

# ***SOLVE FOR X.***

## ***Labor Management: Redefined***

Presented by:

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## Market Forces Impacting the Industry

- eCommerce
- Wage Pressures
- Low Employee Engagement
- Increasing Infrastructure Costs

### Minimum-Wage (and Below) Workers by Occupation, 2013

| OCCUPATIONAL GROUP   | WORKFORCE |
|--|-----------|
| Food preparation and serving related occupations           | 1,540,000 |
| Sales and related occupations                              | 477,000   |
| Personal care and service occupations                      | 225,000   |
| Office and administrative support occupations              | 196,000   |
| Building and grounds cleaning and maintenance occupations  | 183,000   |
| Transportation and material moving occupations             | 171,000   |
| Professional and related occupations                       | 119,000   |
| Production occupations                                     | 105,000   |
| Healthcare support occupations                             | 87,000    |
| Protective service occupations                             | 61,000    |
| Management, business, and financial operations occupations | 38,000    |
| Construction and extraction occupations                    | 38,000    |
| Farming, fishing and forestry occupations                  | 35,000    |
| Installation, maintenance and repair occupations           | 21,000    |

Source: Bureau of Labor Statistics

### ENGAGED EMPLOYEES

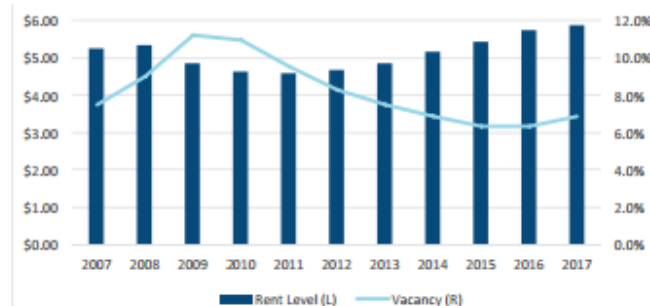
U.S. **33%** WORLDWIDE **13%**

BUSINESS JOURNAL SEP 27, 2016

### Do Employees Really Know What's Expected of Them?

Employees across generations have a shared need for clear expectations in the workplace.

### RENT VS. VACANCY



Source: Cushman & Wakefield Research

## eCommerce

### Warehouse Capabilities and Priorities

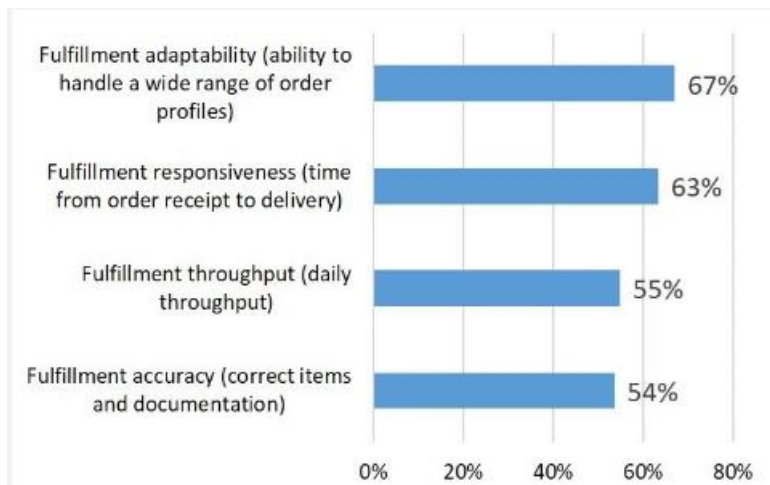


Figure 1: Percentage of Respondents Expecting Given Capability to Increase in Importance

