

21st Century Employee Engagement – The Next Generation Of Labor Management

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Presented by:

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2013 Labor Dynamics

Emerging markets are riding a virtuous growth cycle, propelled by larger and younger working populations. In the wealthy nations of the developed world, by contrast, low birthrates and graying workforces will make it enormously difficult to maintain what economist Adam Smith called “*the natural progress of opulence.*”

These countries’ best hope for keeping the wealth creation engine stoked is improved productivity—producing more with fewer workers.



Supply Chain Challenges – McKinsey & Company

Exhibit 1

New challenges lie ahead

% of respondents,¹ n = 639

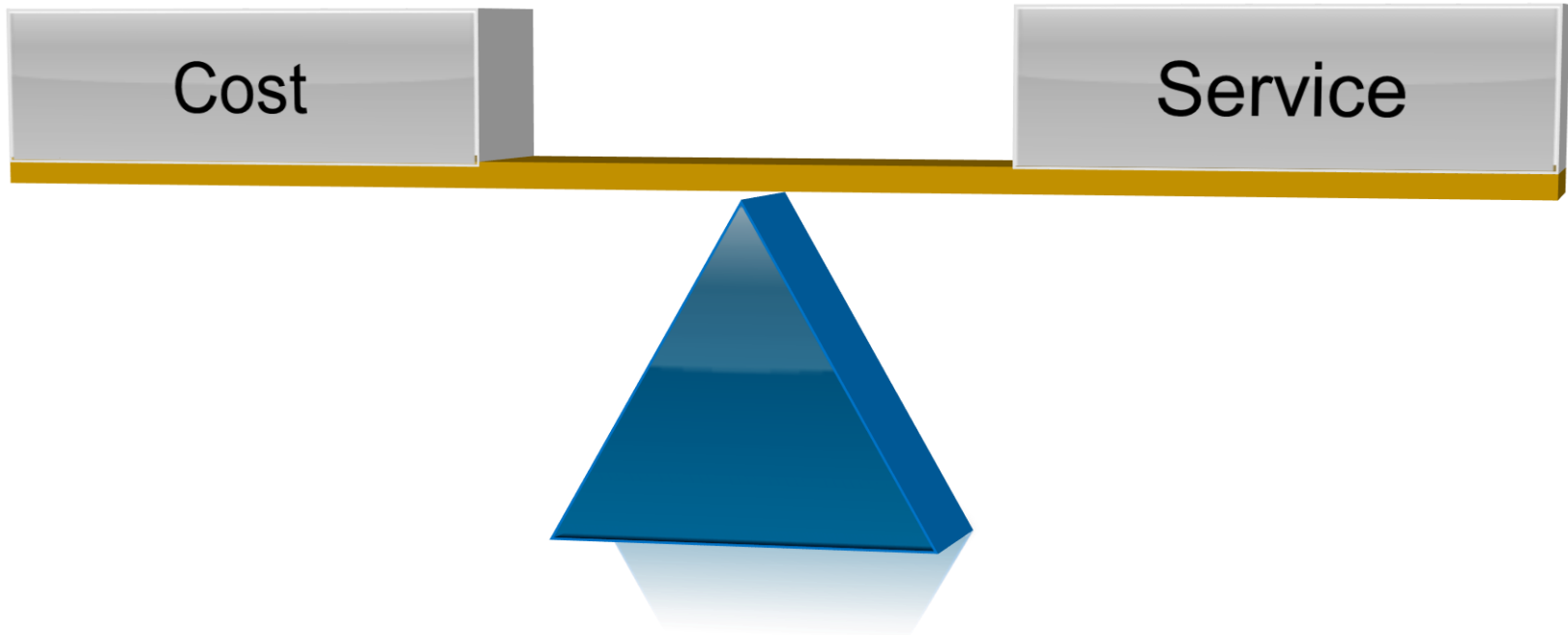
Companies' challenges in supply chain management

