

Attracting and Retaining a Supply Chain Workforce During a Pandemic

Management Strategies for the Current Labor Landscape



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Management Strategies for the Current Labor Landscape

At the start of the year, labor and technology dominated the concerns of distribution executives in the U.S. and Canada. Members of a WERC forecast panel projected that labor issues – specifically those surrounding the shortage of qualified workers – would be a major issue for warehouses and distribution centers in 2020 and beyond.¹

One executive predicted that, “Salary comparisons and adjustments where necessary will be key to hiring and retaining strong workforces,” and that management would need to put an increased emphasis on improving and strengthening culture as another step against turnover. Another noted that in his local market, unemployment was at the lowest rate in more than 40 years. He believed that this would drive up wages and employee churn.²

It was widely accepted that operations would need to increase their ability to link workers to efficiency, and that we would see expanded tracking of labor and incentivizing higher performance with rewards based on key performance indicators (KPIs).³

Then the pandemic hit, and the labor market started to change. Unemployment in the U.S. surged from 4.4% in March to 14.7% in April. Would this trend mean warehouses and distribution centers would no longer be facing a shortage of qualified workers?

It might have been the case for a month or two, but it certainly isn't the case as the year comes to a close. Unemployment rates continue to decline and warehouse employment has risen to an all-time high. Demand for warehouse workers shows no signs of slowing down as e-commerce sales surge.

If this year has taught us anything, it's that no one can truly predict what lies ahead. But current trends tell us that a race for warehouse workers is on. Organizations will need to adopt new approaches to attract and retain a skilled workforce to thrive amid today's changing conditions.

Warehouse employment is at an all-time high

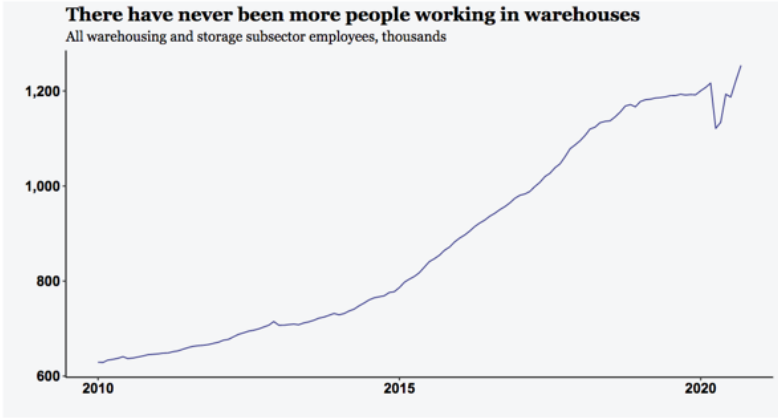
According to preliminary numbers from the Bureau of Labor Statistics, warehouse employment has surpassed its pre-pandemic level to reach the highest level ever recorded with 1.25 million workers in the warehouse and storage sector in September 2020.

Demand is being driven by new peaks in e-commerce sales. According to the latest Census data, e-commerce sales jumped almost 32% from Q1 to Q2 to reach nearly \$212 billion. Today, many warehouses are experiencing the equivalent of the Christmas rush every day.

Fulfilling demand takes employees, regardless of whether you operate an e-commerce model or not. This makes employees your number one asset. Without them, little to nothing will get accomplished. Therefore, attracting and retaining top-level employees should be a top priority.

As the pandemic increases consumer interest in e-commerce, logistics companies are adding seasonal employees for peak season.⁴

Company	# of seasonal employees to be added
DHL	7,000
XPO Logistics	25,000
FedEx	70,000
UPS	100,000
Amazon	100,000



Matt Leonard / Supply Chain Dive, data from Bureau of Labor Statistics

A Labor Management Program can help with recruitment and retention

If you're looking for ways to make your company more attractive to prospective employees and methods for creating a better place for your existing employees to work, you should consider a Labor Management Program. A Labor Management Program combines labor management software, engineering services and management training to help organizations improve employee productivity and job satisfaction through real-time performance management, employee engagement and data analytics.

To appreciate how a Labor Management Program helps with recruitment and retention, it helps to understand what potential employees look for in their next employer and what causes turnover.

What Are Employees Looking For?

1. Well-Defined Goals
2. Training and Feedback
3. A Voice
4. Recognition

What potential employees look for in an employer

When asked what they are looking for in a potential employer, the most common responses are:

- **Well-Defined Goals**
- **Training and Feedback**
- **A Voice**
- **Recognition**

A Labor Management Program has all the necessary components to satisfy those desires—and you can actively market your Labor Management Program to your advantage when recruiting candidates.

A Labor Management Program facilitates:

1. **Well-Defined Goals**

To instill a sense of purpose in your employees, you need to establish and implement well-defined goals. Employees want to know what will be expected of them and that the goals established are based upon fair and attainable expectations.

The dynamic engineered standards developed within a Labor Management Program are established with sound engineering techniques that take into consideration variable work content, environmental conditions, and human fatigue factors. In certain situations, the goal can be provided to the employee before the task is even performed.

Knowing specifically what is expected before beginning a task is a luxury most of us can't say we have at our job. It doesn't get any better than that! Sharing this during a screening process is a great selling tool to candidates, especially for those that may have been unfairly measured at a previous job.



The number one recommendation for workforce retention is to **make current employees feel valued.**

2. Training and Feedback

It's one thing to establish goals, but a prospective employee wants to know that they will be given the training and tools to be able to achieve those goals.

