



PROMAT 2015

McCormick Place South | Chicago
March 23-26, 2015
promatshow.com

Labor Management Systems: Delivering More Than Productivity

Presented by:
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Operations Excellence

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Your Hosts



Andy Recard

- Senior Director, Operations Excellence at Medline Industries, Inc.
- Responsible for the OMDP program, processes, labor management, training, and pay for performance in 38 North American distribution centers
- 14 years experience with supply chain solutions and labor management programs across all verticals
- Led productivity improvement programs for over 30 companies, 120+ sites across all major industries



Charles Zosel

- Vice President at TZA
- 20 years of implementing Engineering Services for Labor Management Programs including: Lean best practices, engineered labor standards, production rates, technology deployment, performance management



Agenda

- TZA Overview
- Medline Overview
- Leveraging Labor Management across the Network
- Why Labor Management?
- Process, People, Technology
- Achieving Success with Labor Management



TZA Overview

We enable clients to improve workforce and operational performance, reduce costs and drive continuous improvement across their supply chain



Market Leader

TZA has been at the forefront of supply chain improvement for 30 years



Experienced

TZA team leaders average 20+ years of supply chain knowledge



Customer Focused

70% of our business is from existing clients



Results Oriented

TZA delivers productivity improvements and bottom-line savings in every project



Medline Overview

- Founded in 1966
- Manufactures and distributes more than 350,000 health care supplies and services
- \$5.8 billion in sales in 2013
- 2014 Top Workplace – Chicago Tribune

Medline Operations

- Does business in more than 90 countries
- 40 distribution centers in North America
- Dedicated truck fleet with more than 280 MedTrans vehicles
- 17 manufacturing facilities worldwide

Leveraging Labor Management Across Network

- **Distribution Centers**
 - Complete adoption of full Labor Management Program
 - Extensive use of coaching and incentive pay



Leveraging Labor Management Across Network

- **Delivery Fleet**
 - Integration with Payroll, Onboards and WMS
 - Focused on non-drive time only (pre-trip, delivery, and post-trip)





Leveraging Labor Management Across Network

- **Manufacturing & Kitting**
 - Team-based tracking to pre-standard download to kiosk
 - Dynamic standards take into account line set-up, kitting, bagging, sealing, and support functions





Why Labor Management?

Rising Workforce Costs

Hourly Wages
Fringe Benefits
Training
Recruiting
Retention



65%
Labor

Rent/Lease
Utilities
Equipment
Supplies



35%
Everything
Else

Changing Workforce Dynamics

Operations Are More Complex

Aging Workforce

Shortage Of Skilled Labor

Increasing Wage & Benefit Costs

Multi-Generational Workforce

Flexible Work Arrangements

Employee Retention



Why Labor Management?

- Serves both strategic and tactical objectives:
 - Focuses on achieving core business objectives
 - Safety, quality, productivity, customer service
 - Helps establish the right culture
 - Attracts and retains the right talent to the organization
 - Fosters communication and continuous improvement
 - Provides tools to manage the business
 - Capture and reporting of key business metrics
 - Real time access to intelligence for informed, timely decisions