Over the past 3 years
Over the next 5 years

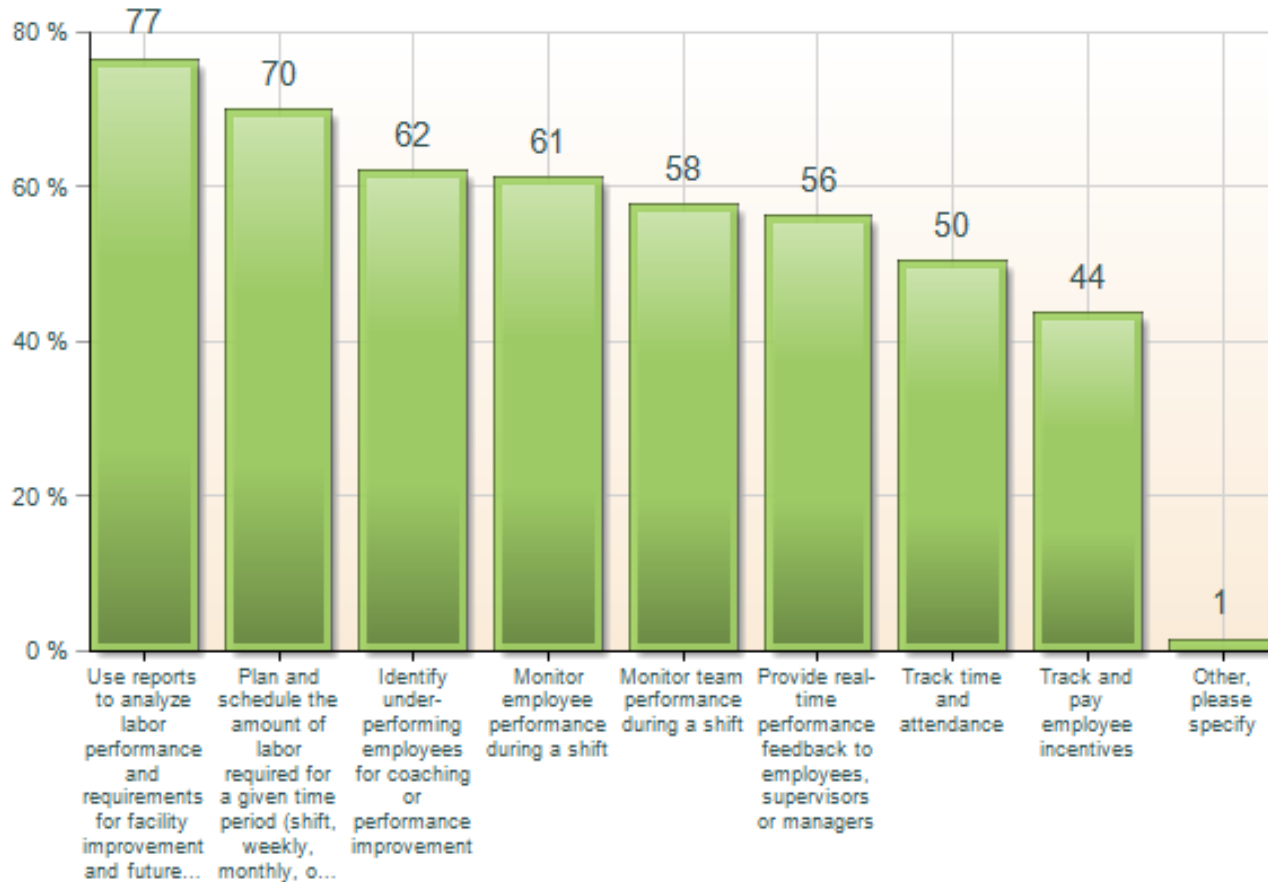


Labor is a Variable Cost

Variable costs are expenses that change in proportion to the activity of a business.



