DEXORY

Cost of an error

What not “seeing” is actually costing warehouse managers

Dexory.com

From the moment an item enters the warehouse until it leaves, the multiple touchpoints it goes through can be subject to both visible and hidden errors that generate significant costs.

For **warehouse managers and operational leaders**, these risks often come from **the visibility gap** between what happens on the ground and the information that ultimately reaches them - and **when** it reaches them.

The COVID-19 pandemic highlighted this issue: with fewer staff on-site and operations moving online, managers quickly realised the cost of operating without a fully digitalised inventory map.

Yet, despite technology advances, only about 6% of logistics companies claim full visibility into their operations. This document explores the real costs of data errors and shows how intelligent automation can bridge the gap, reduce losses, and improve operational performance.



6%

of logistics companies claim full visibility into their operations



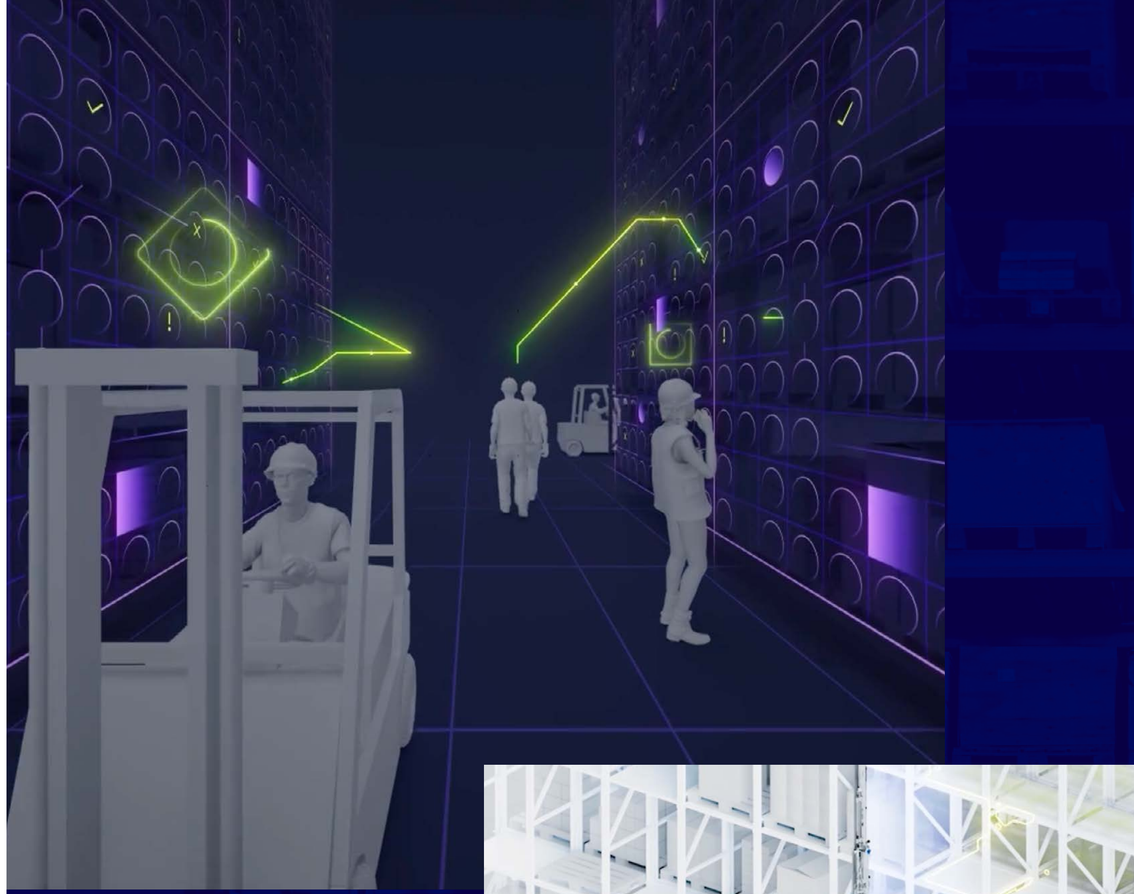
The illusion of 99% accuracy

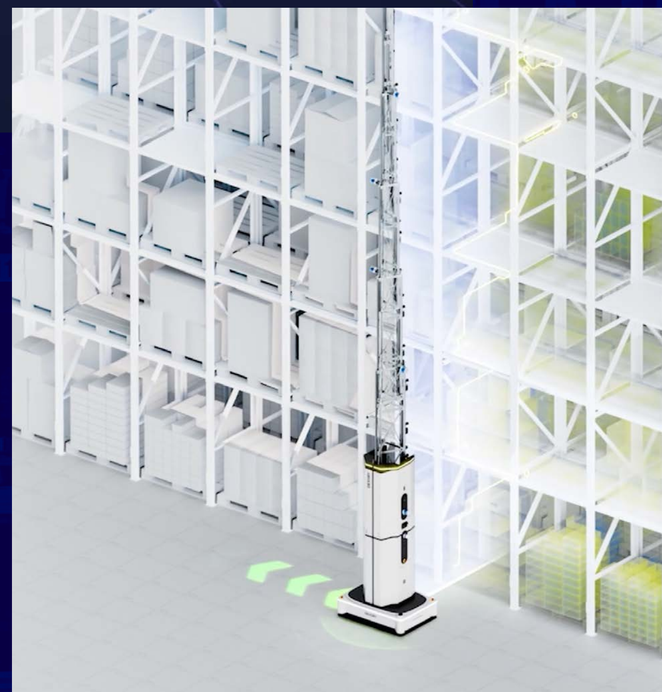
Many warehouses report near-perfect inventory accuracy, sometimes as high as **99.6%**. In reality, research shows actual numbers often fall between **65-75%** for companies relying on SKUs and barcode scanning.

Why is this happening? The answer is timing and frequency.