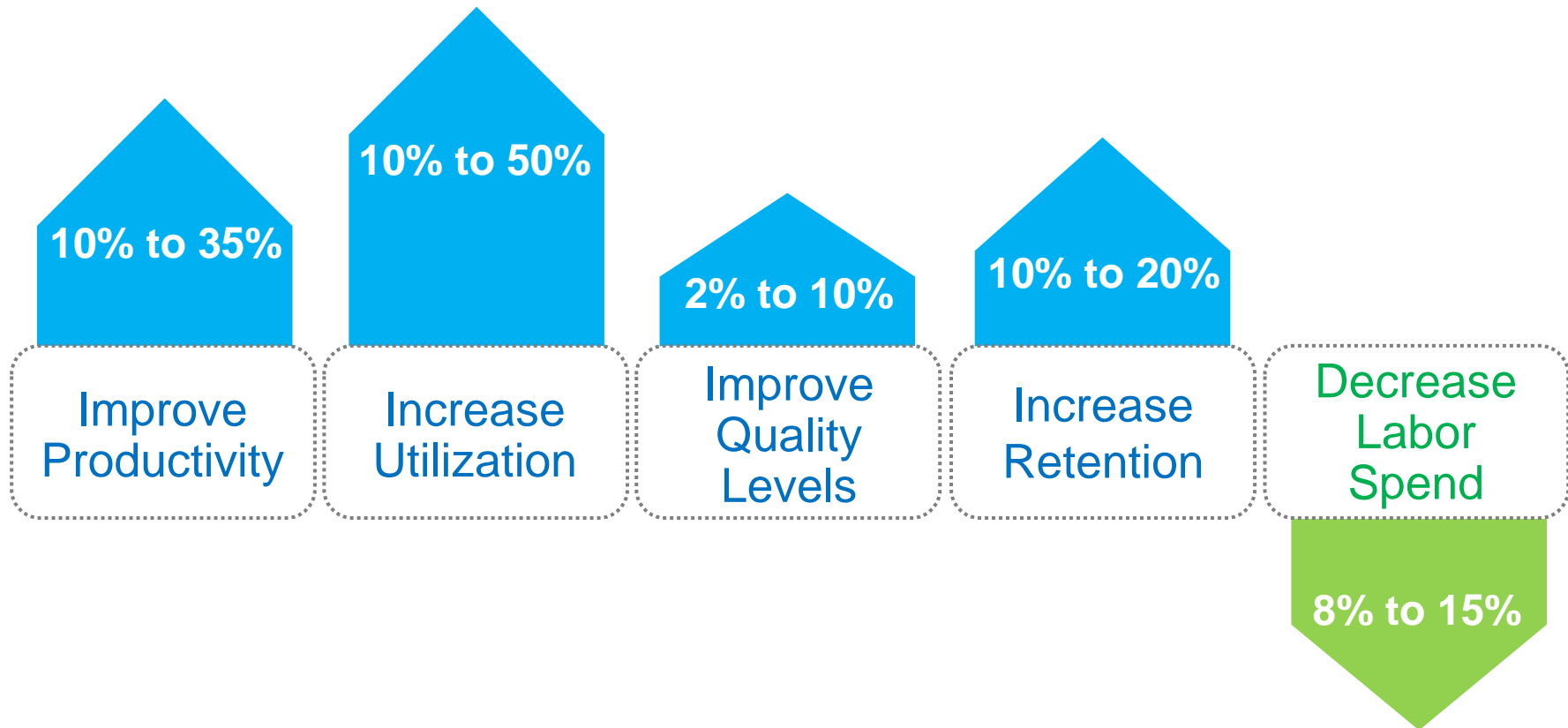
Typical Industry Performance Levels

Culture and Ability to Execute

		Basic	Average	Good
Performance Metrics	Dynamic Standards w/ Incentive Program	0%	+10%	+20%
	Dynamic Standards	-15%	-0%	+5%
	Reasonable Expectancy	-30%	-10%	-5%
	Historical Performance Metrics	-40%	-25%	-15%
	No Performance Metrics	-50%	-40%	-30%



