NICHE-SEARCH

WORKSHEET 6 OF 9

FIFO Breach Investigation Worksheet

Use when a cycle count, a picker report, or a customer complaint reveals that a newer lot was picked instead of the older lot. This is not primarily a people problem — it is a layout or labelling problem.

Complementary worksheet for
Warehouse Management Essentials
by Ibrahim Anwar

SECTION 1

What This Is For

A FIFO breach reported by a picker or surfaced in a cycle count is a symptom, not a cause. The cause is almost always physical: the storage layout does not force the correct picking sequence, the receipt date label is not visible from a normal working distance, or the floor stack has no access aisle to the older lot. Staff compliance with a FIFO SOP will always be inconsistent on a high-volume day, because taking the nearest unit is a faster decision than searching for the oldest one. This investigation does not start by asking who picked the wrong lot. It starts by asking why the layout made the wrong lot the easiest one to pick.

This worksheet runs once per breach event. It documents the physical conditions at the time of the breach, identifies the root cause as one of three physical failure types, and specifies the layout or labelling fix. The fix is verified at the next weekly cycle count. Without this worksheet, the response to a FIFO breach is almost always "remind staff to follow FIFO" — which produced the breach in the first place and will produce the next one.

SECTION 2

Benefits

What you get when you actually run this worksheet on a real situation:

- Shifts the investigation from personnel blame to physical root cause — the only frame that produces a fix that holds.
- Quantifies the financial exposure of the breach in dollars, making the cost of the physical fix visible in comparison.
- Produces a dated, signed record of the breach and the corrective action — evidence for auditors and for the operator's own improvement log.
- Prevents the same breach from recurring at the same location by requiring a physical fix verified in the next cycle count.
- Builds the operator's understanding of which storage configurations are breach-prone — informing future layout decisions for perishable or time-limited SKUs.

SECTION 3

Framework To Use

Three Physical Failure Types

Every FIFO breach traces to one of three physical failure types. The type determines the fix. A general 'remind staff' response is not a fix for any of them.

TYPE 1 — NO VISIBLE RECEIPT DATE LABEL	TYPE 2 — NO DIRECTIONAL MARKER	TYPE 3 — INACCESSIBLE OLDER LOT
Newest lot in front, older lot behind. No label visible from picking distance. Picker grabs front unit — no way to know it is newer. Fix: add receipt-date label to front face of every lot, visible at 1.5 m.	Goods stored in a block with no picking-direction instruction. Picker takes from whatever face is most accessible. Fix: 'Enter right / Take left' sticker at working height in front of every bay.	Solid floor stack front-to-back. Older lot is at the back behind a full stack. Physically impossible to pick without dismantling. Fix: aisle down the middle of the stack, or gravity-flow racks for high-value SKUs.

SECTION 4

How To Use

Follow these steps in order. Each one builds on the previous.

1. Open one row per breach event per SKU location. A single order with three wrong-lot picks from three different locations requires three rows.
2. Record the lot that was actually picked (date on the label) and the correct lot (earliest receipt date physically present in the zone).
3. Calculate age difference in days between the two lots. This is the input for the financial exposure estimate.
4. Describe the physical layout at the time of the pick in the Physical Layout column: floor stack depth, label visibility, presence or absence of directional markers.
5. Answer the two binary questions: was the receipt date label visible from picking distance? Was a directional marker present?
6. Assign a Probable Cause from the three physical failure types. If none fits exactly, describe the specific physical mechanism.
7. Calculate financial exposure: quantity incorrectly picked × age difference × estimated daily value loss rate. For perishable goods, use 0.05% of unit cost per day as a conservative proxy. For non-perishables with shelf-life risk, use 0.02%.
8. Implement the physical fix for the identified failure type. Verify at the next weekly cycle count that the lot at the picking face is the earliest-receipt-date lot. Record the verification date and counter name.

SECTION 5

Example Use

A cosmetics distributor's cycle count reveals that Zone B, Rack 3 has a lip gloss SKU (LG-18) where the lot picked last week was received on March 15, while an older lot received on January 28 is still at the back of the same rack. Shelf life is 18 months; the January lot has 15 months remaining, the March lot has 17 months.

The owner opens a breach row. SKU: LG-18. Location Code: B-03-L2-M. Lot Picked: March 15 receipt. Correct Lot: January 28 receipt. Age Difference: 46 days.

Physical Layout at Time of Pick: two lots stored front-to-back on Rack 3, Level 2. Front face is the March 15 lot (2 cartons). January 28 lot is behind it (1 carton). No aisle between them.

Receipt Date Label Visible: No — the January 28 lot's label is on the back face of the carton, facing the wall. From picking distance (1.5 m in front of the rack), neither lot's date is readable.

Directional Marker Present: No.

Probable Cause: Type 1 (no visible receipt date label) combined with Type 3 (older lot inaccessible behind front lot without dismantling).

Financial exposure: 12 units picked × 46 days × 0.05% per day × $3.20 unit cost = 12 × 46 × 0.0005 × $3.20 = $0.88. Low per-incident exposure — but LG-18 is picked 3 times per week. Annualised: $0.88 × 52 × 0.3 (fraction of picks that are FIFO breaches) ≈ $13.73 per year from this one location. Across 8 similar cosmetics locations: ~$110 per year.