For which purposes are you using/planning to use your labor management application? (check all that apply)



Optimizing a Distribution Workforce

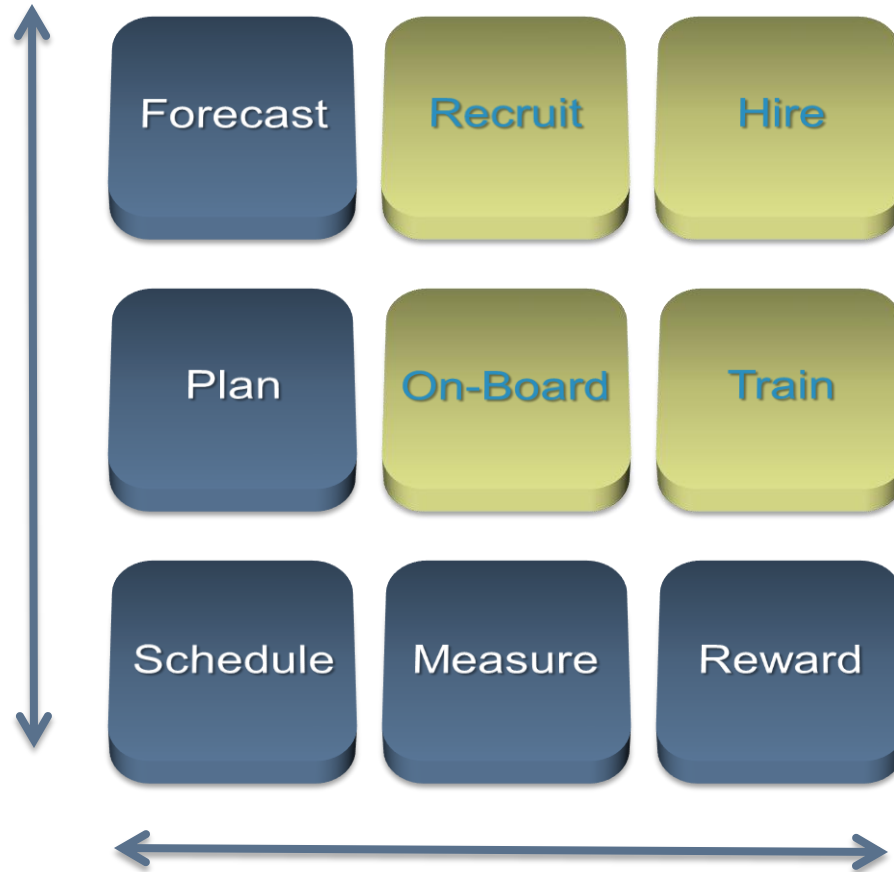
What is the optimal number of resources to run the operation?



How productive is my operation and resources?

Optimizing a Distribution Workforce

What is the optimal number of resources to run the operation?



How productive is my operation and resources?

The New Paradigm

Gartner

Research

Publication Date: 22 September 2010

ID Number: G00206300

Improve Workforce Performance in the Warehouse With WFM

Greg Aimi, C. Dwight Klappich

Historically, workforce management has been called labor management software (LMS), or just "labor," and it's long been a sister application to WMS software. *But as "enterprise workforce management" software, such as time and attendance and staff scheduling, and warehouse LMS converge, the distinct lines between the two are blurring. Gartner now calls it workforce management, or WFM, and identifies it as a specialized category for warehouse operations.*



Distribution Workforce Optimization

Workforce Optimization

Forecast

- Throughput
- Workload by day, shift job and zone.
- Workload overages and shortages.
- Regular, overtime and temporary cost evaluation.

Schedule

- Allocate employees by day, shift, job and zone.
- Optimize employee allocation across entire facility.
- Leverage performance, training and qualifications.

Measure

- Measure individual employee performance to engineered standards.
- Track safety and quality of each employee.
- Measure effectiveness of process, training and facility improvements .

Reward

- Provide visibility to high and low performers.
- Calculate incentive based pay.
- Reward employees for safety and quality.

Reports

Standards

Employees

Workforce Planning Process

Historical Data

Forecast

Schedule

- Forecast workload and schedule resources based on historical information.
- Reduce Indirect, Temporary and Overtime costs by predicting peaks and valleys based on promotions, seasonal demand and new product introductions.