As part of your Labor Management Program, you establish best practices, preferred methods, and standard operating procedures that are shared with employees. These become a step-by-step guide that covers all the pertinent information an employee needs to achieve their performance goals.

These documented practices help employees understand what is expected of them as well as shorten their ramp up time to achieve the desired goal. Don't be afraid to sell it to them. Additionally, the employee observation process established in a Labor Management Program shows candidates that the company is committed to the success of each individual through continuous improvement training and one-on-one coaching.

3. A Voice

When you implement a Labor Management Program, it isn't just a one-time event. It's the beginning of a continuous improvement program that will become a new way of managing your operation and a part of your culture at all levels.

Your associates, the individuals who do the work every day, are in the best position to identify obstacles in their environment or suggest better ways to do the work. Sell the fact that you encourage and solicit feedback from all employees. Establish a suggestion box and open-door policy and show them that the individual who generates a new idea gets the credit.

4. Recognition

According to a recent Happy Office Survey, 80 percent of people say that feeling appreciated is important to their happiness at work, ahead of salary (58 percent) and feeling trusted (55 percent), but only 45 percent of employees actually feel appreciated by their company.

Recognition is such a simple thing to do, but it is often overlooked in the rush of day-to-day activity. All too often, feedback is provided after the fact or too late to change behavior. With a Labor Management Program, you have the ability to provide accurate and detailed feedback on a daily basis, if not multiple times throughout the day.

Employees appreciate knowing where they stand and how they are progressing towards achieving the desired goal before the end of their review period. Assuming your labor management software is integrated with your other host systems, feedback can be provided "on demand" for each employee.

It's a very rare occasion that employee feedback and recognition can be provided as frequently and with as much accuracy as with a Labor Management Program. Flaunt that fact to your prospective employees.

Why Employees Quit ⁵

Inadequate Salary

38%

Unhappy with Management

16%

Leading causes of employee turnover

Once you've hired top level employees, how do you make sure you retain them in the years ahead? To be prepared for the retention challenge, it is important to understand the reasons employees leave their jobs and what you can do to manage them.

Two of the reasons most often cited are:

- **Management Relations**
- **Compensation**

Let's look at how you can use a Labor Management Program to actively address these issues and retain your employees.

Management Relations

Relationships in the workplace can make or break an organization's culture.

One of the top reasons people leave a company is not because of the job itself, but because of the people they work with and, more specifically, the people they work for. This fact should direct your attention to your front-line management team, because they are the cornerstone of communication and culture in your operation.

Creating a high-performance environment that is metric-driven is key to creating successful management relations. With a Labor Management Program, your employees know what is expected and management can monitor and measure performance in real time. When management notices an associate doing well, they can recognize it.

When they see an associate falling behind, they can help make adjustments to improve performance before it becomes an issue. A Labor Management Program encourages proactive, purposeful communication, helps avoid conflict, and works to motivate employees effectively.

Given the sheer number of employees that supervisors and managers interact with and influence on a daily basis, you could argue that training your management team is as important as training your front-line employees. Don't skip over this step. Make sure management knows how to foster effective employee relations.

Compensation

Hourly employees are very conscious of their wages and will not hesitate to jump ship if they are offered a higher hourly rate down the street. As employers, it goes against the grain to raise base hourly wages arbitrarily without wanting, or expecting, something in return.

A Labor Management Program gives you access to the performance metrics needed to build a pay for performance program that allows employees to earn additional compensation, yet is fully self-funding. With a well-designed Labor Management Program, you can be sure that the additional dollars paid to employees were earned, while also keeping them happy and working for you rather than for the competition down the street.

The costs of employee turnover are increasingly high — as much as 2.5 times an employee's salary depending on the role. And there are other "soft costs": lowered productivity, decreased engagement, training costs and cultural impact.⁶



SUMMARY:

Meeting the Challenges of Attracting and Retaining a Skilled Workforce During a Pandemic

New peaks in e-commerce sales have driven warehouse employment to reach the highest level ever recorded with 1.25 million workers in the warehouse and storage sector in September 2020. The growth of e-commerce will only get stronger as the economy recovers. Supply chain and distribution leaders with e-commerce operations need to prioritize building a workforce to support it. Operations without an e-commerce model should be prepared to face tough competition when it comes to recruiting and retaining workers.

If you aren't currently utilizing a Labor Management Program, you'll face an uphill battle to recruit, retain and reward the supply chain talent you need to survive and thrive. If you have a Labor Management Program in place today, now is the time to fine tune it to be you're using it recruit and retain talent by offering the defined goals, training, incentives and recognition sought by today's workforce.

- 1-3 <https://www.mhlnews.com/warehousing/article/21120770/distribution-executives-spot-trends-for-2020-and-beyond>
- 4 <https://www.supplychaindive.com/news/warehouse-employment-ecommerce-peak-season/586465/>
- 5 Survey by Robert Half
- 6 <https://www.cio.com/article/2868419/how-to-improve-employee-retention.html>

About TZA

At TZA, we focus on helping our clients improve workforce performance, reduce costs and drive continuous improvement across their supply chain. We provide them with the technology and services to achieve higher standards of productivity, utilization, quality, safety and customer service:

- **ProTrack Labor Management Software** to plan, monitor and measure labor performance
- **Labor Management Services** to educate, engage and empower managers and associates