Manual inventory checks, still widely used, take weeks or even months to complete, consuming an average of **6,500 hours per year** on cycle counts and stock audits. Errors that occur between checks often remain undetected for months, creating a growing disconnect between reported and real inventory data.

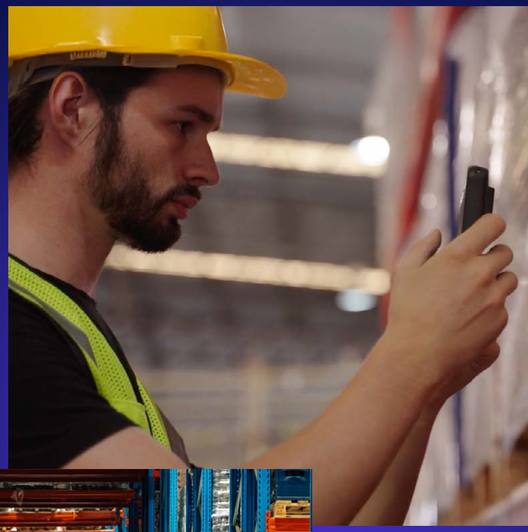
This delay makes it nearly impossible for teams to act on errors in real-time, leading to unnecessary costs and lost opportunities.







The cost of visibility gaps



Not having access to the right information at the right time can lead to significant errors: for example, if data is even one day old, replenishment plans are off, leading to emergency moves and additional labour costs.





In warehouses operating with limited visibility (largely manual data-gathering and managing processes), **what teams fail to "see" accurately and in time can trigger costly operational mistakes:**



Goods arrival & putaway



What can go wrong:

- The allocated location is already occupied
- Employees spend more time looking for a new spot
- Paperwork has to be updated and corrected
- The inbound flow is slowed down, labour time increases

Cost of an error scenario

30 minutes

average time a single error can trigger an investigation

$1,000

per incident, factoring in management oversight, system updates, and lost productivity.