Annually

Production Data (WMS)

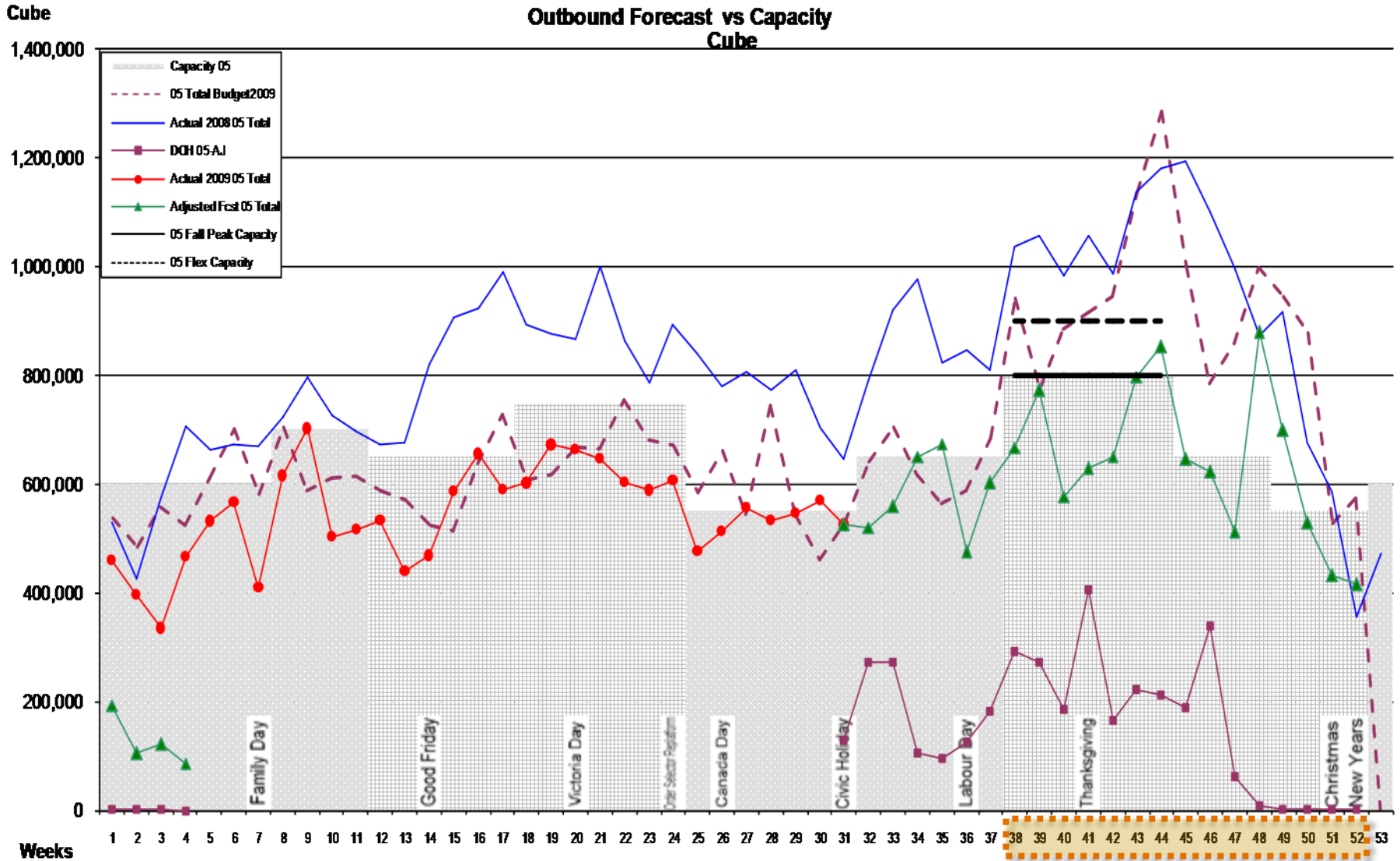
Plan

Monitor

- Manage actual workload based on real time production information.
- Monitor progress of work against actual performance.
- Modify labor allocation in real time based on actual performance.