Benefits from Labor Management



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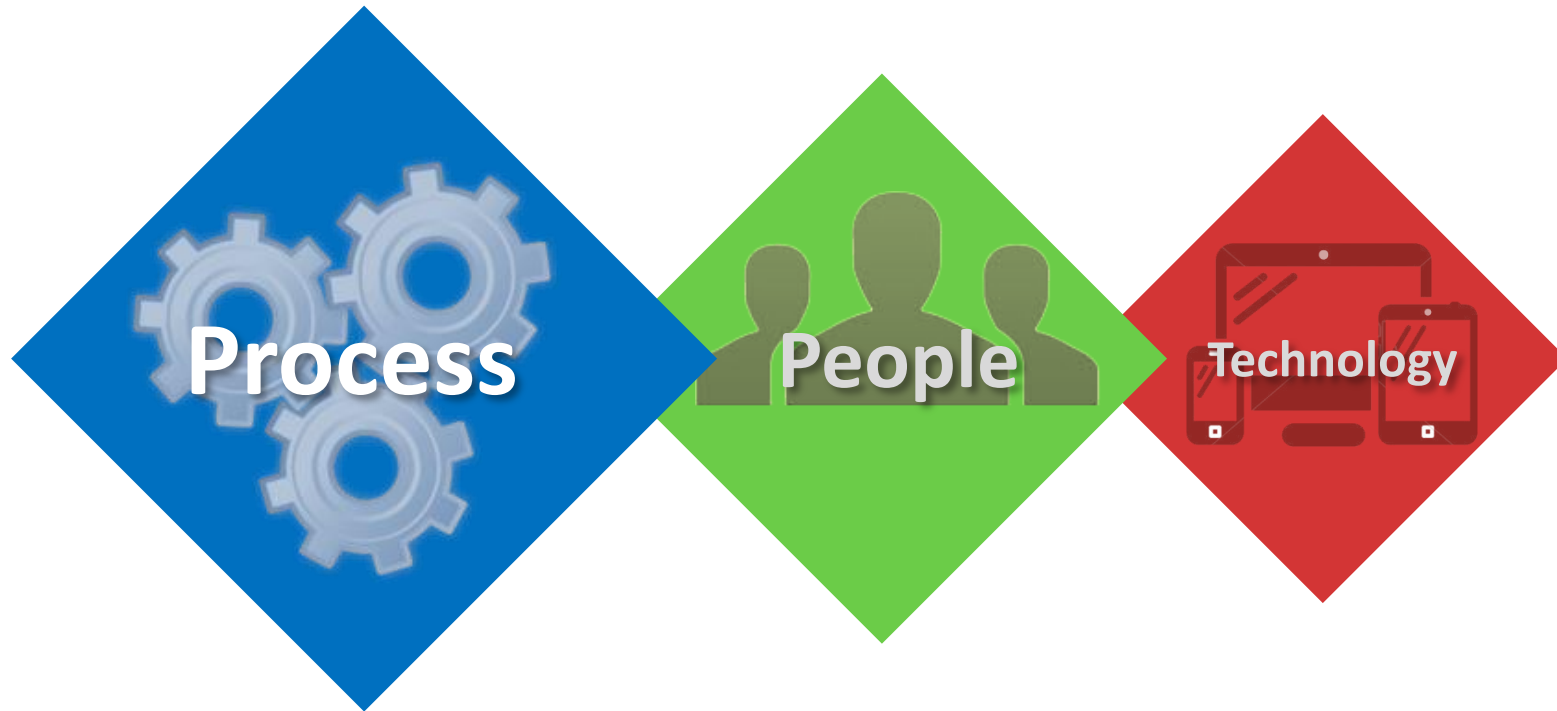


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Why Labor Management?





Labor Management: Process

- Leverage labor management to achieve the core business objectives:
 - High quality customer service and satisfaction
 - Growth and profitability
 - Continuous quality improvement
 - Product and process innovation
 - Employee welfare and development
 - Lean, simple, effective processes





Labor Management: Process

- Develop and implement LEAN best practices
 - Follow LEAN methodology to eliminate “waste”
 - Focus on safety, quality, accuracy, and productivity
- Document resulting Standard Operating Procedure (SOP)
 - Utilize for on-going, new hire and cross training
 - Develop an observation form for feedback
- Establish continuous improvement (CI)
 - Encourage feedback and ideas
 - Create a company of CI advocates

Labor Management: Process

- Establish objective performance metrics
 - Provide fair and accurate time to perform the work
 - Benchmark to compare individual performance
- 3 types of performance metrics
 - Historical Averages
 - Reasonable Expectancies
 - Dynamic Engineered Standards
- Involve all levels of the organization
 - Promotes credibility and ownership
 - Critical aspect of change!



