Responding to Labor Management Challenges in an Omnichannel World

Presented by:

Jason Franklin, Product Manager
Labor and Business Intelligence
Your Presenter

Jason Franklin
Product Manager, Labor and Business Intelligence

Jason has over 18 years of experience as a retail supply chain professional with a focus on process and technology improvements.

Jason holds a degree in Electrical engineering from Georgia Tech and has been featured in multiple material handling and logistics publications.
Agenda – What are we covering today?

- Challenges
- Engagement
- Incentives
- Analyzing and Adapting
Overview – Omnichannel

Omni-channel retailing is the concept that a customer can shop through any channel and get a seamless shopping experience whether the customer is shopping online from a desktop or mobile device, by telephone or in a brick and mortar store.
Overview – Omnichannel

Business Model Evolution

Traditional
Customers shop at bricks and mortar stores

E-Commerce
Customers shop online via e-commerce websites

Multichannel
Customers shop via multiple channels

Omnichannel
Customers engage anywhere via integrated, seamless experiences
Managing Labor is Important to Success

Production Labor wages have increased 9.3% from Jan 2016 to Oct 2017. For a 200 person fulfillment operation:

over $600k in increased yearly cost

Order fulfillment and replenishment typically accounts for 50-65 percent of warehouse labor expense.

Traditional Labor Challenges

Evolving

Rising Costs

Attractive Employer
Traditional Labor Challenges

Evolving Workforce
- Replacing the aging workforce
- Multi-generational workforce culture
- Promoting a performance culture

Rising Costs
- Rising wage and benefit costs
- Increasing complexity of operations

Attractive Employer
- Employee retention
- Hiring and training skilled labor
- Being viewed as “a good place to work”
Omnichannel Labor Challenges

Omnichannel Retail Supply Chain

Warehouse

Ship

Partner Store

Ship

Suppliers

Shop

Mobile Shop

Online Shop

Ship/Shop

Our Stores

Shop
SPEED
COMPLEXITY
Omnichannel Labor Challenges

- Changing customer expectations
- Service level promises have reduced time to ship
- New fulfillment processes with different priority mixes
- E-Commerce picking approaches require more labor
- E-Commerce orders are smaller requiring more packing requirements
- Free or reduced shipping puts cost pressures on fulfillment
- Retail stores are evolving to take advantage of DC efficiencies
Bummer..
Managing an Evolving Workforce

- Provide growth opportunities
- More coaching, less bossing
- Help them understand their contribution
- Give credit where credit is due
LMS Can Help Control Rising Costs

Quality
People

Speed
Processes

Efficiency
Decision Making

Cost
Create an Engaging Workplace

Talent acquisition and retention are becoming increasingly difficult

- Cultural changes put emphasis on opportunity, accelerated leadership and continuous feedback
- Warehouse environments are more complex, adding pressure and responsibility on supervisors and middle management
- On-line job searching exposes larger pool of opportunity and increases competition
Become an Engaging Workplace

**Meaningful Work**
- Autonomy
- Clear understanding of Goals
- Empowered
- Impactful to overall success

**Engaged Management**
- Well defined and transparent goals
- Coaching and mentoring
- Dedicated to continuous improvement

**Trust in Leadership**
- Sound vision
- Mission and purpose

**Opportunity for Growth**
- Clear pathways for advancement
- On-the-job training and support

**Supportive Work Environment**
- Culture of teamwork
- Effort is recognized
- Diverse and inclusive workforce
- Flexible schedule options

**Additional Points**
- Achievable work assignments
- Right resource for the job
- Actions tied back to results
- Investment in standards and KPI
- Visible performance updates
- Focused coaching and mentoring
- Visible, interactive leaders
- Open lines of communication
- Decisions based on facts
- Emphasis on success stories
- Merit based advancement
- Pay for Performance programs
- Rewards and Recognition
- Training program for low performers
- Performance based culture
- Flexible schedule
Incentivizing, Recognizing and Rewarding

- Incentive pay/gain sharing
  - Standards must be accurate
  - Pay calculations must be inclusive
- Hourly program examples
  - Productivity incentives
  - Quality awards
  - Awards for both Highest Achiever and Most Improved
  - Perfect attendance awards
- Executive examples
  - Manager of the month
  - Bonus (if eligible)
How to Succeed with Labor Management

• Have a plan
• Choose the right partner
• Change management
• Focus on the key activities
• Be positive!
How do you stay there?

- Leadership that believes
- Define a maintenance plan
- Review opportunities
- Recognize needs
- View technology as a people enhancer
- Communicate accomplishments
For More Information:

Speaker email: jason.franklin@honeywell.com
Website: www.Intelligrated.com

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