Daily

Historical Outbound Volume



Impacts to Workforce Staffing Levels

- Economics
- Productivity
- Training
- Process
- Shifting Demand Patterns
- Network Changes
- Order Size
- Globalization
- SKU Proliferation
- Technology

DC Workforce Forecasting and Scheduling

Strategic Planning

- Annual labor budget
- Temporary and OT planning
- Capacity planning

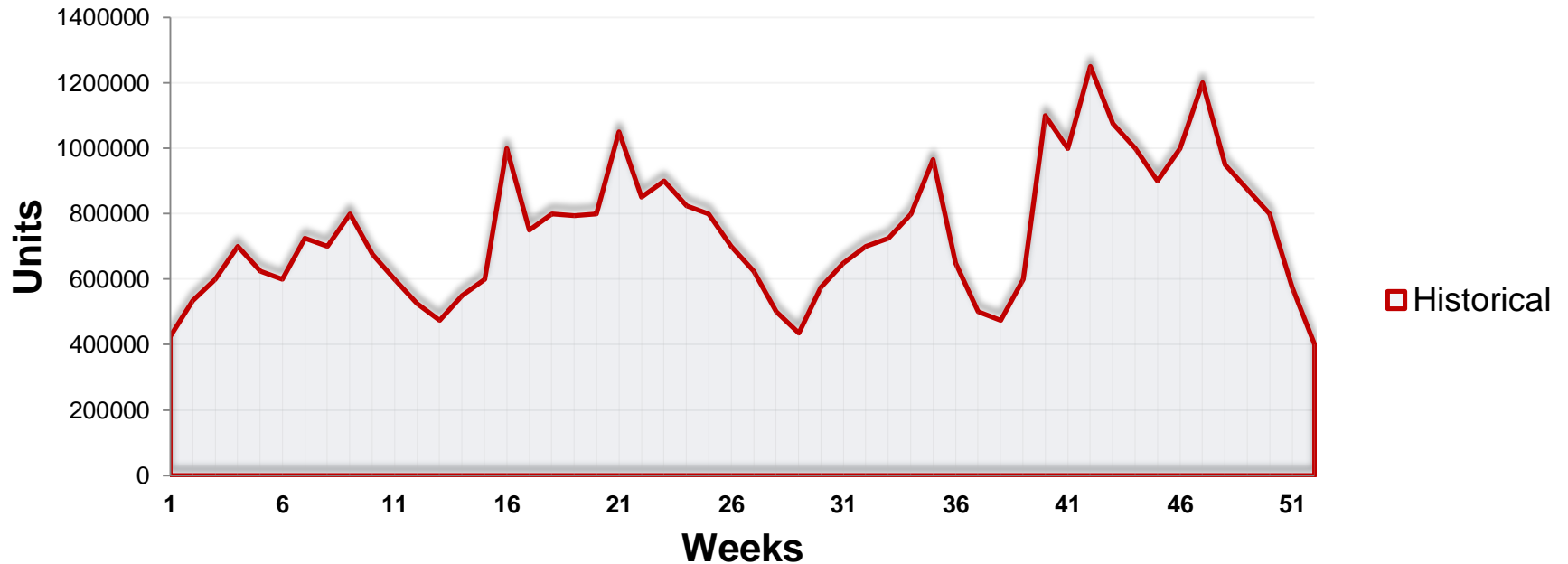