Fix implemented: receipt-date label added to front face of every lot, visible from 1.5 m. January 28 lot moved to front. March 15 lot placed behind with its own date label.

Verification at next cycle count (7 days later): lot at picking face is January 28 receipt. Counter: Ibu Desi, May 9. Breach resolved.

SECTION 6

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

FIFO Breach Investigation Worksheet

Use when a cycle count, a picker report, or a customer complaint reveals that a newer lot was picked instead of the older lot. This is not primarily a people problem — it is a layout or labelling problem.

SKU CODE	LOCATION CODE	LOT PICKED (DATE ON LABEL)	CORRECT LOT (EARLIEST RECEIPT DATE IN ZONE)	AGE DIFFERENCE BETWEEN LOTS (DAYS)	PHYSICAL LAYOUT AT TIME OF PICK (DESCRIBE)	WAS RECEIPT DATE LABEL VISIBLE FROM PICKING DISTANCE?	WAS A DIRECTIONAL MARKER PRESENT? (Y/N)	PROBABLE CAUSE OF BREACH

SECTION 6 (CONTINUED)

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. For each breach: identify whether the root cause is (a) no receipt date label visible from picking distance, (b) no directional marker enforcing the picking sequence, or (c) a solid floor stack with no aisle down the middle allowing access to the older lot. Each cause has a specific fix — do not apply a general 'remind staff to follow FIFO' response to a physical layout problem.

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2. Calculate the financial exposure from this breach: quantity of incorrectly picked units × days of age difference × estimated loss rate per day (use 0.05 percent of unit cost per day as a conservative proxy for perishable goods, lower for non-perishables). If the exposure exceeds the cost of fixing the physical layout, the fix is not optional.

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3. After implementing the physical fix: re-check the same location in the next weekly cycle count. Confirm the lot at the picking face is the earliest-receipt-date lot. Document the confirmation date and counter name as evidence the breach has been resolved.

SECTION 7

Tips and Traps

TIPS

- Add the FIFO breach check to the weekly cycle count routine: when counting any SKU at a multi-lot location, also confirm the front-face lot has the earliest receipt date. This catches breaches before an order is filled with the wrong lot.
- For high-value or short-shelf-life SKUs, invest in the receipt-date label even before a breach occurs. The label costs $0.03; the claim conversation with a customer who received a product with three months less shelf life than expected costs hours.
- If the same SKU location produces more than one breach in three consecutive months, the fix applied after the first breach is not sufficient. Escalate from labelling or directional markers to a physical storage restructure — or to gravity-flow racks if the SKU's value justifies the investment.
- Document the physical fix as a photograph. A before photo (the layout that produced the breach) and an after photo (the corrected layout) are more persuasive evidence of the change than a written description, and take 20 seconds to capture.

TRAPS

- Starting the investigation by asking which staff member picked the wrong lot. That conversation ends with a reminder to follow procedure. It does not change the physical layout. The same breach recurs on the next high-volume day.
- Using 'remind staff' as the entry in the Probable Cause column. That is not a cause — it is an avoidance. A cause names a specific physical condition. If you cannot name the physical condition, the investigation is not complete.
- Treating a single low-exposure breach as not worth investigating. The financial exposure from one breach may be small. The information the investigation produces — which layout configurations are breach-prone — has value across every similar location in the warehouse.
- Implementing the fix but not verifying it at the next cycle count. A fix that has not been verified is a fix that may not have been implemented correctly. The verification step is the close of the investigation, not a follow-up.

SECTION 8

Appendixes

Appendix A — Physical Fix Reference by Failure Type

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Type 1 — No Visible Receipt Date Label:
  Fix     : Attach a receipt-date label to the front face of each lot,
            visible at 1.5 m from the picking position.
  Material: Self-adhesive paper label or vinyl sticker.
  Cost    : < $0.05 per lot.
  Time    : 2 minutes per location, once per lot received.
  Verify  : At next cycle count, confirm front-face label is readable
            from 1.5 m without moving any goods.

Type 2 — No Directional Marker:
  Fix     : "Enter right / Take left" sticker at working height (0.9–1.2 m)
            in front of each storage bay. Floor arrow optional.
  Material: Printed vinyl sticker, min. 15 cm × 5 cm.
  Cost    : < $0.30 per bay (sticker + printing).
  Time    : 5 minutes per bay.
  Verify  : Walk the bay as a picker would. Is the instruction visible
            before reaching the goods? Can the correct side be identified
            in under 3 seconds without stopping?

Type 3 — Inaccessible Older Lot:
  Option A (low cost): Create a 60-cm aisle down the centre of the floor
            stack. Reduces capacity ~12% per bay.
  Option B (capital): Gravity-flow roller rack. Load from rear, picks from
            front by gravity. Eliminates breach entirely.
            Cost: $60–$120 per linear metre, depending on load capacity.
            ROI threshold: annual FIFO loss value > rack cost ÷ 3 years.
  Verify  : After fix, check that the oldest lot is at the front (or left,
            or picking face) without requiring any goods to be moved first.
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WHERE THIS WORKSHEET COMES FROM

Warehouse Management Essentials

Control What Enters, What Is Stored, and What Leaves Your Warehouse

by Ibrahim Anwar

This worksheet is one of nine in the *Warehouse Management Essentials* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

Available on Google Play Books

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