

## How to Retain Key Warehouse Staff in a Tight Labor Market

Crain's of Chicago recently announced that Amazon will be opening a second distribution center (DC) in Joliet, IL, bringing 2,000 new jobs to the area. In addition to Amazon, Whirlpool, Michelin North America, and IKEA are also opening or planning to open large warehouses in the area.

While these new DCs are great for the local economy, they represent a challenge for other companies drawing from the same employee pool. According to Pat Fera, director of the area's Workforce Investment Board, entry level positions at Amazon will pay \$13.50/hour, a rate that's pulling up wages at other competitors and staffing agencies. "Anyone offering \$9 or \$10 per hour will struggle to get folks in," she said.<sup>i</sup> Not only will area employers be struggling to fill positions, but they'll also be facing competition to lure away their best employees.

Illinois is not alone. With the national unemployment rate hovering below 5%, the Federal Reserve Bank stated that tight labor markets were widely noted in most districts, pushing up wages for many workers.<sup>ii</sup> The competition for good workers is fierce. As Robert Pericht, senior vice president at Saddle Creek Logistics noted, "Someone can come in next door, bump the local wage by 10 or 20 cents an hour and people will jump on that. They'll absolutely move for that."<sup>iii</sup>

What can companies do to retain good warehouse employees while controlling labor costs?

### Solution – Improve Employee Experience by Eliminating Repetition and Boredom



In a manual, paper-driven warehouse environment, workers spend hours and hours performing repetitive tasks such as picking to totes, secondary touches of manually constructing shipping cartons, re-checking order picking contents, packing, and other labor intensive work tasks that are in essence burning dollars that would go to the bottom line profitability if the operation was a lean and automated order fulfillment operation. It's not surprising that workers in a primarily manual DC operation become unengaged as their attention drifts from what they are doing to overcome boredom. That's how unintentional errors occur, and it's also the reason employees become a nomadic workforce; they can be easily

enticed to work elsewhere.

One way to eliminate this problem is to identify the DC mundane work tasks and improve or eliminate them by applying automation technologies. By doing so, you'll reduce the labor needed to get the work done and also free up your employees for other high value work that can help build your business.

Take an employee whose job is to stand at a pack sheet printer, print documents and walk over and put them into several boxes. Given the simplicity of the task, it's easy to be distracted. If the employee is not focused on their work, the probability of mixing up the paperwork and making errors in the order pack process is high. You can automate this process with on-demand print/fold/insert technology and eliminate the need to dedicate a worker to the task. Accuracy will improve, and the worker's skills can be put to much better use.



The same benefits can be gained by automating the pick process using voice picking to enforce and validate pick and pack. Additionally, downstream of packing, the manifesting area of the warehouse is an easy first step to drive errors and mundane labor tasks out of the operation. Rather than using people to manually weigh, measure and ship packages, you can install inline scales, dimensioners and an automatic print-and-apply system to process shipments. This eliminates numerous points for potential error but more importantly, it eliminates mundane work. Freed up workers can be trained in other skills and deployed in other areas such as quality control or customer service.

Voice picking in the order fulfillment process can improve efficiency and accuracy to the picking process. Voice technology continually engages the employee in conversation, directs them in their tasks and assures that they are fully focused on their work. Their eyes are focused, they're listening for instructions, and using hands-free barcode scanning technology to scan and validate their work. With voice technology guiding them through each of the work tasks, accuracy rates of 99.99% can be consistently achieved. Equally important, it fosters a repetitive, best practice environment that ensures the staff is consistently following the pick-and-pack procedures so they are working correctly in the most efficient travel path.

As these examples show, warehouse automation technology is not always about creating a 100% automated storage and retrieval environment to be efficient. Significant gains can be achieved by strategically applying technology to eliminate the most mundane work and its associated labor costs and, many times, generate a faster ROI than highly automated facilities! Right processes and technologies can stimulate your work force and make the DC a more challenging and interesting place to work. In this way, technology serves as the foundation for accuracy, order completeness, and correct documentation, which are all the major components of perfect order practice. Equally important, it

creates a work environment that attracts and retains good employees and makes them want to work in a high-tech environment.

Do you have any questions about implementing lean automated pick, pack, and ship operations in your DC facilities? The Numina Group is here to help. Visit [Numinagroup.com](http://Numinagroup.com), or contact Jen Maloney (630) 343-2622, [jmaloney@numinagroup.com](mailto:jmaloney@numinagroup.com) to arrange a complimentary site visit and consultation.

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<sup>i</sup> Micah Maid Enberg, "Can Amazon Persuade Thousands to Work at it Warehouses?" Crain's Chicago Business, July 28, 2016.

<sup>ii</sup> Ben Leubsdorf and Jeffrey Sparshott, "Fed's Beige Book: Tight Labor Markets' Are Pushing Up Wages," Wall Street Journal, June 1, 2016.

<sup>iii</sup> Micah Maidenberg.