Space utilisation & storage layout



What can go wrong:

- Blockstack storage means a higher risk of misplaced goods
- Double-layer racks make it harder to verify contents manually and maintain high inventory accuracy
- As many warehouses rent, not own pallets, any lost or untracked rented pallets can lead to fines
- Space is often assumed to be at 100% usage when in reality it's not, due to misplacements, incorrect WMS entries, unsafe stacks etc.; or, on the contrary, is assumed not to be full, leading to overstocking and crowded environments

Cost of an error scenario

$9-$16

is spent on sq ft for warehouse space in the UK

$416,000 - $714,000

is lost in a 300,000 sq ft warehouse with 15% shadow space

Inventory management



What can go wrong:

- Manual inventory a very lengthy process, wall-to-wall counts can take many weeks or months to complete
- Prone to human error - staff might misread labels, misplace goods, enter incorrect counts, fail to identify damaged products
- Data is already outdated by the time it reaches decision-makers
- Goods may be registered as present in the WMS but are actually missing

Cost of an error scenario

$693,000

of fines can be saved on stockouts, SLA penalties, incorrect shipments, missed orders, deadlines, and repeated rework or emergency handling.

Picking



What can go wrong:

- In picking areas, characterised by high velocity, stock levels are incorrect or not updated
- When goods are missing at the picking location, staff must wait for replenishment
- Lack of visibility of available stock causes delays and even lost goods or wastage
- Staff spend too much time on picking routes that are not properly optimised

Cost of an error scenario

$100 per error

The average cost of a single mis-pick is $22, but can also reach $100.

Outbound & throughput



What can go wrong:

- Products cannot be dispatched on time because they're misplaced, missing or not quickly accessible
- Deliveries are delayed or the wrong orders are sent out
- Wrong shipments lead to rework and unplanned tasks - investigation, locating correct goods, repicking, repacking, reshipping, customer communication, return processing
- The wrong type of items are not in the right location, or pallets/boxes are broken, resulting in faulty or badly packaged items being delivered; this leads to significant fines for health& safety or damages or repair costs

Cost of an error scenario

$2.1 billion

Lost on delivery failures in the UK for retailers, per year, on top of decreased customer satisfaction.

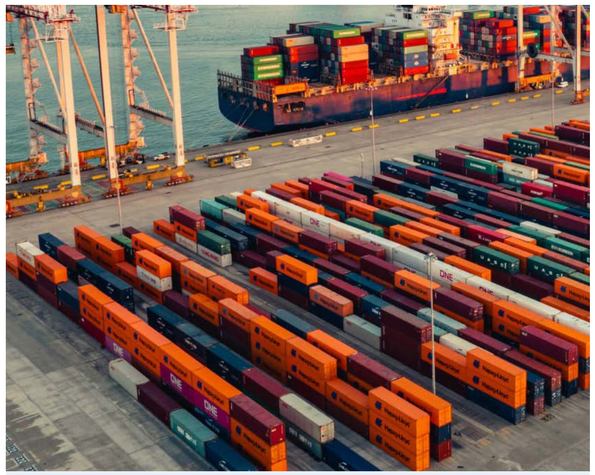
Why these costs will only keep rising

The cost of warehouse visibility-related errors is set to increase due to:



Higher customer expectations:

Next-day or even same-day delivery means errors have bigger consequences.



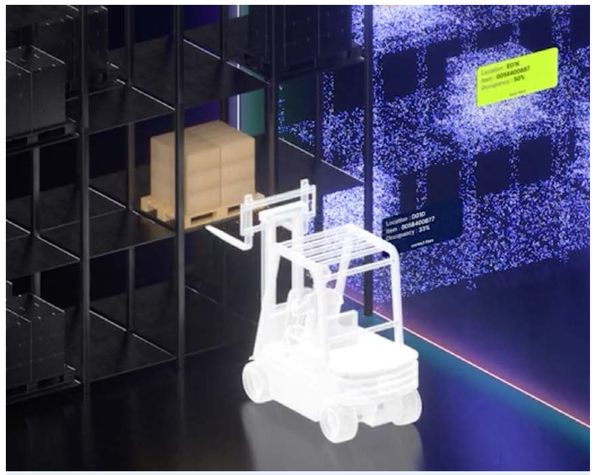
Economic volatility:

Fluctuating shipping costs and material prices amplify the impact of poor



Rising warehouse costs:

Labour, utilities, and space costs are increasing. Inaccurate data causes underutilised space and double-handling, shrinking profit margins.