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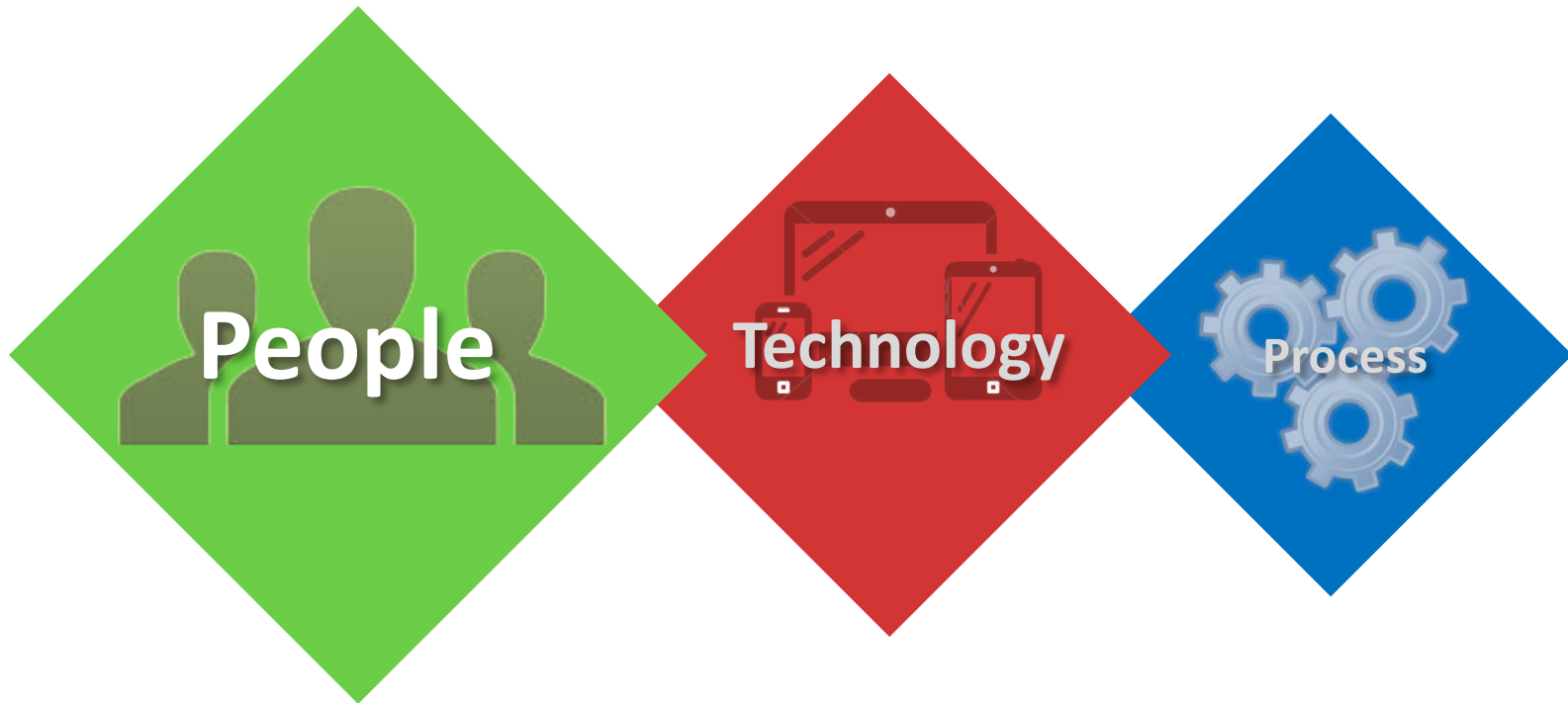


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Why Labor Management?





Labor Management: People

- Establish the right culture and behaviors:
 - Respect for people and process
 - Teamwork, collaboration and inter-dependence
 - Ambition to aim high and stretch our performance
 - Passion, energy and drive to complete what we start
 - Curiosity, conviction and courage to innovate
 - Openness in reviewing challenges
 - Take pride in all that we do
 - Celebrate success



Labor Management: People

- Performance management & continuous improvement
- Establish effective daily & weekly management habits
 - Staff planning based upon demand and capabilities
 - Detailed review of key performance metrics
 - Frequent communication to individuals and teams of results
 - Rewards and recognition to those above expectation
 - Coaching and training for those below expectation



Labor Management: People

Understanding the skills of effective leaders:

Motivating Employees	Conflict Resolution
Behavior Modification	Creative Problem-Solving
Communication	Discipline
Change Management	Effective Observations
Coaching & Counseling	Situational Leadership

Labor Management: People



1) *Personal Leadership Assessment*

Current

- Skill
- Knowledge
- Experience

Desired

- Skill
- Knowledge
- Experience



4) *Performance Improvement Measurement*

- Performance Appraisal
- Productivity Improvement
- Observation
- Reduction of Symptoms



2) *Interactive Leadership Training*

- Facilitator-Led Workshops
- Web-Based Training
- Custom Webinars
- Audio Conferencing



