

# DISRUPTION IN THE SUPPLY CHAIN KEY TRENDS FOR 2019



Take a moment and picture what the future supply chain industry will look like. What do you see? Futuristic technologies? Something straight out of an episode of *The Jetsons*?

Now think about your business. Is this vision something you can easily picture for your supply chain? Is your company already adapting or does it feel like it's lightyears away? If the latter, you may be in trouble.

2018 proved to be tough for supply chain organizations, and 2019 predictions aren't letting up. Businesses should be building and executing roadmaps to stay ahead of these industry disruptors.

## Growing Labor Market Challenges

Labor market challenges aren't new to the supply chain industry. And despite efforts to address these challenges, they're forecasted to continue through 2019. If your organization didn't have a hold on them this year, this could mean a tougher next year.

Businesses can expect to see a tighter labor market in 2019. With unemployment at the lowest it's been in nearly 30 years, the baby boomer retirement wave and fewer millennials seeking warehouse and manufacturing jobs, the available pool of talent will continue to get smaller. With the shrinking labor pool comes other challenges.

Attracting new talent will be harder than ever. According to the U.S. Bureau of Labor Statistics, "warehousing and storage is one of the fastest growing industries in the industry sector", adding over 8,000 new jobs in September 2018 alone. <sup>1</sup> With supply chain organizations of all sizes competing for the same shrinking labor pool, businesses will be forced to come up with creative new ways to attract candidates and stay competitive.

Employee retention strategies should be top of mind for supply chain managers and executives for 2019. According to the U.S. Bureau of Labor Statistics, turnover in manufacturing has increased 7.3% since 2013, while transportation and warehousing increased 5.1%. <sup>2</sup> With these numbers projected to increase in 2019, organizations can't afford to lose their current workforce.

Rising labor wages will also make 2019 more difficult for supply chain organizations. According to *Glassdoor's Local Pay Report*, the cumulative pay growth for manufacturing material handlers has increased 13.7% since 2014, while warehouse associates climbed 11.3%, truck drivers increased 12.2% and delivery drivers at an astounding 17%. <sup>3</sup> While offering higher wages can give you a competitive edge in the tight labor market, it also significantly increases your labor spend.

## The New Age Consumer

Thanks to the internet and power of new technologies, stronger consumer confidence and behavior will continue changing the supply chain in 2019.

Now days, consumers can pick up their smart phone and quickly and easily research a product. They can get comparison data, reviews, suggested similar products and more within a matter of minutes. Once they've made their decision, they expect to make a purchase with one-click, at lost cost, with free shipping and same or next-day delivery.

This new consumer confidence and expectations means supply chain organizations must adapt the way they operate to meet customer demands. If your business isn't prepared to evolve, you could fall behind.



## Evolving Operations

With the rapidly changing industry, supply chains need to forecast and be better prepared for the expected and the unexpected in 2019.

Successful organizations are adopting new cutting-edge technologies to keep up with demand and stay ahead of industry changes. With new technologies, supply chains can further enhance and optimize their operations and workforce by gaining better visibility and insights across the entire supply chain, allowing them to make more informed and data-driven business decisions.

Take a moment and visualize the future supply chain again. The futuristic depiction you envision isn't something that's on the horizon, it's 2019.

If you'd like to learn more about how TZA has helped companies prepare for the future and transform their operations and workforce, talk with an expert today.

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