### Changing Fulfillment Paths

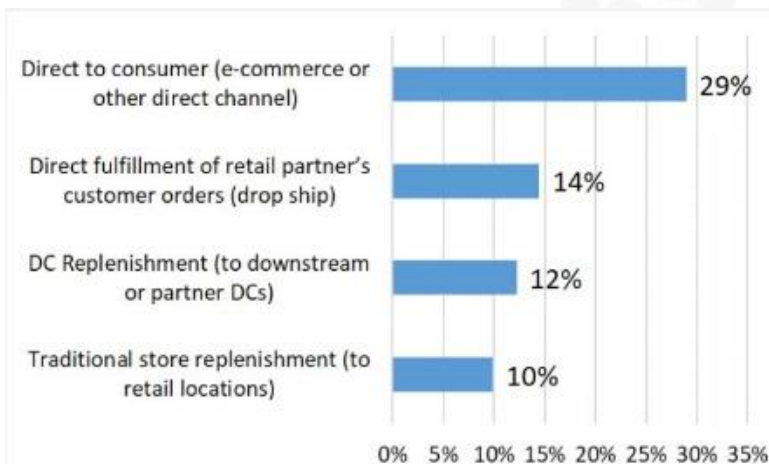


Figure 2: Percentage of Respondents Expecting "Increase Extensively"

Interestingly, but not surprisingly, when it came to software, **warehouse labor management systems was the top choice**. E-commerce fulfillment is labor intensive and costly, as these orders are generally small, with items often stored in different parts of the facility, and that require additional steps such as packaging and labeling.

## eCom fulfillment presents 7 unique challenges

- Use of expensive equipment - need to maximize throughput
- Peaks and valleys in labor utilization
- Ebb and flow of amount of orders
- Changing order priorities
- Constant influx of orders
- Smaller order sizes
- More rapid order fulfillment cycle



## Minimum Wage

- Across the U.S., minimum wages are on the rise. Many states and municipalities are proposing and passing legislation that pushes their minimum hourly wages above the federally mandated \$7.25 to as much as \$15.
- Labor accounts for approximately 20% of total supply chain costs, so rising wages have a significant impact on the bottom line. For a fulfillment operation of 500 employees, a \$1 per hour wage increase can raise labor costs by approximately \$1 million per year.





## Millennials



- Technology Savvy
- Mobile Enabled
- Highly Connected
- Rely on Feedback
- Thrive on Recognition
- Collaborative
- Creative

## Smartphone Ownership Highest Among Young Adults, Those With High Income/Education Levels

*% of U.S. adults in each group who own  
a smartphone*

|                       |            |
|-----------------------|------------|
| <b>All adults</b>     | <b>64%</b> |
| Male                  | 66         |
| Female                | 63         |
| 18-29                 | 85         |
| 30-49                 | 79         |
| 50-64                 | 54         |
| 65+                   | 27         |
| White, non-Hispanic   | 61         |
| Black, non-Hispanic   | 70         |
| Hispanic              | 71         |
| HS grad or less       | 52         |
| Some college          | 69         |
| College+              | 78         |
| Less than \$30,000/yr | 50         |
| \$30,000-\$49,999     | 71         |
| \$50,000-\$74,999     | 72         |
| \$75,000 or more      | 84         |
| Urban                 | 68         |
| Suburban              | 66         |
| Rural                 | 52         |

Combined analysis of Pew Research Center  
surveys conducted December 4-7 and 18-21,  
2014.

PEW RESEARCH CENTER

## Mobile

- There are nearly 7 billion mobile subscriptions worldwide, estimates [The International Telecommunication Union](#) (May 2014). This is equivalent to 95.5 percent of the world population.
- In 2013, US consumers spent over 2 hours 19 minutes using mobile phones – that excludes making calls – matching PC consumption. In 2014 mobile usage will rise to 2 hours 51 minutes, while PC consumption contracts to 2 hours 12 minutes, according to forecasts by [eMarketer](#) (April 2014)
- According to market research, 65% of US smartphone user check their phones within 15 minutes of rising. 64% check their phones before 15 minutes of going to bed. 87% of millennials always have their smartphone at their side, 24/7.

## Mobile is changing the way we think and act

The mobile *mind shift* is the expectation that I can get what I want in my immediate context and moments of need.





