



CONNORS GROUP & WORKJAM WHITEPAPER

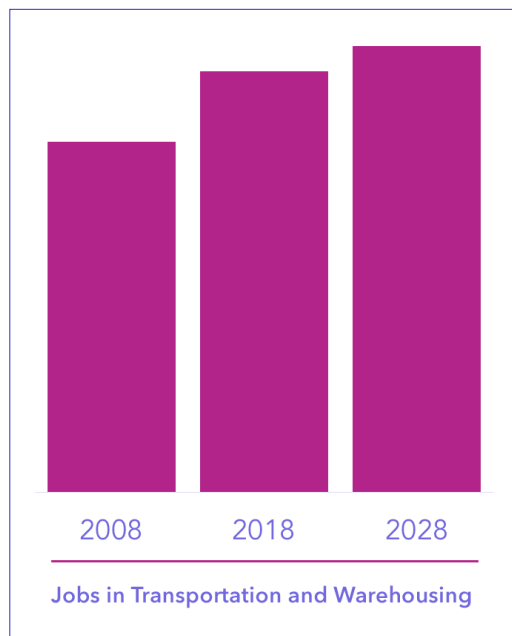
How a Digital Workplace Can Relieve Labor Challenges in Warehousing & Distribution



The Way It's Always Been

Warehousing and distribution operations currently face no shortage of challenges. Industrial real estate capacity is at unprecedented lows¹, while labor to operate those facilities is scarce.

Data from the Bureau of Labor Statistics shows consistent projected growth in transportation and warehousing jobs through 2028. Consistently low unemployment rates don't help matters, leaving fewer available workers to meet the increasing demands of the warehousing and distribution space.



With the labor market so competitive, warehousing stakeholders are suffering from increases to recruitment and retention costs. In many cases, candidates are found, hired, and trained, only to leave within a few months to work at another warehouse across town for another \$0.25 or \$0.50 per hour just as they are starting to excel at the job. This

leaves their previous employer stuck with the bill for their hiring and training costs while also paying to hire and train yet another replacement.

It's critical that managers and executives in the warehousing and fulfillment space take measures to address these issues and retain employees. While it's easy to shrug and say that this is just the way warehousing operations have always been, the fact of the matter is that it doesn't have to be that way anymore. Further your competitors are probably actively looking for new ideas. Technology solutions exist that can help retain the labor force by improving the employee experience.

Many Warehouses Lack Engagement

As if getting workers in the door wasn't hard enough, the unstable nature of fulfillment operations adds more difficulty to the retention problem. Uptime and downtime are often unpredictable, and labor requirements will often be determined on short notice based on inbound and outbound shipment schedules.

Pulling in workers or cutting shifts last minute is detrimental to the experience of the worker, ultimately leaving them dissatisfied with their employment. Just-in-Time management might be great for inventory, but it's simply not an efficient way to schedule workers.

Other problems that impact employee engagement may include:

- **Training.** Most facilities use a standard 30-day or 45-day probationary period to get new workers up to speed. Training usually comes from other associates, who were trained by other associates, and so on. Without standardized repeatable training, poor practices and shortcuts can easily be passed on to new employees.
- **Standard Operating Procedures (SOP).** Even with SOP available for training, these documents are often very long and comprehensive. The truth is, very few employees probably read them cover-to-cover. In addition, these large books are often delivered in thick, printed versions, making them difficult to carry around as a reference tool. Printed versions also become outdated quickly, incurring further expense to print new versions that nobody is really using.
- **Productivity.** Effectiveness in the warehouse suffers when employees are not effectively trained or engaged. Problems range from wasted minutes as hundreds of employees wait to punch in and out, to managers getting distracted from core competencies because they are struggling to cover available shifts or are behind in disseminating essential information across multiple teams and locations.

The Risk of Doing Nothing

Largely driven by e-commerce, the supply chain space is growing at exponential rates. As the face of logistics changes to address this new normal, facilities that fail to address labor concerns will face the following risks:

Wars for Space and Labor

Online retailers are grabbing up continuously larger shares of both industrial real estate and laborers. With major e-commerce players like Amazon and multi-channel giants such as Walmart throwing around their significant financial resources to attract talent and occupy premium market space, it can be difficult for smaller warehousing and distribution operations to compete.

