventory management. Inaccurate inventory can lead to lost sales, backorders, and wasted time for pickers who can't locate product for an order in an inventory location.

Order visibility and accuracy

A WMS reduces errors at every stage — picking, packing and shipping — by validating tasks in real-time. Barcode scanning, system-directed workflows and automated quality checks ensure the right quantity of the right item goes to the right customer. This enhances management capabilities and directly minimizes returns, rework and customer complaints.

Order fill rate

With real-time inventory visibility and proactive replenishment alerts, a WMS helps ensure product availability when orders are placed. It prevents stockouts at pick locations and enables more complete orders to be shipped on time. This improves fill rate without overstocking.

Turnaround time

From order release to shipment, a WMS speeds up the process by eliminating manual steps and optimizing task execution. Features like wave planning, pick path optimization and dock scheduling reduce bottlenecks and idle time, enabling faster order processing even during peak volume.

Labor productivity

A WMS improves how labor is used by eliminating wasted motion, task redundancy and manual data entry. System-directed work, mobile scanning and task interleaving allow associates to stay productive with fewer delays or decisions to make. Performance tracking also helps identify and address inefficiencies.

Warehouse efficiency

A modern WMS enables higher throughput per square foot by improving flow, reducing congestion and optimizing space. It supports advanced techniques like dynamic slotting, cross-docking and forward pick strategies. This helps you get more done with the same footprint and fewer interruptions.



WMS business impact analysis: KPIs and strategic benefits

Inventory accuracy

Direct business benefit:

Customer satisfaction (CSAT), labor productivity

Impact:

Order accuracy, order fill rate, turnaround time

Narrative:

By ensuring consistent product availability, businesses can capture all potential sales. They avoid the lost revenue from partial orders (due to stockouts) or from items that couldn't be located in the warehouse. Companies have increased confidence that products are where they should be, reducing mispicks and replacement picks and saving time and labor. Fewer shipping errors means less time fixing mistakes and increased customer satisfaction.

Key metrics:

- **Inventory count accuracy by units or dollars** = Sum of the absolute variance in units or dollars / Sum of the total inventory in units or dollars
- **Inventory count accuracy by location** = Sum of the number of locations containing an error / Total number of locations counted
- **Lost sales** = Dollar amount of sales that were lost and not backordered due to inventory inaccuracies
- **Backorders as a % of total orders/lines/units** = Orders/lines/units not shipped due to inventory inaccuracies / total number of orders/lines/units

Receiving accuracy

Direct business benefit:

Labor costs

Impact:

Labor productivity, warehouse productivity, customer satisfaction

Narrative:

Accurate information from the start of operations leads to overall correct information throughout the process. Spend less time fixing issues after the fact. Reduce dock-to-stock time (time to putaway from receiving to storage) and make inventory available for allocation faster.

Key metric:

% of units received accurately = Total number of accurate receipts in units / total number of units received

Receiving and putaway efficiency

Direct business benefit:

Labor costs

Impact:

Labor productivity, inventory availability, dock utilization

Narrative:

Streamlined receiving reduces bottlenecks at inbound docks, enabling smoother workflows across departments and faster visibility of inventory throughout the network. The efficiency relative to the receiving and putaway processes are measured from the time product is unloaded from the inbound trailer to the time it's putaway into reserve storage — typically pallet rack or case rack.

Key metric:

Dock-to-stock time = Total cycle time in hours for all supplier receipts / total number of receipts

On-time receipts

Direct business benefit:

Customer satisfaction

Impact:

Supplier accountability, inventory planning accuracy, reduced expedites

Narrative:

Timely receipts build confidence in supplier relationships and reduce chaos in production or order fulfillment schedules.

Key metric:

% of supplier orders received on time = Number of supplier orders received on time / total number of orders received

Order picking accuracy

Direct business benefit:

Labor costs and customer satisfaction

Impact:

Reduced returns, improved throughput

Narrative:

Errors in order picking accuracy lead to costly returns, repicks and lost customer trust, eating into margins and operational efficiency. High accuracy ensures customers receive exactly what they ordered, improving satisfaction and loyalty and reducing wasted labor.