## Engagement Techniques of the 21<sup>st</sup> Century

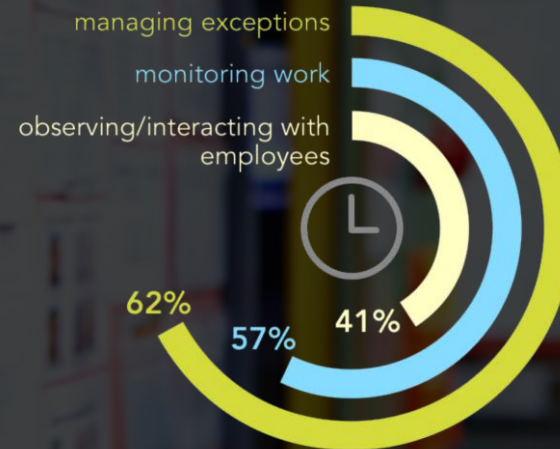
- ✓ Informational flow with minimum hardware or application restrictions.
- ✓ Information available anywhere and anytime.
- ✓ Integration of Quantitative and Qualitative information.
- ✓ Gamification capabilities for engaging employees.



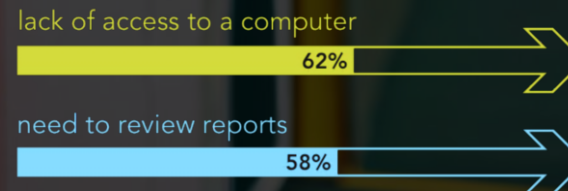
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## Where do your managers spend most of their time?



## And what keeps them away from the warehouse floor?





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## What drives employee engagement?

**72%**

recognition given for high performers

**70%**

individuals have a clear understanding of how their job contributes to strategy

**70%**

senior leadership continually updates and/or communicates strategy

**69%**

Business goals communicated company-wide and understood

**67%**

Individual staff goals aligned with corporate goals

**Source:** Harvard Business Review Analytic Services, "The Impact of Employee Engagement on Performance," 2013



**MHI.**

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## What are the most desired functions in a mobile app?



## What are the benefits of having configurable access to both passive and active capabilities?

"A single view of both work and productivity on the floor, where supervisors can correct actions."

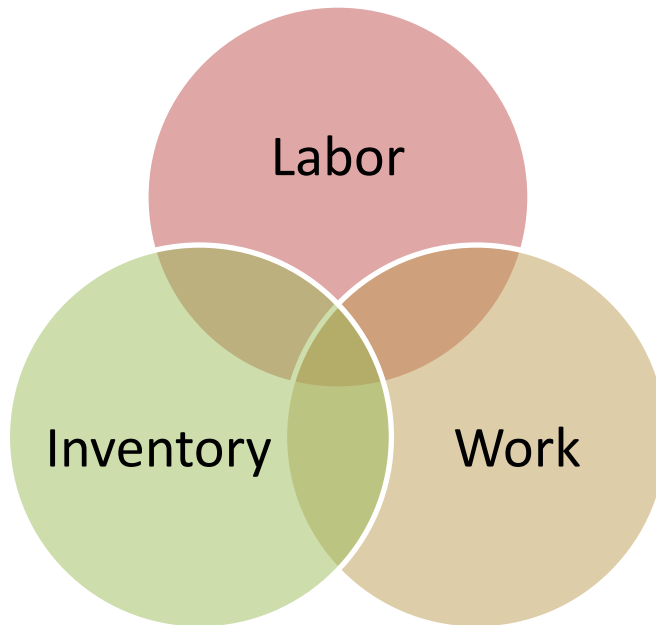
"The ability to provide instant feedback to employees about performance and exceptions."

"Supervisor productivity, increased throughput, better service."

"Better workload leveling (where to shift team members); better understanding of carton flow."



