Responding to Labor Management Challenges in an Omnichannel World
Your Presenter

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Jason has more than 16 years of experience as a retail supply chain consulting 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.
Overview – What are we covering today?

• Challenges

• Engagement

• Incentives

• Analysis and Adaptation
Overview – Omnichannel

Omnichannel 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 bricks 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
Order fulfillment and replenishment typically accounts for 50-65 percent of warehouse labor expense.
Traditional Labor Challenges

• Hiring and Training Skilled Labor
• Employee Retention
• Replacing the Aging Workforce
• Rising Wage and Benefit Costs
• Promoting a Performance Culture
• Increasing Complexity of Operations
• Multi-Generational Workforce Culture
• Being viewed as “a good place to work”

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

Evolving Workforce

Rising Costs

Attractive Employer
Omnichannel Labor Challenges

Omnichannel Retail Supply Chain

Warehouse → Ship → Our Stores

Suppliers → Ship → Partner Store

Mobile Shop → Shop → Online Shop

Ship/Shop → Shop/Ship
Omnichannel Labor Challenges

SPEED

ACT FAST

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
LMS can Help

People
Processes
Decision Making
LMS Benefits

• Improves operational performance and effectiveness
• Provides accurate and flexible performance measurements
• Provides reporting & feedback of performance, productivity and other KPI
• Reduces operating costs
• Improves Staff Planning
Overview – LMS Benefits

• Promotes an environment of fairness and continuous improvement

• Improves management effectiveness

• Increases morale and employee satisfaction and decreases turnover

• Builds a performance culture
Create an Engaging Workplace
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

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)
Incentivizing, Recognizing and Rewarding

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How to Succeed with Labor Management

- Have a plan
- Choose the right partner
- Change management
- Focus on the key activities
- Be positive!
How to Succeed with Labor Management

- Have a plan
- Seek outside help from other providers – don’t go it alone
- Choose the right software provider and standards development partner
- Cultural change management process – not an engineering project
- Focus on the key activities within the operations
- Everything about Labor Management has to be positive – position in a positive light to your employees
How do you stay there?

Leadership that believes
Define a maintenance plan
Review opportunities
Recognize needs
View technology as a people enhancer
Communicate accomplishments
How do you stay there?

- Put in place leadership that believes
- Define a maintenance plan
- Review opportunities to expand the program
- Recognize needs: roles, training, attitude, experience
- Always view technology investments from how will it help your people (vs. how will it replace them)
- Communicate developments - Educate C-level about strengths, accomplishments