Peak Season Concerns

Large retailers and e-commerce chains may hire hundreds of thousands of seasonal workers to keep pace with the demand generated by the end-of-year holiday shopping season. Even smaller operations and individual warehouses may need to hire several hundred extra workers to accommodate for increased inbound and outbound shipments. Many e-commerce businesses and retailers are hiring seasonal help as soon as August to get a jump on the competition², but if those workers quit before the end

of the year the effort is wasted. Separately these seasonal hiring cycles are also a great consumer of resources several times each year for both HR & Learning teams.

The Looming Recession

While recessions are notoriously difficult to foresee, many economists have predicted another global recession some time in 2020 or 2021³. For warehousing, this means that an understaffed facility may become more than a problem—it may become a necessity. It’s critical that warehousing and fulfillment stakeholders plan ahead now to find ways to do more with less.

Turning Your Distribution Center Into a Digital Workplace

Digitizing administrative labor functions offers significant improvements that span productivity, efficiency, and employee engagement. These solutions give workers access to timecards, employee schedules, open shifts, SOPs, training, and other work-related activities in an easy to use app and/or web portal.

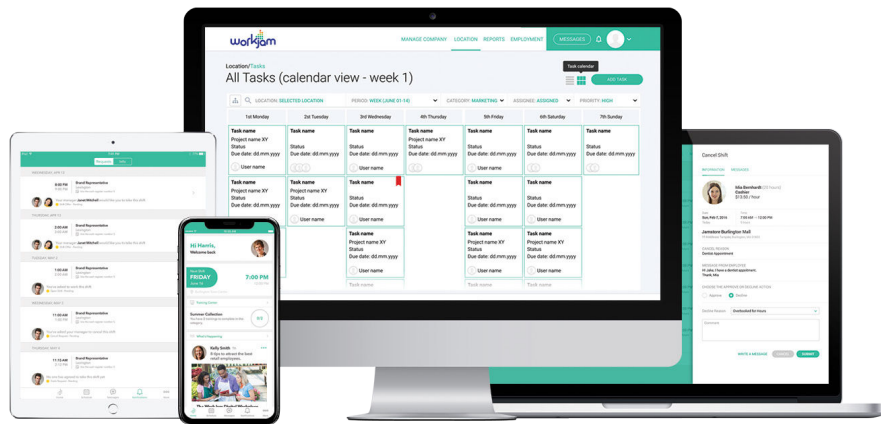
The rest of the supply chain is steadily moving away from spreadsheets and physical paper and there is no reason DCs shouldn’t follow suit. Through digital labor

Supply Chain Growth	<ul style="list-style-type: none"> • Growing at exponential rates • Largely driven by e-commerce, e.g. Amazon, Walmart
Online Retailers	<ul style="list-style-type: none"> • Online retailers compete more aggressively • Industrial real estate • Labor
Automation	<ul style="list-style-type: none"> • Large-scale improvements to efficiency • High upfront cost, long to amortize • Covers specific, repeatable tasks only
Peak Season	<ul style="list-style-type: none"> • Amplifies all other challenges during end-of-year holiday shopping season • Losing trained associates to competition
Recession	<ul style="list-style-type: none"> • Global recession predicted for '20/'21 • Increasing need for last-minute up & downscaling

management, DCs and warehouses can optimize their most precious resource: the frontline employee.

Improved Recruiting

The benefits of a digital workplace start right at the beginning of the talent pipeline. When a company can advertise its innovative culture fueled by an employee-driven technology solution, they will find that they more easily draw the attention of top talent. Generation Z and millennials are especially attracted to employers that offer



flexible scheduling, innovative solutions, and a strong work/life balance. Unpredictable income and hours are one of the largest turnoffs for millennial workers⁴, so proving up front that these issues will be under control is a major attractor for younger candidates.

Streamlined Onboarding

Turning new hires into useful members of the team takes time, but that time can be sped up significantly when digital tools are available to the workforce. By offering standardized digital training, the risk of passing along poor training practices is entirely mitigated. It's also much easier to overcome issues that commonly impede training by presenting videos, SCORM and other training materials in a digital workplace.

Lower Costs of Seasonal Recruiting & Onboarding

As you hire & onboard your next seasonal crew, maintain that relationship with them over the digital workplace. You can allow them to opt into digital workplace messaging, announce the upcoming recruitment day or just start sending them open shifts as you require. Pre-board them with refresher training if you need instead of the entire training program. As you can see simplifying and streamlining the process with technology, one where you can maintain a relationship with your part-time flex, and seasonal workforce can shorten the curve on getting to your hiring goals as re-hiring & onboarding can be reduced to days not weeks. You will also be able to grow your pool of candidates for full-time openings as they occur.