Tactical Updates

- Day, shift and job planning
- Employee scheduling
- Resource assignments

Event Planning

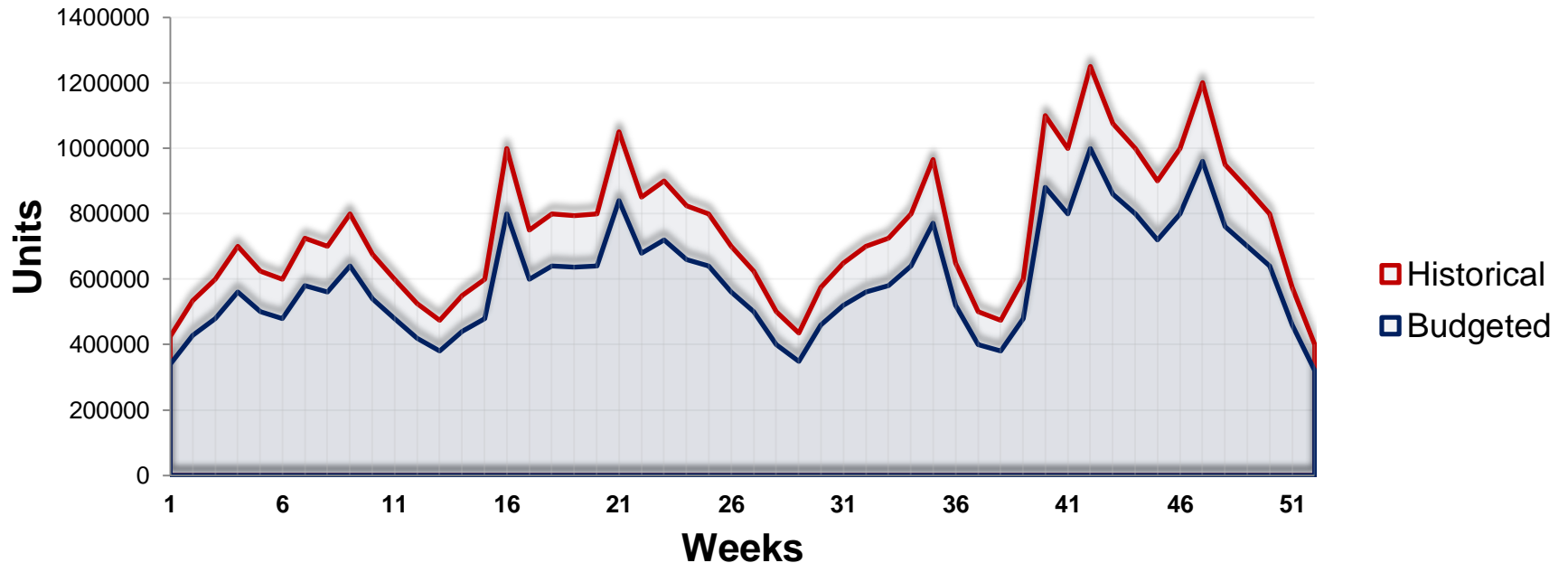
- Promotions
- New product Introductions
- Major operational impacts

Strategic Planning



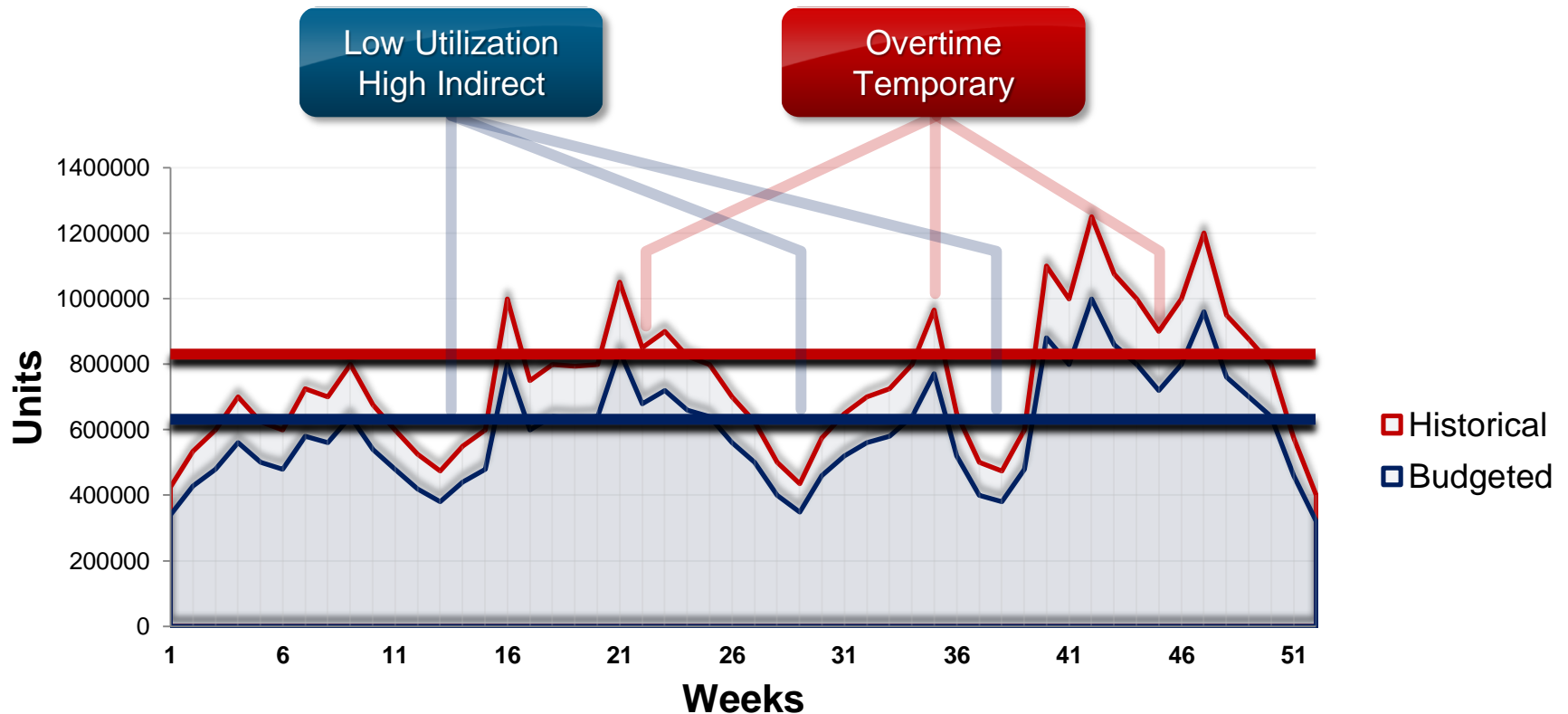
- Model annual historical throughput variations.
- Baseline forecasts for workforce planning.

