

# Labor Challenges, Trends and Practical Strategies



## Distribution Labor Shortages Continue With No Signs of Abating

**57%**

increase in the number of **warehouse and transportation jobs** since 2016

**6.1%**

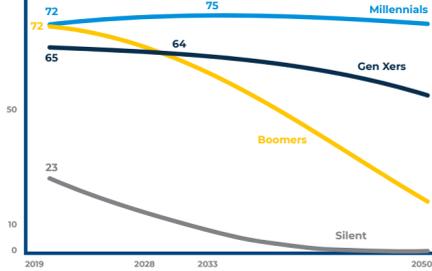
**unemployment** in U.S. returning to pre-pandemic lows

**>33%**

**U.S. national turnover rate** for jobs in warehousing, transportation and utilities



Millennials are now and will continue to be the **largest generation in the workforce** for the next 20 years.



## Competition for Workers Leads to Higher Wages



**400K workers added** in the U.S. by Amazon in 2020 (500K globally)

**3.5% increase in salaries** needed to compete for workers



**100.9% average labor turnover rate** in warehouses located in counties with Amazon fulfillment centers

**>21% increase in average hourly wages** for logistics employees over the last decade

## Four Things Companies Are Doing to Overcome Labor Challenges

### STRATEGY 1

### INCREASE ENGAGEMENT THROUGH CULTURE

#### Go Beyond Compensation and Benefits

Create programs to engage employees. Engaged employees increase profitability, reduce turnover, and reduce the number of safety/quality issues.

##### Engaged Employees:



#### Fix The Feedback Disconnect



#### Look For New Ways To Justify Investments

The value of automating some or all of your facility is **not just about labor savings**:

- Positive **culture** and mindset shifts among employees lead to improved retention, resulting in lower recruiting and training costs.
- Improved **ergonomics** and safety minimize risk of injury, resulting in fewer workers' compensation claims and lower EMR.
- Opportunities to **update workflows** for greater efficiency and reallocate staff to more value add tasks.
- Systems monitoring of **real time data** make it possible to more effectively measure productivity and address problems quickly for a more responsive operation.
- Modernization can be a **competitive advantage** in winning customers and employees.



### STRATEGY 2

### LOOK TO UNTAPPED LABOR POOLS

#### Get Creative in Expanding The Pool of Labor

There are **untapped, non-traditional sources of labor** if you can offer part-time or flex hours to accommodate them.

- High School & College Students
- Mothers With School-Aged Children
- Retirees
- Veterans and Their Spouses
- Special Needs Workers
- Ex-Convicts
- Workers Looking To Supplement Primary Income

### STRATEGY 3

### MAKE WORK FUN AND CONVENIENT



#### Crowdsource Shifts

Millennials value flexibility. Crowdsourcing can help you offer part-time, self-scheduling, and variable start times while keeping full shifts.



#### Use Human-Centered Design Concepts In Your DC

Add high-quality common areas, multiple break rooms, cafeterias with subsidized food, outdoor spaces, fitness facilities and wellness initiatives, child care and social events that include family members.

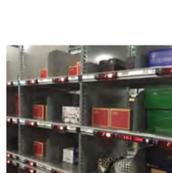


#### Use Gamification

Motivate employees through smartphone apps and behaviors that reward desired behaviors.

### STRATEGY 4

### USE TECHNOLOGY TO IMPROVE PRODUCTIVITY



#### Pick To Light & Voice Pick

Automated visual or audio clues to improve picker productivity and accuracy and reduce training time.



#### Goods-to-Person

Solutions that minimize travel and improve ergonomics, reduce fatigue. Goods-to-person solutions increase productivity and improve safety.



#### Robotics

Collaborative robots reduce wasted travel time and increase productivity while robotic arms execute piece-picking and pick and put operations where labor is hard to find.



#### Other Technologies

Existing technologies are more easily cost-justified to reduce labor needs or increase worker efficiency including tote stackers, smart carts, print and apply and wearables.

**Don't let labor challenges stand in the way of growth and profitability.**

Now is the time to stand out as an employer and to **implement creative strategies** to overcome the challenges. Choose a partner with the experience to help.

**Fortna, The Distribution Experts, can help.**