Optimized Employee Experience & Retention

The benefits of a digital workplace go far beyond new hires, however. With an accessible digital work environment, workers remain engaged throughout their employment. Employees who are engaged at work are 30-50% more likely to stay with their company⁵ –an important statistic for warehouses and DCs, who traditionally have very high turnover. Hanging on to trained employees can have a notable positive impact on the bottom line.

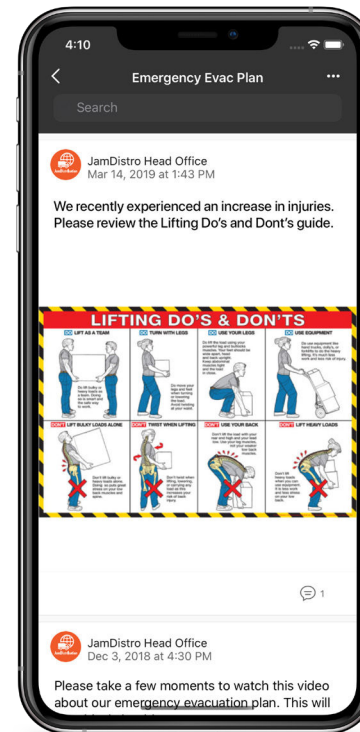
Via digital work environments, employees select the shifts they want to work or swap ones they cannot with others.

Open shifts are pushed out to the entire labor pool to allow workers to pick up additional hours if they want them. Companies with multiple facilities in the same geographic area can benefit from trained & motivated employees seeking extra shifts from secondary locations, as well. Meanwhile, SOP updates, messages from management, and other internal communications can easily be disseminated to the entire workforce. This convenience and flexibility combine to create a positive work/life balance for employees and make the company an employer of choice.

Compensation isn't always about dollars and cents. Even if a recruiter from another company comes around waving a small raise in front of workers, it's unlikely they will take it because the culture and environment they currently enjoy & know is undoubtedly better than the unknown. For hourly workers, missing a shift can mean missing a rent or a car payment. Being able to swap out instead of call-off, or easily pick up extra shifts to make up missed hours is more important than a few more cents an hour once employees come to enjoy flexibility in their scheduling.

Better Productivity

The impact of a digital work environment on productivity is impressive, as employees no longer stand in line to punch in and out but go straight to work as soon as they are in the door. Managers also benefit, as they spend less time trying to find employees to cover callouts and open shifts,



delivering news or instructions in person, or checking on task execution and training progress. With hundreds or more employees in a single DC, even an overall facility optimization as small as 10% can have a robust effect on productivity levels and the bottom line.

Busting Myths About the Digital Workplace

As with any newer technology, many DC managers will hesitate to make the investment. Here are some common misconceptions about implementing a digital workplace technology in the distribution center:

- 1. Employees will be on their smartphones all the time at work.**
Most DCs and warehouses don't allow employees to use smartphones on the work floor—and for good reason. However, when given an approved and compliant method to communicate, workers won't resort to shadow

IT or freeware. And digital workplace apps are designed to be fenced in multiple ways. For example, the app can be shift-fenced so it only works on break times, or geo-fenced so it only works in safe areas. The app can also be fenced by feature, such as enabling home access to the scheduling features while blocking access to training to keep workers from engaging in work activities when off the clock.

2. All workers would need a smartphone.

A quality digital workplace app can be accessed from any device, including desktops, laptops, tablets, work kiosks, or even rugged devices and handheld computers that you currently utilize on the floor. Implementing a digital workplace doesn't require everyone to have their own smartphone. This expense is negligible when considering the cost savings such solutions provide. Setting up a few kiosks or secured tablets in safe areas for employees often works. Further if you find a digital workplace has the right features you can allow for personal devices for off-premise use in non-compensatory functionality.

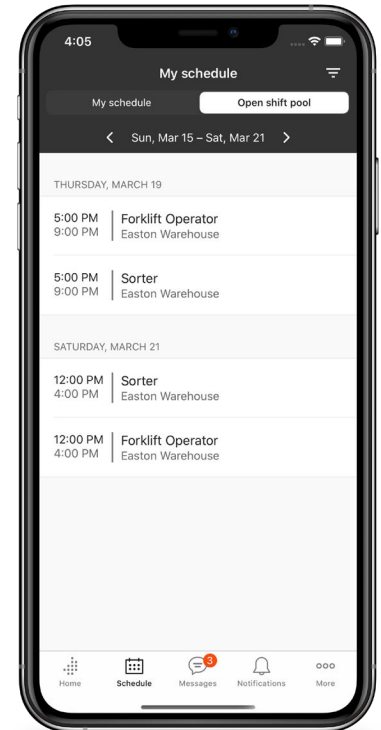
3. Workers will punch in and out online when they aren't on site.