Strategic Planning



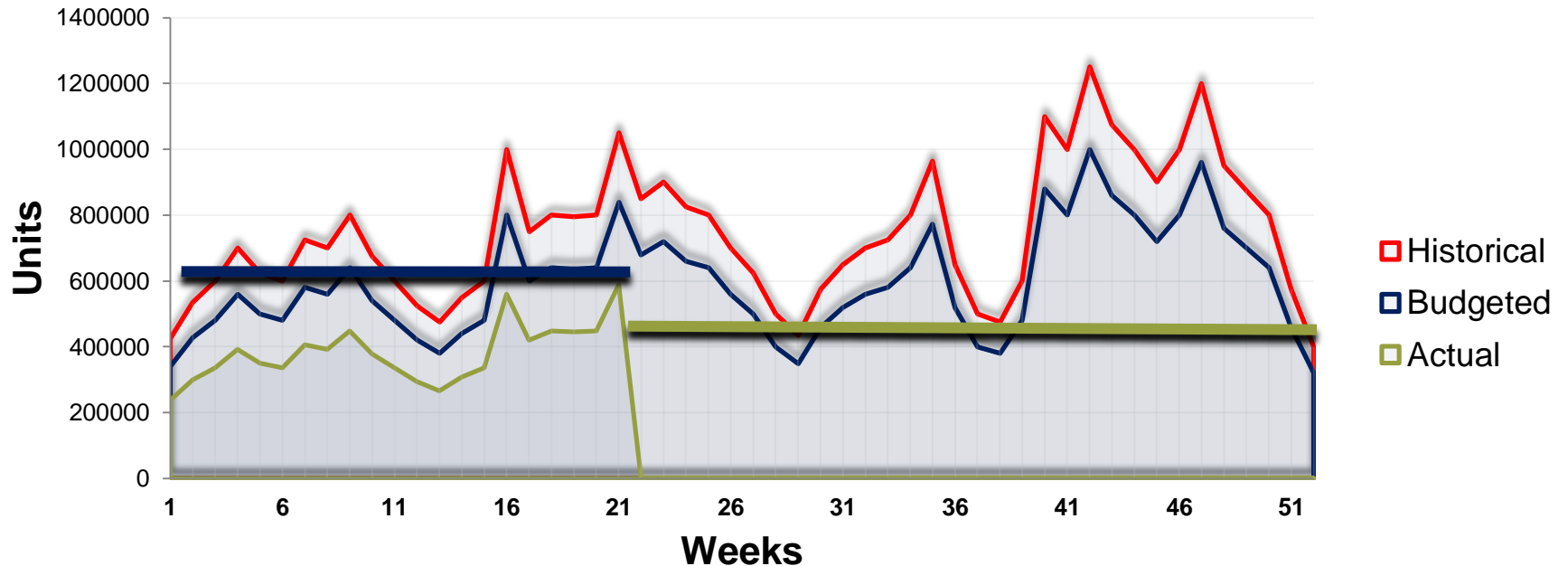
- Forecast annual throughput taking into account:
 - Network changes
 - Demand patterns
 - Economic conditions