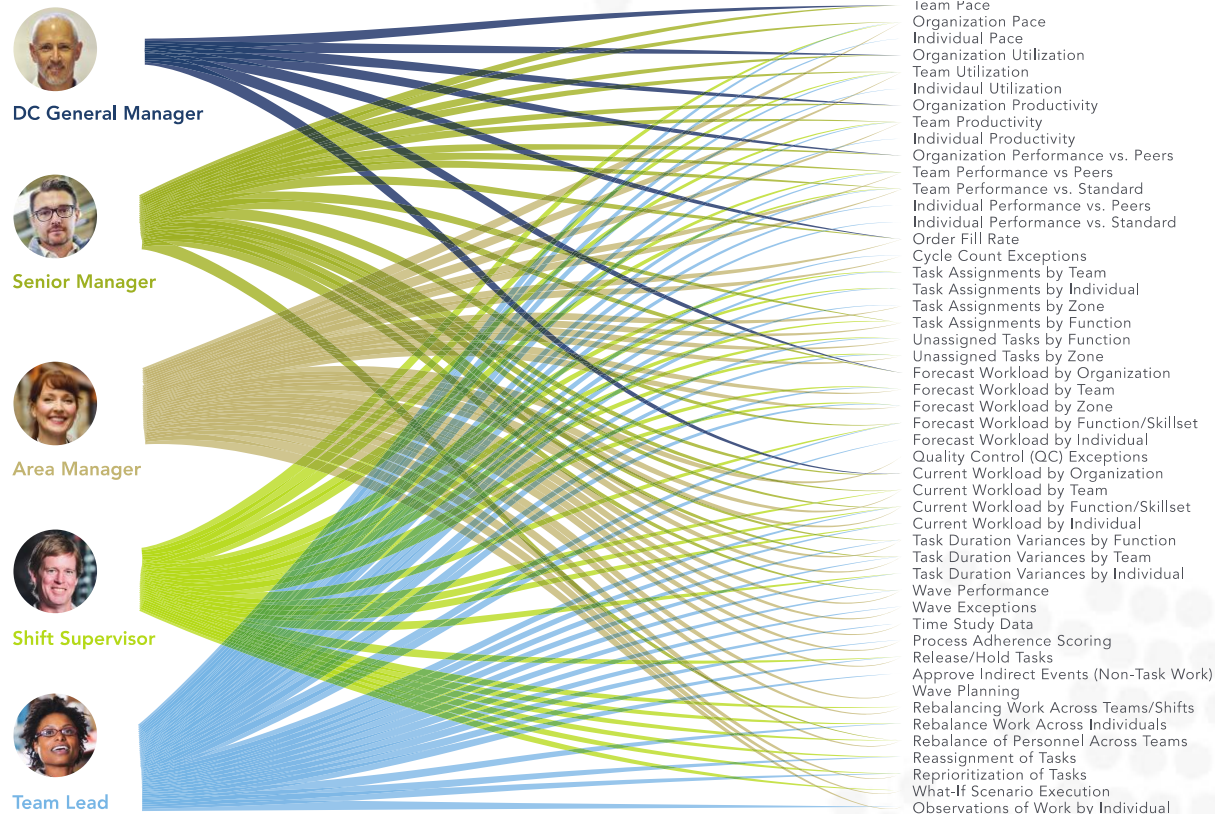
## DM Mobile



- Single Application
- On a mobile device
- Combining WM, Slot & Labor
- In a Consumer Oriented UI
- Enabling the supervisors to get out of their offices & on the floor
- Where they can manage Labor, Inventory and Work in real time



## Passive & active capabilities across the management hierarchy



## Performance at Work



### Supervisor Effectiveness

Management console that enables supervisors to do their jobs more efficiently.

- Actionable Data (Smart Performance)
- Notifications
- Workflows

### Labor Application

Calculation engine that collects and reports key metrics that are operationally specific.

- Operational metrics (ie: performance, gap time, throughput, transactions, sign-ups, calls)
- Ability to monitor on going work, plan headcount based on projected work, select work, calculate incentives.
- Engineered standards remain a core capability.

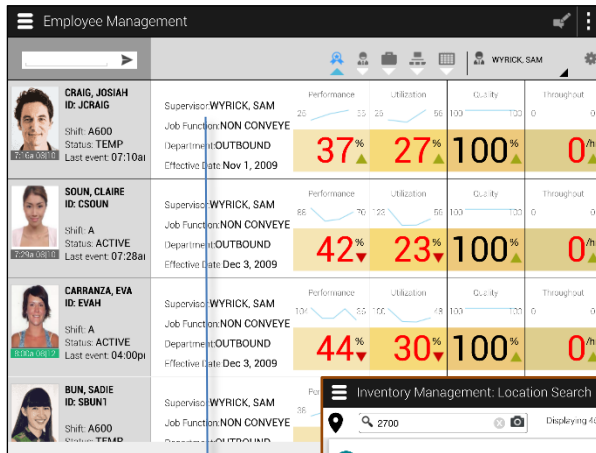
### Mobile Employee Engagement

- Employee, facility, team performance metrics.
- Employee rankings
- Communications
- Training