3) *Coaching and Personal Development*

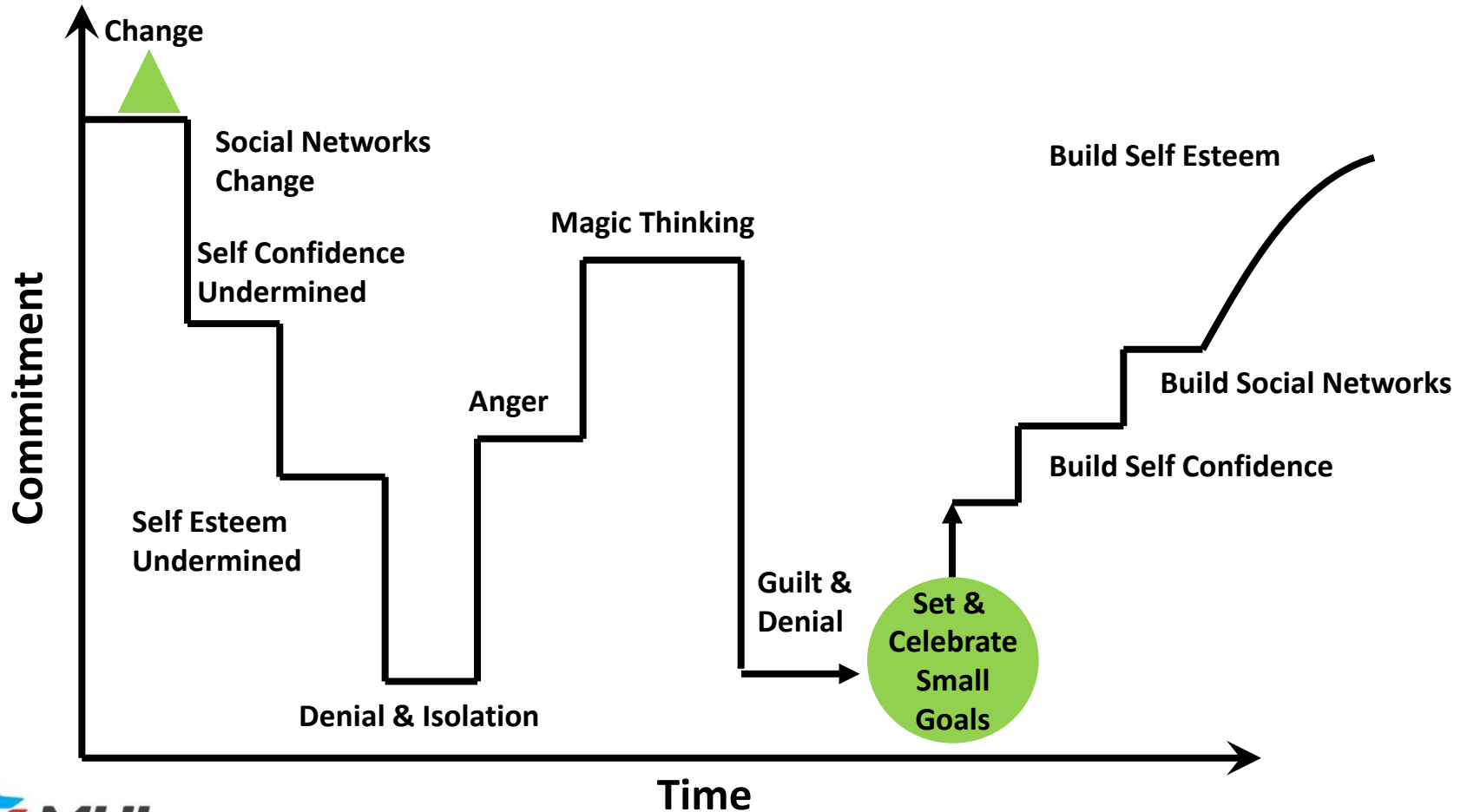
- Personality Profile
- Time/Stress Management
- Personal Development Plan
- Career Path Plan





Labor Management: People

The change management cycle in Labor Management:



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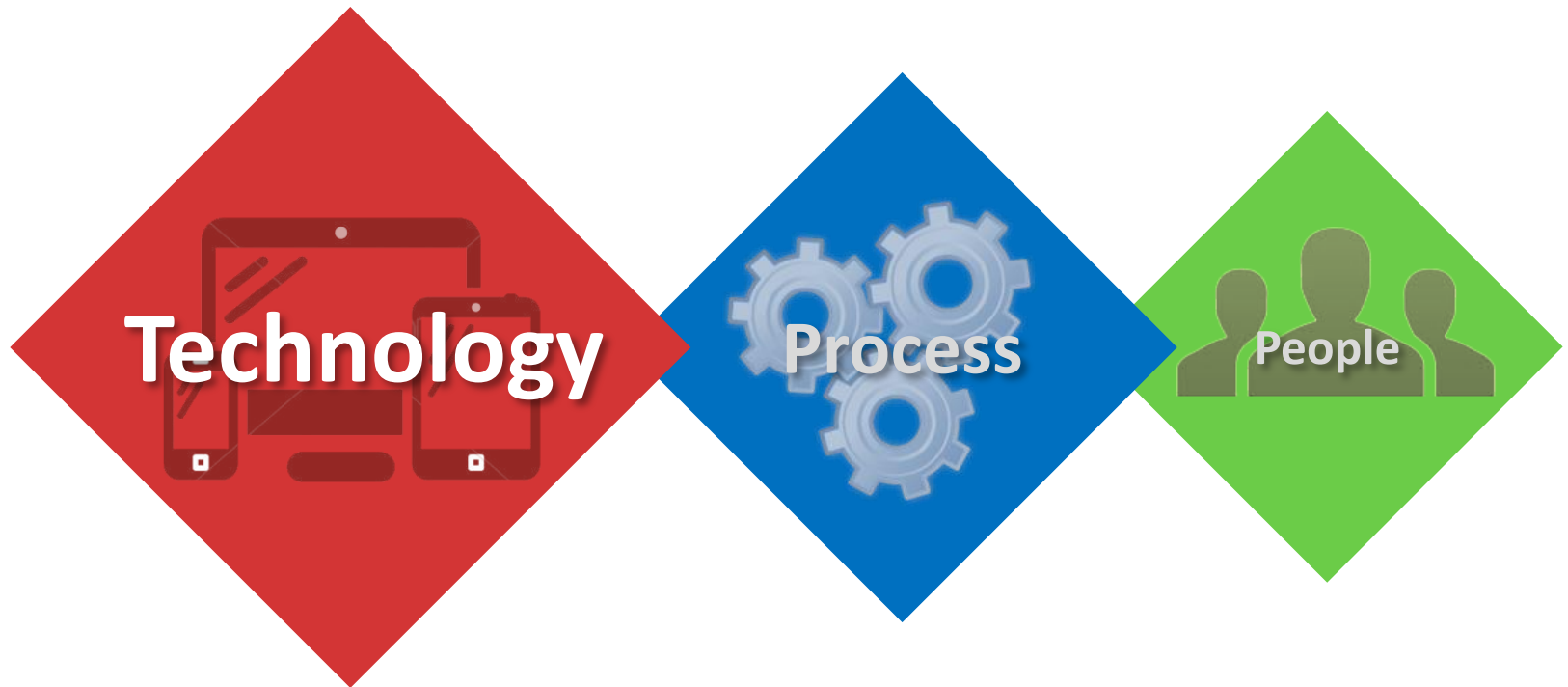


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Why Labor Management?





Labor Management: Technology

Management Tools

- Dynamic Standards Calculations
- Coaching & Observations
- Dynamic Incentives Calculations
- Quality Measurement
- Advanced Labor Planning
- Alerts
- Progressive Discipline
- Employee Learning Curves

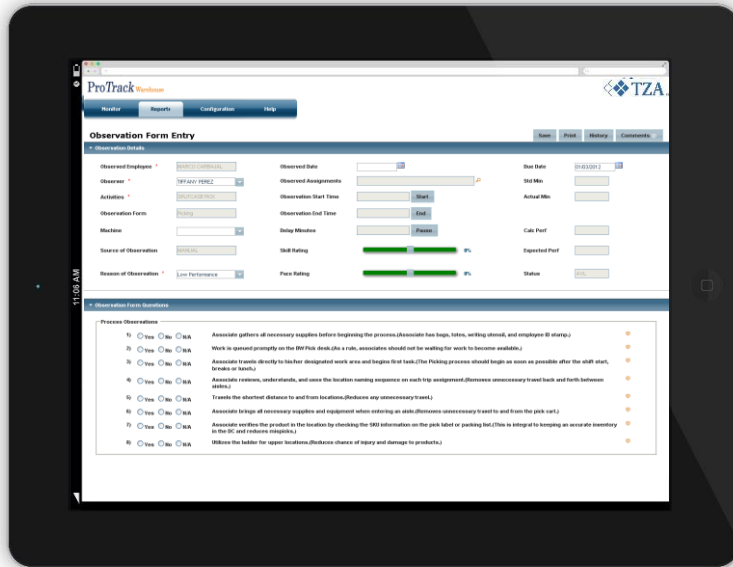
Multi-Tier Reporting

- Executive BI Dashboard
- Ad Hoc & Graphical Reporting
- Manager Control Center
- Mobile Access



