



Easy Cost Cutting in Your Warehouse.

Optimising Labour and Process



The Link between Labour and Cost in the Warehouse...

Statistics gathered from

McKinsey & Company

Logistics Management

Supply Chain 247

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Worldwide, **warehousing operations** cost companies about

€300 billion

each year, and that amount is growing as global supply chains and the prevalence of e-commerce lead to greater complexity.

According to Logistics Management, **labour costs** account for

50-70%

of the average warehouse budget...



...yet a warehouse management system (WMS) on its own only gives

40%

of visibility needed to determine costs in the warehouse



Toughest challenges companies face relating to the management of a workforce for warehouse/ distribution center (DC) operations:



45%

Controlling labor costs



57%

Increasing workforce productivity



62%

Finding and keeping qualified/skilled/ dependable workers

“ The turnover rate for warehouse workers, according to the Bureau of Labor Statistics, is **36%**”

Utilization



labor is on non-productive and other indirect hours: meetings, housekeeping, waiting on work, systems downtime, etc.

100 person operation spends almost

\$800K

on indirect labor per year



WMS misses



2.8 hours

per employee per work day

An LMS can increase direct labor productivity by

10-25%

120 person facility can save



(driven through utilization and productivity gains)

over 2 years

Against a backdrop of a rise in e-commerce, a decline in store sales, COVID-19, different warehouse models and Brexit, retailers face great uncertainty and huge cost pressure, meaning fulfilment operations are increasingly being asked to do “more for less.”

Current Challenges in the Warehouse

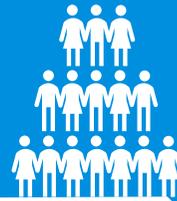


Cost Pressure

Retailers' warehouse operations are increasingly being asked to do 'more for less.' Unfortunately, companies around the world don't really know what their true costs should be when it comes to their warehouses. If you ask operations leaders what their lowest potential costs could be for a given site, they often won't know the answer.

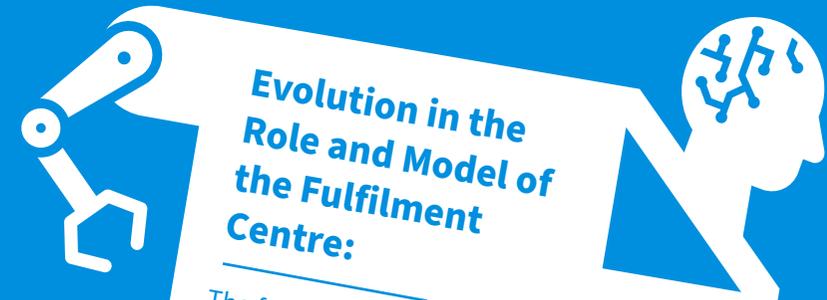
The same operations leaders do know however that specific things **SHOULD** be done to cut costs:

- Maximise productivity of individual workers
- Employ and ensure a flexible workforce
- Optimise labour schedules
- Maximise utilisation



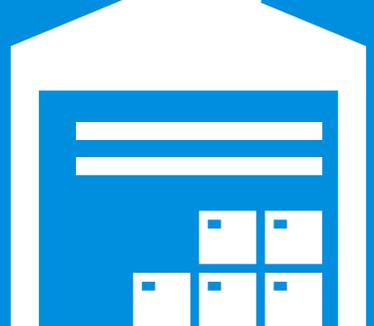
War on Talent:

As the warehouse model evolves, with it comes the requirement for varied skillsets and quality staff that can be retained. The challenge lies in competing for this type of staff within geographical warehouse hotspots where employees have numerous employment options. For operations leaders to succeed in increasing productivity and streamlining operations, there needs to be a greater focus on attracting and retaining staff, from providing more flexible working patterns to improving staff training, scheduling processes, and employee enablement.



Evolution in the Role and Model of the Fulfilment Centre:

The fundamental shift to e-commerce, further perpetuated by COVID-19, has forced operations leaders to increase requirement for e-commerce fulfilment capacity. Additionally there is now a need for flexibility to move staff between FC and Retail operations. Increased use of automation and robotics increases the number of roles and skillsets needed within warehouses.