Key metric:

% of orders picked correctly = Orders picked correctly / total orders picked

Picking, packing and shipping efficiency

Direct business benefit:

Labor costs

Impact:

Labor productivity, SLA compliance, staffing optimization

Narrative:

High throughput with consistent accuracy allows teams to handle volume spikes without sacrificing quality or speed. Efficiencies can be measured in orders, lines, cases and pallets picked per hour.

Key metric:

Orders/lines/cases/pallets productivity = Sum of orders, lines, cases and pallets as applicable in hours for all customer orders / total number of orders, lines, cases and pallets respectively

On-time shipments

Direct business benefit:

Customer satisfaction

Impact:

Fewer chargebacks, carrier optimization, customer retention

Narrative:

Reliable shipping performance reinforces brand reputation and strengthens long-term customer relationships.

"Shipped" means the order contents have been loaded on the outbound trailer and left the dock in transit to its final destination. The planned time to ship may be defined by the customer, or it may be determined by the shipper in order to accommodate an on-time delivery.

Key metric:

% of orders shipped on time = Number of orders shipped on time / total number of orders shipped

Order cycle time efficiency

Direct business benefit:

Customer satisfaction

Impact:

Meeting customer SLAs, faster cash conversion, working capital optimization, net promoter score (NPS) gains

Narrative:

Shorter order cycles mean faster delivery, quicker revenue realization and improved working capital efficiency. Order cycle time is the average end-to-end time between order placement by the customer and order receipt by the customer. For direct-to-consumer online orders, this is sometimes referred to as "click to home."

Key metric:

Order cycle time = Order placement time – order receipt time excluding non-working days

Order fill rate – orders/lines

Direct business benefit:

Customer satisfaction

Impact:

Customer loyalty, reduced backorders, efficient allocation

Narrative:

High fill rates indicate operational confidence. Orders are complete and timely, boosting buyer confidence and reducing support costs.

Key metric:

Order fill rate = Orders/lines filled / total ordered in single shipment

Labor productivity

Direct business benefit:

Customer satisfaction, decreased cost per unit (CPU)

Impact:

Staffing efficiency, employee engagement, lower operating costs

Narrative:

When productivity is tracked and rewarded, warehouse teams are more engaged and turnover tends to decrease. Productivity measures employee productivity of specific labor functions within the warehouse.

Key metrics:

- **Productive hours / total hours** = Hours charged or recorded to specific activities / total productive hours available in a shift, not including breaks
- **Units processed per hour (UPH) or productivity rate** = Total units processed for a unique process in a shift / productive hours (not including breaks) in the shift
 - *Note that any change in functions (i.e., changing a task from picking to packing, for example) should exclude the units and time utilized for different tasks.*

Warehouse space utilization

Direct business benefit:

Lower operating costs, deferred capex

Impact:

Storage density, congestion reduction, facility scalability

Narrative:

Better slotting and putaway reclaim dead space, shorten pick paths and reduce congestion. That increases throughput without expanding your footprint, defers capital investment in racking or warehouse space and lowers rent, energy and maintenance costs per unit shipped.

Key metrics:

- **Cubic storage utilization (%)** = Sum of on-hand cubic volume in storage locations / sum of usable cubic capacity of those locations
- **Location utilization (%)** = Occupied storage locations / total storage locations
- **Pick-face utilization (%)** = Occupied pick faces / total pick faces
- **Throughput per cubic foot** = Orders/lines/cases shipped during period / facility cubic footage
- **Travel distance per line** = Total picker travel distance / total lines picked

Next steps

Now that you know what to measure and how to measure it, follow these steps.

1. Define strategic goals

Align your WMS project with broader business objectives, for example, scalability or cost control. Specify target improvements, e.g., 99% inventory accuracy or 20% improvement in order cycle time.