Labor Management: Technology

Manage Coaching and Feedback Cycles

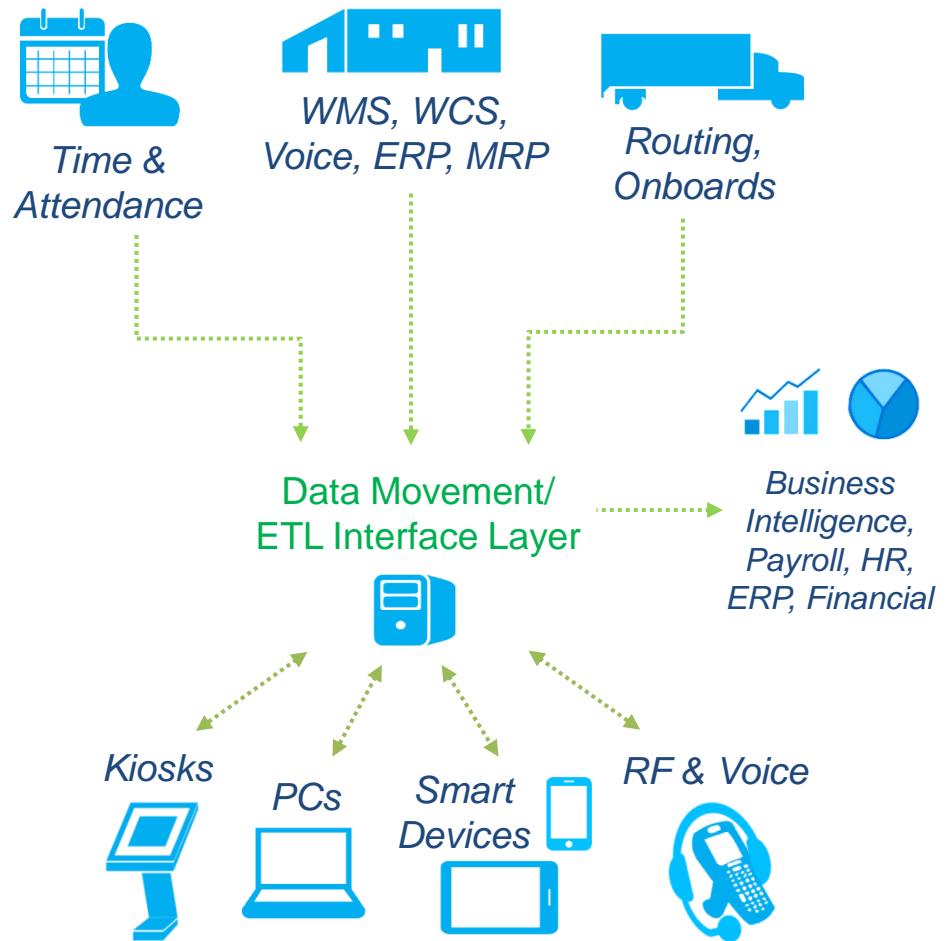


- Automate performance monitoring of employees to enhance coaching and training
- Automated alerts if performance observation is needed
- Tablet computer gives supervisors access to performance data and observations while on the floor
- Escalate observations not completed
- Customizable observation forms

Labor Management: Technology

Fully Integrated Solutions:

- Capture and report all warehouse functions
- Provide near time updates and visibility
- Tie out with your payroll and T&A system
- Provide technology to minimize IT resource requirements





Program Success Imperatives



- Corporate sponsorship
 - Clear Expectations
 - Willingness to act
-
- Credible standards
 - Employee-friendly / fair
-
- Client project champion
 - Consistent communication
 - Momentum based on success



Driving Efficiencies with Technology & SOP's

Objectives

- Phase 1: World Class Standard Operating Procedures
- Phase 2: Dynamic Engineered Standards & Incentives
- Phase 3: Labor Utilization & Total Performance
- Phase 4: Optimal Labor Staffing & Scheduling
- Phase 5: Branch Layout Efficiency

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Questions?

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