Strategic Planning



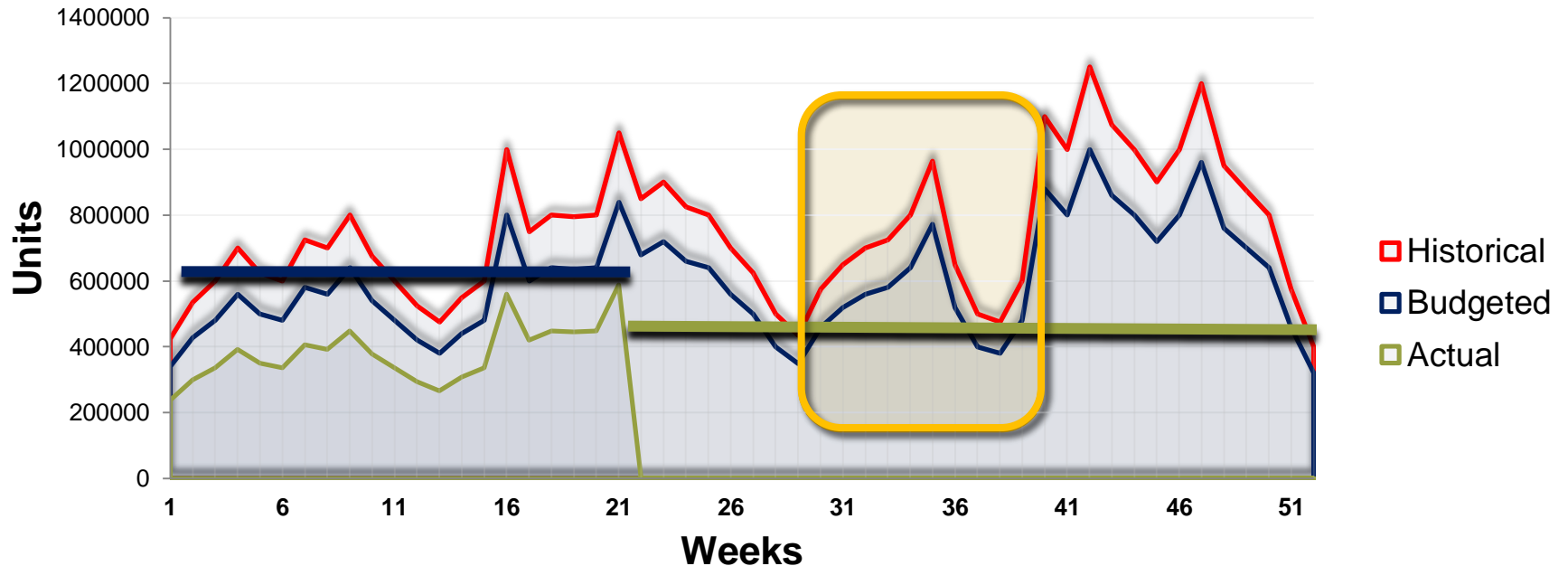
- Model Optimal Workforce Levels:
 - Full time, overtime and temporary
 - Productivity levels
 - Process changes

Tactical Planning



- Continue to Assess Workforce Staffing Levels Based on :
 - Network changes
 - Demand patterns
 - Economic conditions

Event Planning



- Plan the cost and staffing levels of special events such as:
 - Promotions
 - New product Introductions
 - Seasonality

Workforce Forecasting and Scheduling Summary

- Plan and forecast annual workforce budget.
- Establish appropriate level of regular workforce for projected work.
- Optimize the mix of regular, overtime and temporary.
- Plan for seasonal changes, new product introductions and promotions.
- Continually optimize staffing levels by day, shift job and zone.

Traditionally, SCE organizations focused primarily on low-level task execution, Because of this, many warehouses remain fairly chaotic and reactive. Consequently, work is not proactively managed for throughput, efficiency and high performance, and SCM organizations lose sight of higher-level goals and strategies.

Dwight Klappich, Gartner

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