The app can be geo-fenced or IP-fenced so that certain features only work in certain places. In the instance of a time clock, the feature can be fenced so that it won't work if the employee's GPS doesn't show them on site,

or if they are disconnected to the facility Wi-Fi.

4. Workers won't all want to use a solution like this.

While other single-feature solutions struggle with adoption rates, a complete digital workplace offers enough benefits to each user that it's not uncommon to see adoption of 85% or more. Clocking in and out from their phone organically drives employees into the app, as there are no lines to wait in. Within the app, they'll find filtered information that's relevant for them. Ultimately, more employees will come to adopt the digital workplace as they see the benefits it provides to their co-workers, such as flexible scheduling and easy shift selection.



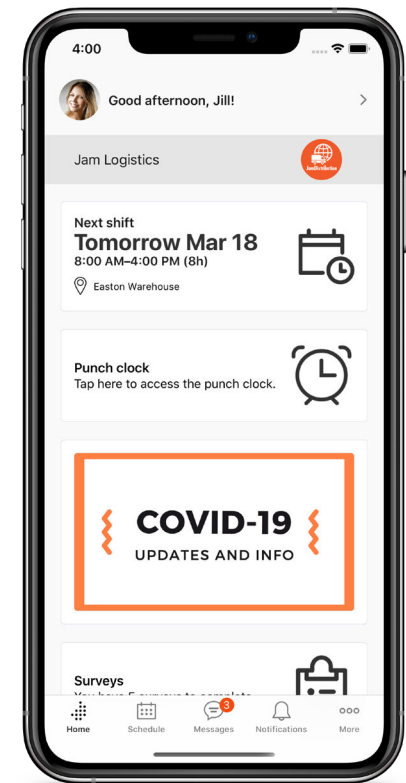
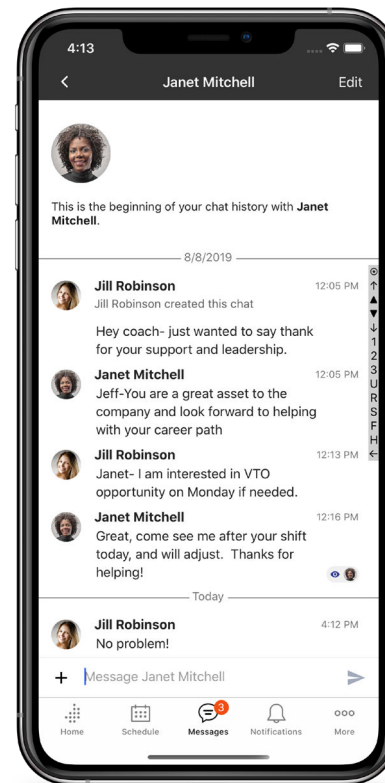
5. There are too many languages spoken in the DC for an app to work effectively.

Language barriers are in fact a great reason to implement a digital workplace. Traditionally, DCs have had to hire translators for each language every time

something needs to be updated or announced, then print out materials in each language as well. All fixed features of the app can be programmed in any relevant language for your facility, ensuring that all workers can access SOPs, schedules, and other menu options in their own language. Even in cases where translators are still required, updating becomes significantly faster and more affordable. And the ability to set up language-specific communication channels that allow workers to connect in real-time in their native tongue breaks down additional language barriers.

6. There's a recession coming so new tech investments aren't a good idea right now.

With a recession on the horizon, now is the time to implement measures that will generate cost improvements and optimize the effectiveness of the workforce. While the solution could be implemented amid the recession, choosing to onboard the system now will generate critical savings more immediately as businesses prepare for the worst.





Summary

Go Digital in Your Distribution Center With Connors Group and WorkJam

The **Connors Group** provides distribution centers tools, techniques and training to improve the workplace and workforce productivity and ultimately the employee experience. The **Connors Group** works in tandem with the **WorkJam** team to help distribution centers and warehouses implement a digital workplace that will drive efficiency

and improve engagement across the workforce. For more information about creating a digital workplace environment at your company, please contact us today.



For more information on WorkJam and how we can help you unleash the potential of your workforce, contact us today.

[Request a Demo](#)



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