COVID-19 & Winter Flu

Warehouse operators, while dealing with the challenges of an evolving marketplace are now faced with even bigger challenges, keeping their employees safe and healthy. Warehouses are now having to re-evaluate operations, processes and even layouts to include safety measures and social distancing. They are also having to combat greater numbers of absentee employees demanding a flexible workforce and the ability to communicate changes quickly in real time.



Availability and Quality of Agency Staff

In an increasingly competitive labour market, exacerbated by Brexit, agencies are struggling to meet customer needs to fulfil flexible labour requirements, which places an increasing need for more efficient and flexible labour scheduling.



Changes in Legislation

The COVID pandemic continues to impose fluctuating regulations on businesses at national and local levels. Warehouses are faced with finding ways to systematically incorporate various factors - like social bubbles and limited numbers of people within certain shifts and work areas - into scheduling. This is no mean feat at any time of year but it's particularly difficult during winter, many warehouses busiest period. Beyond COVID, more legislative changes and compliance issues are looming. In the UK, it has traditionally been difficult to fill warehouse roles with UK workers resulting in a reliance on non-UK EU nationals who hold 25% of UK warehouse jobs. Changes to employment legislation following Brexit place an even greater emphasis on ensuring labour plans conform without placing undue pressure on administrative functions.

Volatility & Accuracy of Business Forecasts

Increasingly volatile forecasts - particularly around ecommerce - make labour planning very difficult. Too many people on the shop floor and your business is paying over the odds on labour. Too few and you risk service failures resulting in customer dissatisfaction, revenue leakage and reputational damage. Which makes workforce planning a very tricky balancing act indeed. This situation is exacerbated by disconnected software, in particular business planning and workforce management systems. As the volume and mix of orders shift rapidly, there's an increasing need to be able to re-plan labour requirements within the day. But, by the time one system has caught up with the other, the opportunity to react has been missed. With so much forecast fluctuation, minimising labour over or under-provision is a major cost-saving opportunity.



Customer Expectations

Customers now expect stores to provide a plethora of e-Commerce options, forcing businesses to introduce new product lines and SKUs, putting pressure on warehouse space and process. They also expect rapid delivery which makes fulfilment a crucial element in delivery of customer satisfaction and makes streamlined warehouse processes essential for business survival. Couple this is shrinking pick sizes and rising logistics costs and it becomes even more essential for warehouses to have and retain the right staff to delight customers.

So What's the Solution?

Historically, the primary focus of warehouse technologies was to accurately execute transactions as efficiently as possible and in a timely fashion. According to Gartner, in today's high-velocity, high-variability, low-visibility and high-volume world, these paradigms must change, and are changing. While the WMS remains at the centre, an integrated approach that adds more intelligence and better collaboration with automation is critical for reducing costs of the warehouse long term. Clear cost savings and ROI starts with an integrated labour management and WMS solution that increases productivity and visibility inside your warehouse.

Smart Warehouse



Concept taken from

Source: Gartner
ID: 425245

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The warehouse industry faces a plethora of costly challenges. But what if controlling the biggest cost of all - labour - could boost the bottom line in more ways than one?

That's where workforce management and labour management software comes in. Retailers have long used these systems to control costs and boost productivity for frontline employees. But where warehouses are concerned, it's an untapped technology that will save labour costs and maximise individual workers' productivity...

What's the Difference?

Labour Management Software

Cost focused



Minimises labour costs



Improves warehouse efficiency and utilisation



Ensures the visibility and improvement of warehouse performance



Measures and manages warehouse resource performance



Workforce Management Software



Employee focused



Efficient scheduling processes



Integrated planning across corporate and fulfilment



Ensures complete workforce compliance



Enables flexibility leading to employee engagement and improved customer service

Workforce Management in the Warehouse- WFM & LMS Benefits

Improved Staff Engagement

Employees are more engaged, happy and satisfied due to better scheduling and flexibility, leads to lower absenteeism, turnover, shrinkage. Clients have benefited from up to 25% increase in employee engagement and 50% reduction in turnover