2. Build stakeholder alignment early

Involve IT, finance, operations and executive leadership. Keep communication lines open. Anticipate objections such as disruption risks and budget concerns and be prepared with mitigation plans.

3. Measure your baseline

Assess your current state and pain points as well as related functions and processes. Quantify your current KPIs. Include feedback from staff and department heads and create narratives to highlight urgency.

4. Determine gaps

Quantify benefits for justification. Translate your target improvements to impacts on revenue, costs, customer loyalty, employee satisfaction and more. Then measure the gaps between your current WMS requirements and new WMS capabilities.

5. Calculate costs

Build your total cost of ownership (TCO) and ROI models together. Include licensing, integration, training, support, maintenance and any customization or downtime risk. Then map projected savings and performance gains to those costs to determine ROI, net present value (NPV) and payback period.

6. Earn approval

Present your case using clear, compelling storytelling. Frame the WMS not as a “cost” but as a productivity and competitiveness enabler. Include before and after scenarios and stress what’s at risk by delaying investment.



And, of course, consider bringing in a consultant to help with any of these steps.

Call us to speak to an expert and learn more about how Tecsyst can introduce WMS to your company or assist you in making the case for the ROI.

Learn more





65+ Years of supply chain expertise

Nationally Recognized IT Services for Logistics

Sedlak employs a team of seasoned resources with expertise across a variety of applications and industries. We compile detailed business and system requirements into testing documents to ensure systems achieve desired functionality and performance. As your systems integrator, we manage all project details, not just software issues.

Functional Systems Requirements

Current Systems Audit

System Rollout Planning

Comprehensive Project Management

Solution Configuration, Set-Up and Testing

Host and Material Handling Interface Support

Training Program Development

Post Implementation Support

Data Mining and Report Writing

OUR EXPERTISE

Sedlak has worked in WMS since the launch of the industry, and takes a business-oriented approach to information systems to enable holistic solutions. We maintain independent, working relationships with major systems providers to stay abreast of industry trends and solutions development. We have worked with off-shelf, custom, and legacy applications in hundreds of environments of all sizes and complexities.



Tecsystm facts and figures

We have four decades of complex supply network experience.

100+

Tecsystm software is being used in over 100 countries around the world. We have a global network of 1000+ customer sites.

Gartner

Tecsystm was named a Challenger for the 15th consecutive time in the 2026 Gartner Magic Quadrant for Warehouse Management Systems.¹

Top 25

12 Tecsys customers are recognized in Gartner's Healthcare Supply Chain Top 25 – 10 in the ranked list, plus 2 with Masters recognition.²

1 of 20

1 of 20 vendors named in the 2022 Gartner® Market Guide for Retail Distributed Order Management Systems.³

1 of 13

1 of 13 vendors named in the 2021 Gartner® Market Guide for Retail Store Inventory Management Applications.⁴

¹ Gartner, Magic Quadrant for Warehouse Management Systems, by Simon Tunstall, Rishabh Narang, and Federica Stufano, published April 29, 2026.

² The Gartner Healthcare Supply Chain Top 25 for 2025 [<https://www.gartner.com/en/supply-chain/trends/gartner-healthcare-supply-chain-top-25>]

³ Enright, T. (2022, December 21). Market Guide for Retail Distributed Order Management Systems. Gartner.

⁴ Unni, S. (2021, May 3). Market Guide for Retail Store Inventory Management Applications. Gartner.

About **Tecsys**

Tecsys is trusted by mission-critical organizations in healthcare and distribution to power resilient, efficient and secure supply chains. A global provider of cloud-based, AI-driven software with deep domain expertise, Tecsys delivers real-time operational visibility and execution across critical workflows when performance and reliability matter most. Tecsys is publicly traded on the Toronto Stock Exchange (TSX: TCS). For more information, visit www.tecsys.com.



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