Stricter compliance standards:

Customers and regulators expect higher accuracy and traceability, driven by the availability of advanced technology.

The solution: democratising warehouse intelligence

While a 100% error-free warehouse may be unrealistic, technology can drastically reduce mistakes and provide real-time insights. Advances in robotics, IoT, and AI are making warehouse intelligence accessible to facilities of all sizes.

DexoryView is a real-time digital twin of your warehouse, updated with every robot scan for instant visualisation without floor walks. A single source of truth, keeping all teams aligned.

Dexory's automated solution offers:

- **24/7 scanning** and real-time inventory tracking.
- Immediate alerts for misplaced items or anomalies.
- A single source of truth, keeping all teams aligned.
- Improved operational efficiency and accuracy, up to **99.9%.**

Vente-unique

Vente-unique.com increased inventory accuracy from **92% to 98% in just three days** after deploying DexoryView, consistently maintaining up to 99.9% accuracy with multiple audits per week.



MENZIES AVIATION

Menzies Aviation implemented automation and robotics, eliminating untraceable items and recovering **around $264,000 in lost value.**



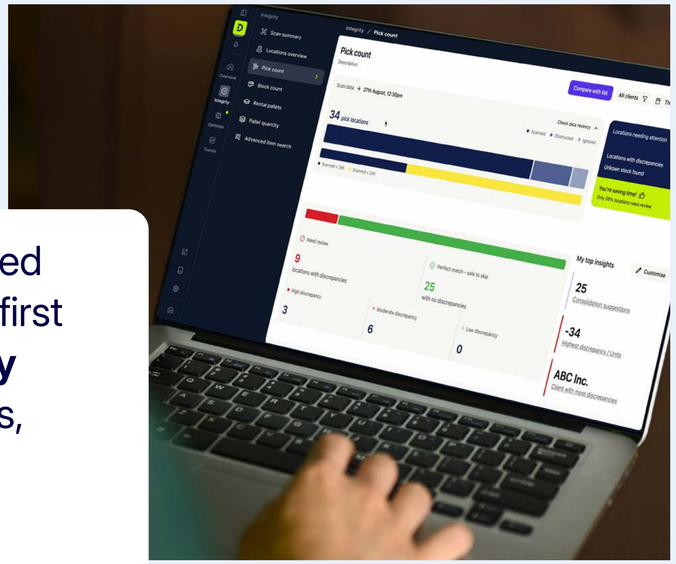
NFI

NFI, one of North America's leading supply chain solutions providers, saw **80% reduction** in manual effort for wall-to-wall and cycle count inventory checks.



Curious what savings your warehouse could achieve? Use our [DexoryView ROI calculator]

What can you do next?



How many of the errors listed in this paper have you witnessed in your own warehouse? Identifying visibility gaps is just the first step, but a crucial one: even a **0.5-1% error rate in inventory management can cause a snowball effect** into wrong picks, replenishments, stochouts on paper and overstock in reality, emergency checks or even unplanned downtime.

To understand whether your operations are exposed to data blindness and hidden costs, here's a short checklist:

- ☐ Do you have full visibility of your inventory, day in and day out?
- ☐ Do you have access now to today's data?
- ☐ How often do you experience stockouts or overstocks?
- ☐ Do you know how much time is spent on picking?
- ☐ How many wrong orders have been sent out this year?



Next steps

Your answers to these questions can reveal whether your data is trustworthy and whether your warehouse is operating at optimal efficiency.

Technology plays a key role in improving processes where visibility gaps have been identified. A centralised source of truth, combined with real-time visibility, empowers your team to act immediately, reduce costs, and optimise performance.