Increased Productivity

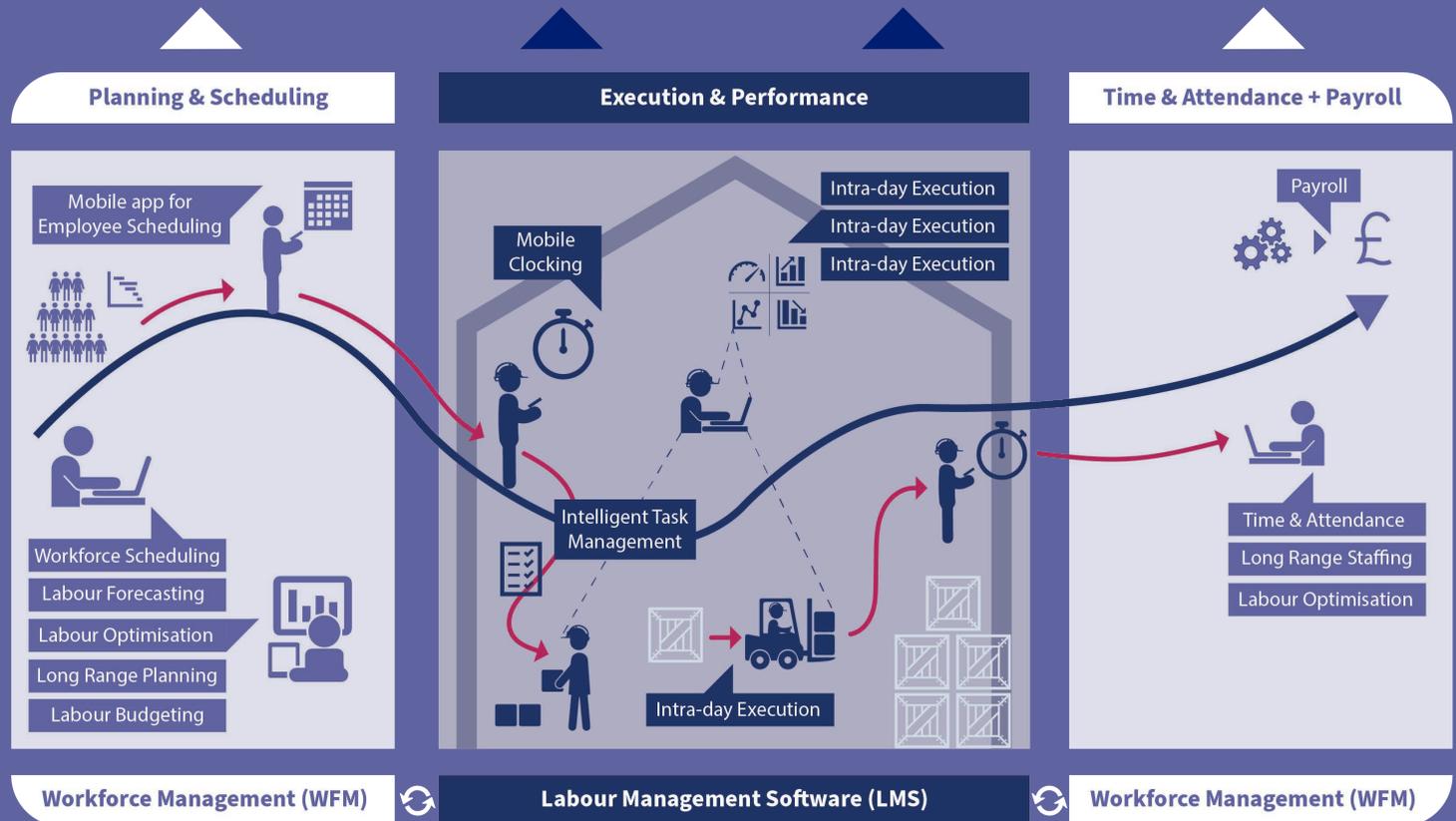
Having the right skilled warehouse staff in the right place at the right time is critical to ensure fulfilment centres deliver parcels on time in full, packaged with the requisite care and attention

Time Saving

Efficient scheduling processes enable management to spend more time out on the warehouse floor motivating colleagues and driving quality. Admin time can be reduced by up to 65%