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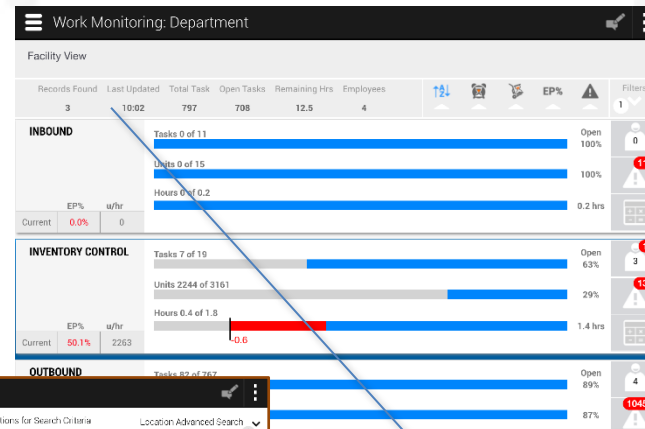
## DM Mobile

### Labor



User level performance details with granularity to all job functions

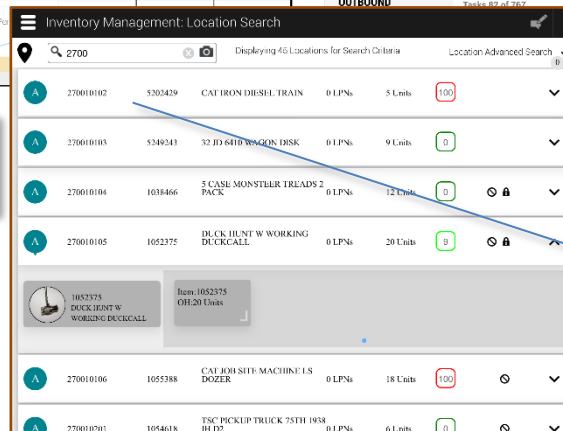
### Work



Summary of tasks by department, job function, activity, wave, task type and task type group

Location, LPN, Item details with Slotting score, cycle count or on the spot adjustment abilities

### Inventory



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## Employee Engagement



EMPLOYEES WHO SAY MOST MEMORABLE  
RECOGNITION COMES FROM CEO

24%

BUSINESS JOURNAL JUN 28, 2016

### Employee Recognition: Low Cost, High Impact

Recognizing good work is a powerful,  
cost-effective method of improving  
organizational performance -- yet it is  
underused.

ENGAGED EMPLOYEES

U.S.

WORLDWIDE

33%

13%

BUSINESS JOURNAL SEP 27, 2016

### Do Employees Really Know What's Expected of Them?

Employees across generations have a  
shared need for clear expectations in the  
workplace.