To explore how you can achieve 100% stock integrity and eliminate the costs of visibility errors, please reach out to:



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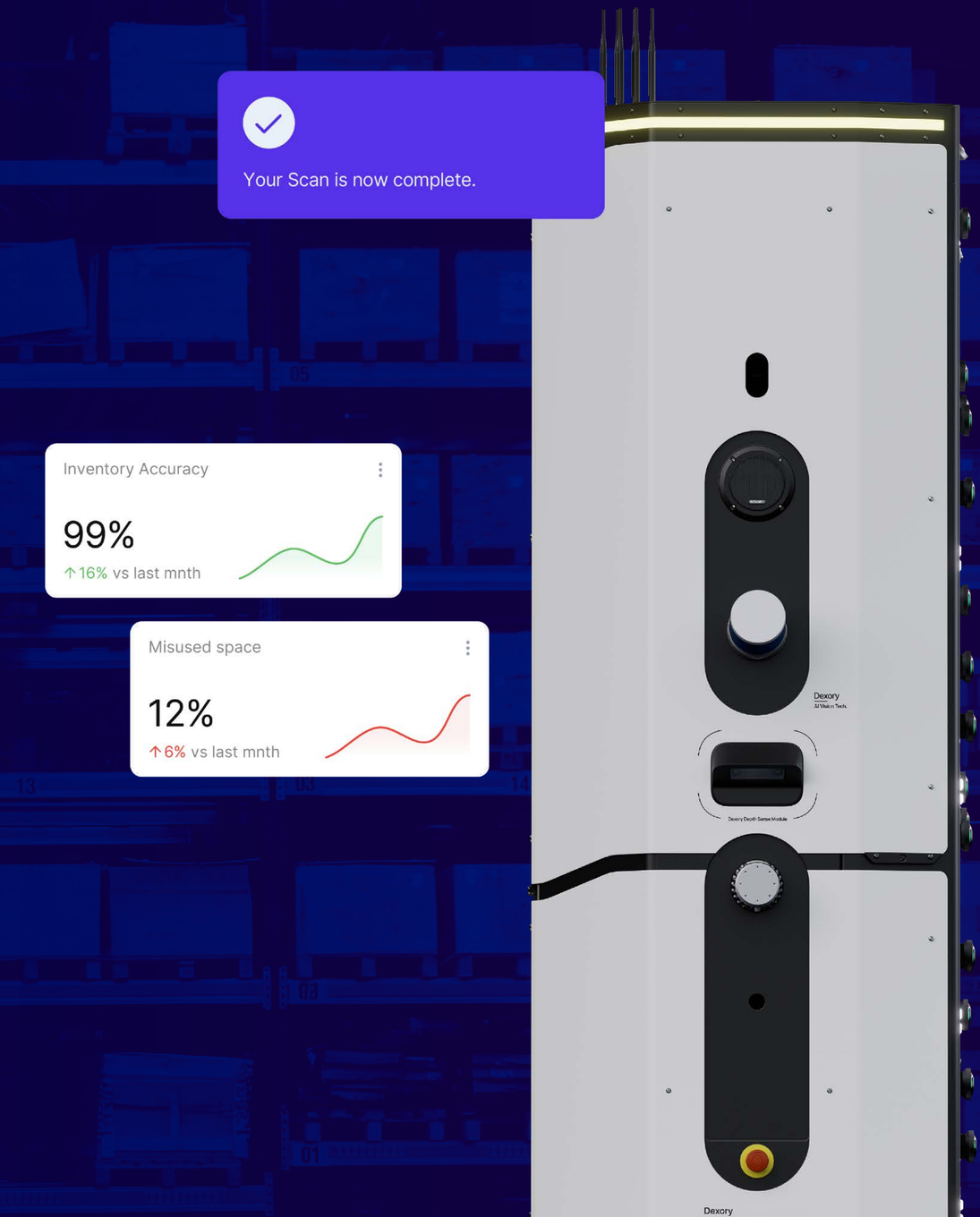

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