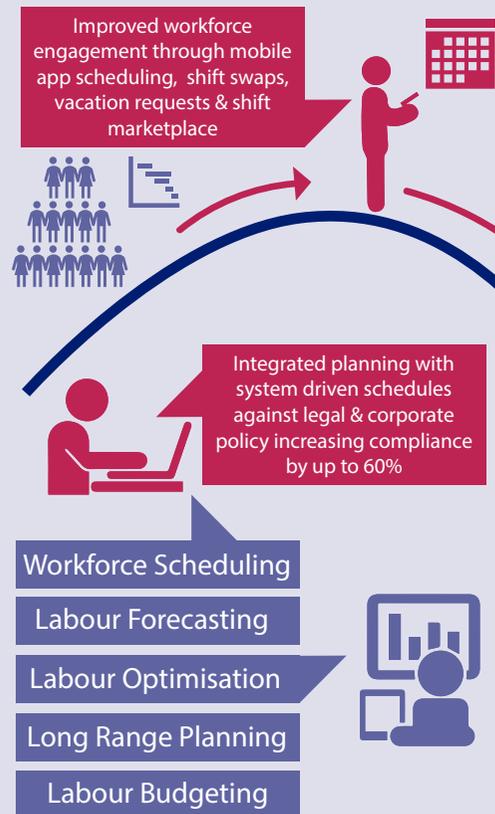
Workforce Scheduling

With increased utilization (up to 45%) and productivity (up to 20%) gained from LMS/WFM, customers have benefitted from warehouse labour cost reductions of up to 35%