MILLENNIALS WHO SAY THEY RECEIVE  
ROUTINE FEEDBACK

19%

BUSINESS JOURNAL JUN 2, 2016

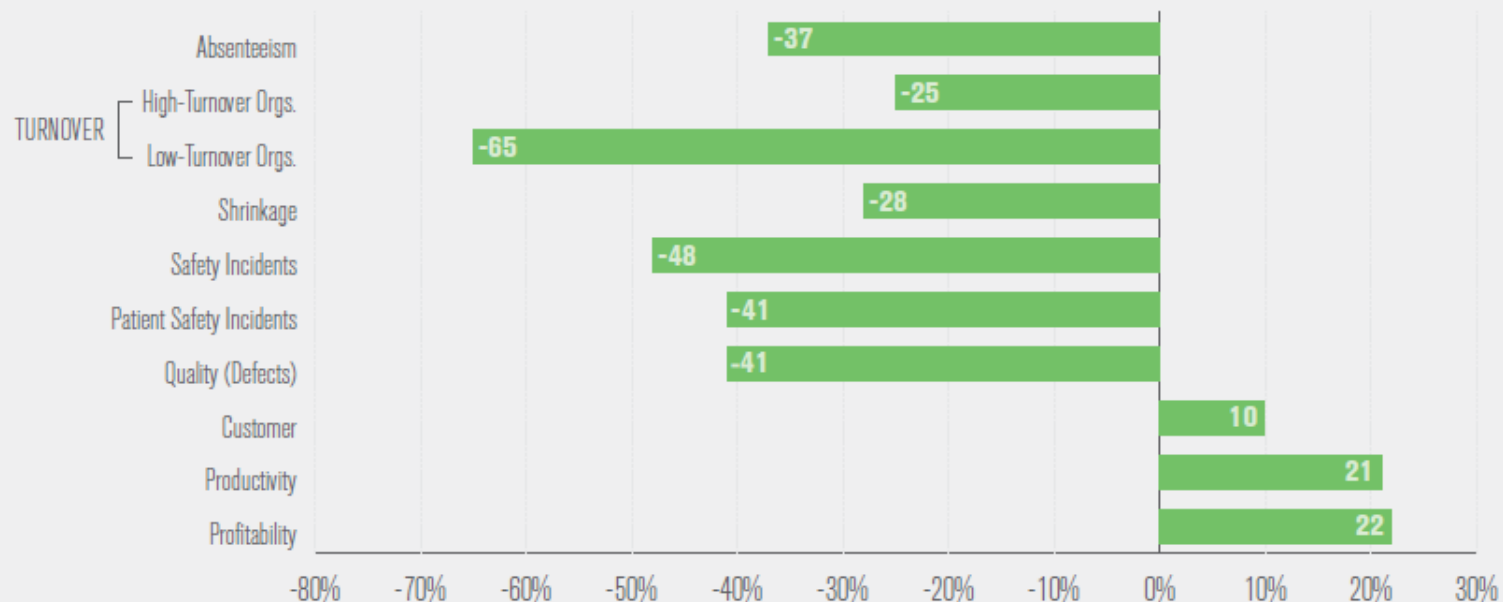
### Managers: Millennials Want Feedback, but Won't Ask for It

Millennials desire routine feedback from  
their supervisors, but they neither request  
nor receive it.

## Does Engagement Matter

### ENGAGEMENT'S EFFECT ON KEY PERFORMANCE INDICATORS

Median differences between top- and bottom-quartile teams





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## Positive Message Engaged Employees

Weekly email with key operational metrics.

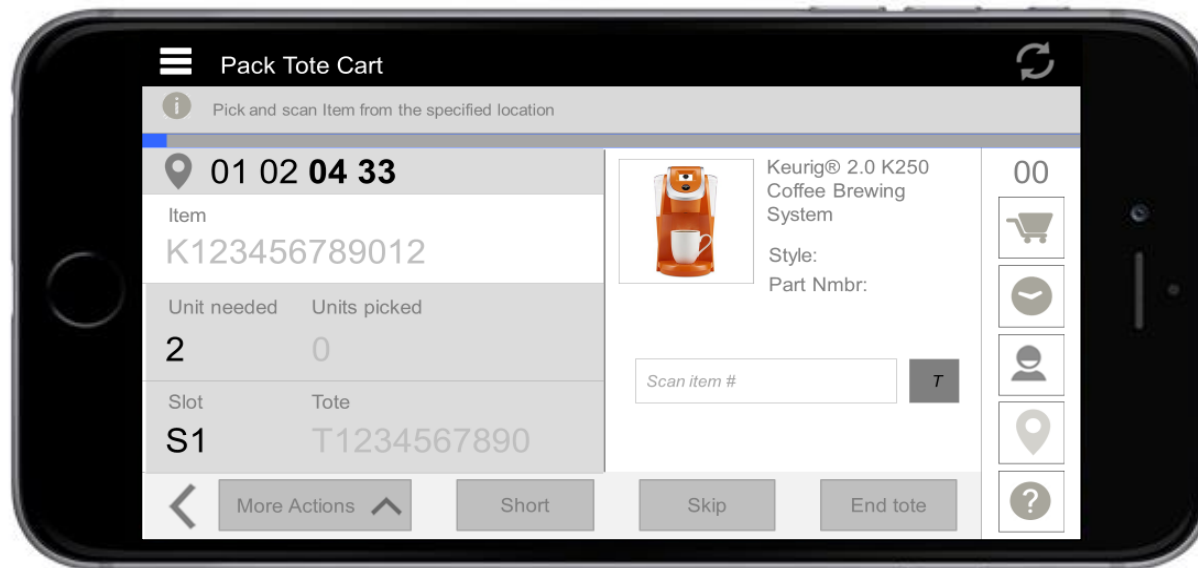
Specific metrics tailored to the employee.