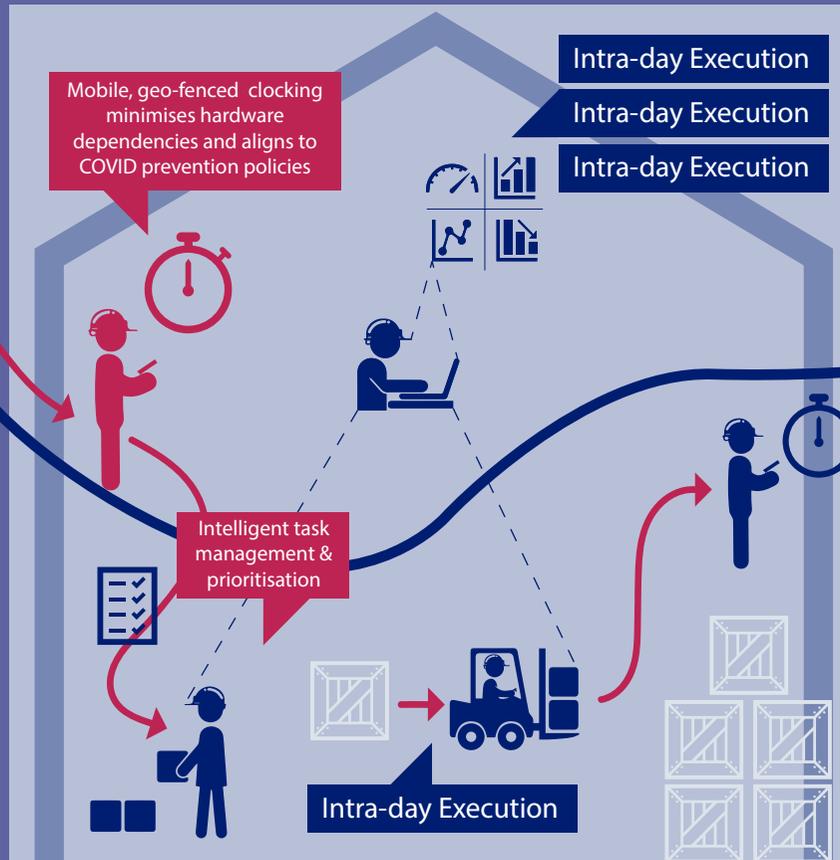


Key Features of WFM & LMS

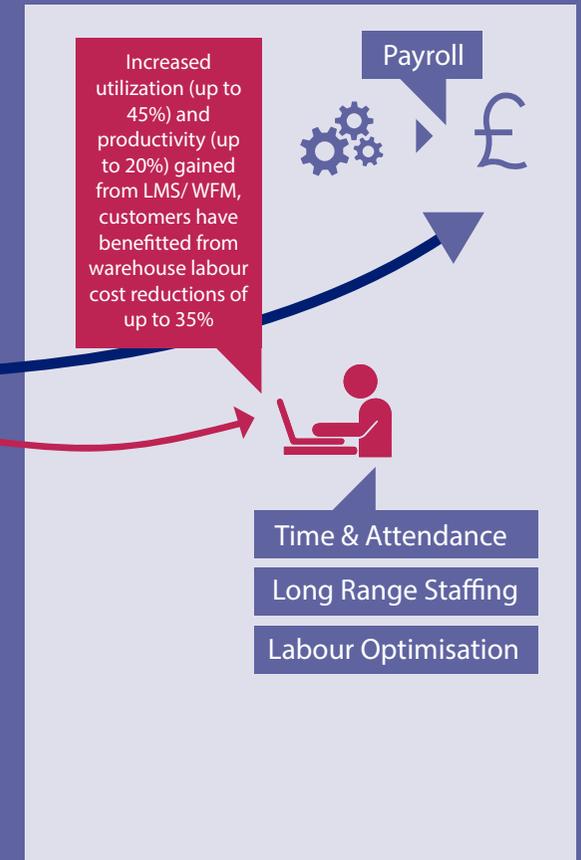
Planning & Scheduling



Execution & Performance



Time & Attendance + Payroll



Workforce Management (WFM)



Labour Management Software (LMS)



Workforce Management (WFM)

Bringing Workforce Management into the Warehouse...

Historically, a workforce management (WFM) project was seen as a cost saving initiative with a corporate lens. Whilst this is still a key driver, today's emphasis has also shifted toward the employee as the focal point. Retaining skilled employees reduces recruitment & training costs and provides a competitive advantage in the war for warehouse talent. As the demand for ecommerce distribution capacity increases across warehouses worldwide and we remain in the midst of global pandemic, a joined up workforce and warehouse management approach will help warehouse operations tap into crucial cost savings.



*Stats are from successful Blue Yonder implementations of a unified WMS/WLM system

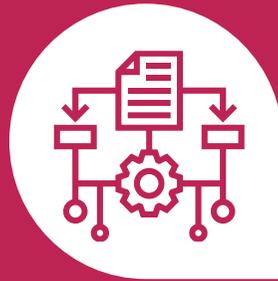
Workforce Management and Labour Management Software in the Warehouse - A Major Cost-Saving Opportunity

... Here's a taste of the ways labour planning and workforce management software solves the challenges



Meet demand with visibility and reporting

Integrated workforce management and planning software empowers your planners with a single joined up view of forecasts, demand and labour availability leading to more efficient and effective scheduling.



Advanced scheduling

Full workforce visibility means you can make optimise the people and skills in your warehouse and maximise profit potential. Decrease the need to hire flexible workers and minimise recruitment costs and agency fees.



Complete compliance

Legislative requirements are built into the software giving you the confidence that your workforce schedules are legal.



Free management time

Time and performance-tracking software ensure wages are calculated and paid correctly reducing the amount of time managers spend dealing with administrative errors. And increasing the time they can spend on the shop floor supporting and engaging colleagues.



Performance tracking and reporting

Clean sheet analysis enables you to establish actual warehouse activity levels and volumes and determine the average processing time. Set performance standards enable managers to rapidly identify and deal with efficiency problems. With a greater reliance on agency workers, this will ensure you only invite the most productive people back.



Improved profit

Use of Workforce and Labour Management Software enables the effective tracking, measurement and management of direct labour, directly leading to increased productivity as well as enabling the reduction and increased effectiveness of indirect labour hours.



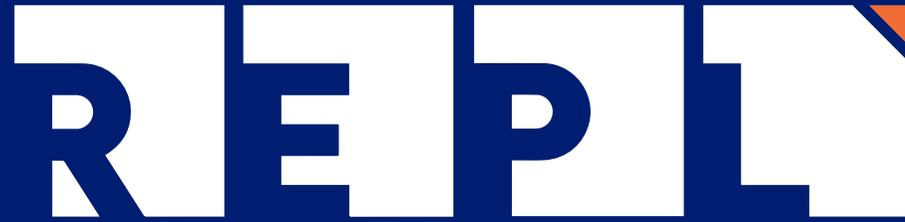
Additional cost savings

Improvements in accuracy delivered by an effective and engaged workforce also increase service levels, customer satisfaction and in turn boost profit margins by decreasing the costs of rectifying service issues (resending parcels, and refunding premium delivery charges) and increasing repeat sales.

Warehouse and DC operations have long faced a costly war on talent that has ramped up wages and eroded profit margins.

The key to thriving in this context is a new approach to workforce management. One that controls costs while boosting productivity and profits. From tracking performance and improving planning and scheduling to ensuring a multiskilled, compliant workforce without investing huge amounts of time in administration.

Workforce and labour management software is the solution to your costly people problems.



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