Optional rankings to incent employees.

Key operational metrics tailored to the specific operation or facility.



## Mobile Picking App



- Extreme E-Com Peak Season Volumes – supported by 1000s of temporary workers
- Limited Training – requires a very intuitive workflow
- Batch Pick to Cart functionality

## Wave Processing vs. Order Streaming

### Wave Processing

Batches of Orders,  
Released Manually

Large Pool of Orders =  
Efficient Picking

Some asset utilization  
peaks and valleys

Sub-Optimal for Individual  
Orders (Static, Pre-  
Determined Sequencing)

### Order Streaming

Automatic Order  
Evaluation & Release

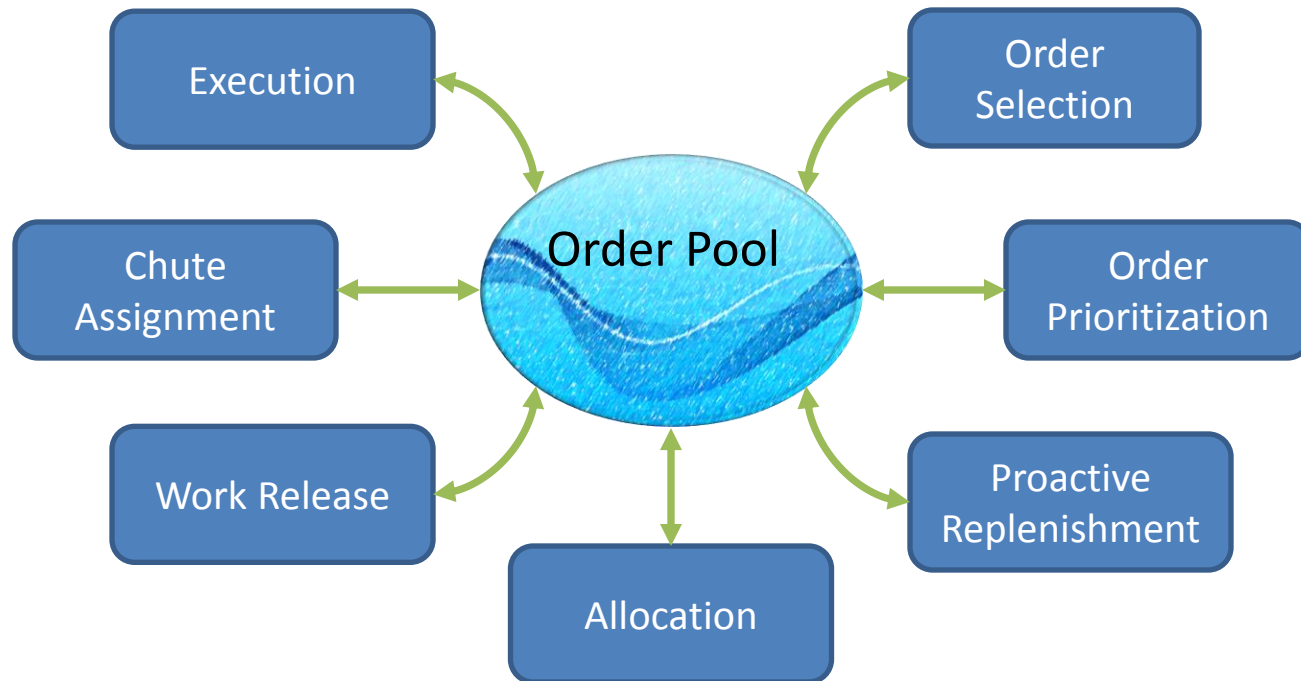
Proactive  
Replenishment

More constant asset  
utilization

Optimal Individual Order Throughput  
(Dynamic, Real-time Task Assembly  
& Assignment)

## Order Streaming – How Does It Work?

- De-coupled traditional order processing components
- Constant evaluation of orders



## ***For More Information:***

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