

FORTNA

Thought Leadership Series

# Striking the right balance of labor and automation for your business



# Striking the right balance of labor and automation for your business

As members of the supply chain and distribution industry, we understand the challenges of labor availability and labor costs: unfilled positions, high recruitment and retention expenses and frequent turnover. Many economists believe these trends will not reverse in 2025, and some project they will worsen as generational shifts in the labor market continue.

From the U.S. Bureau of Labor Statistics<sup>1</sup>:

- In 2024, 1.7 million people work in the warehousing and storage industry
- There are approximately over 500,000 open positions available
- Roles such as stockers and order fillers comprise 30% of industry positions
- The median hourly wage for the warehouse and storage industry is \$23.50

---

<sup>1</sup> <https://og.mhi.org/publications/report>

In contrast, supply chain studies show positive statistics when automation is added to a distribution operation:

- Increased productivity by 40%<sup>2</sup>
- Reduction of labor costs of up to 30%<sup>2</sup> with automation
- Improved space utilization by up to 50%<sup>2</sup>

Other outside factors can also affect the balancing act between labor and automation. Customer demand for fast and accurate order fulfillment is not slowing down; it is growing. Customers want their orders the next day or, in increasing cases, the same day. A recent report from Capital One Shopping<sup>3</sup> states that approximately 80% of consumers expect retailers to offer same-day delivery, with 30% of these consumers expecting it to be free.

The answer seems simple: automate your distribution operations, and your labor challenges will solve themselves. Easy, right?

40%

increased productivity

30%

reduction of labor costs

50%

improved space utilization

The key to the distribution puzzle is finding the right balance of labor and automation for your operations. How much labor is too much? How much automation should you implement before it becomes overly complex? How will you integrate with your existing systems and software? The challenge is unique to every business – what works for one company may not work for another. Finding the right solution starts with understanding your unique needs, workforce and technologies.

In this FORTNA Insight, we will examine the steps to striking the right balance of labor and automation in your operation.

<sup>2</sup> <https://videos.mhi.org/2024-report-series/>

<sup>3</sup> <https://capitaloneshopping.com/research/same-day-delivery-statistics/>



## Baseline your operations

The first step of any automation plan is understanding your distribution operation's strengths and weaknesses. This involves evaluating your current processes, labor requirements for peak and non-peak seasons and available technologies.

Some key evaluation points are:

- Where are the bottlenecks in your product flow?
- Are your downtime events due to equipment failure, lack of maintenance or design and layout challenges?
- Can your software and IT architecture grow and scale to manage automation and increased data?
- Where in the lifespan is your current material handling equipment? (conveyors, diverts, controls, etc.)?



## Work the workflows

Analyzing operational tasks and identifying highly repeatable motions can reveal ideal opportunities for automation. By diving into the details of each process, you gain insight into not only the tasks themselves and the physical strain they impose over a shift but also the potential to enhance productivity and accuracy. Many workflows throughout the distribution process present opportunities for improvement and optimization.



### **Receiving and inventory management**

A plan for slotting or arranging your inventory can make a big difference in productivity, even in manual picking. Having the best-selling and often ordered together SKUs in a forward location that is easily accessible can lead to higher throughput and happier workers who don't have to walk as much. Slotting software can be a key first step in automating your operations.

### **Picking optimization**

There are many ways of approaching picking, including single-line, zone, wave and pick-and-pass. By understanding the pros and cons of each strategy and how each one could fit in with your operations, you could dramatically improve your productivity.

### **End-of-line processes**

Another place to examine your processes is automating the end-of-line process when items are placed in a box or envelope with filler. The box or envelope is then sealed, labeled and ready for delivery. Many of these manual processes can be automated with mature and dependable technology.

## Find the experts

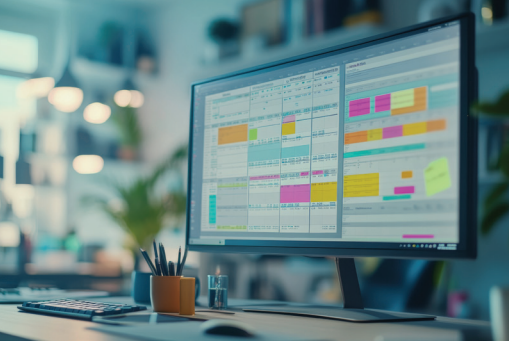
Being an expert in anything is difficult. Years of working, learning and first-hand experience can make you a leader in your field. But when investigating how to automate and address challenges, do you have the time to become an automation, software or robotics expert?

Finding and working with a partner with expertise in automation planning, integration and lifecycle services makes sense. Bring your operational leaders together with automation experts to build a solid business case that aligns with your needs, goals and plans.

While the challenges of labor availability and costs in warehousing are considerable, automation is the solution to enhance productivity, reduce errors and improve space utilization.



## Phased or warehouse-ready approach



As automation has become more commonplace in today's warehouse environment, so have the methods or stages an organization can undertake to find the right balance of labor and automation. Each of these phases has pros and cons regarding capital and operational costs as well as overall optimization and improvement.

### Phased approach

This has been the traditional approach, which requires spreading the capital investment over time. Often, the organization will automate one part of an operation, for example, implementing warehouse software or automating box sealing and labeling. After the automation, they will take the cost savings they realize and use the savings to fund the next step in the automation process.

### Complete automation

This method forgoes the phased approach and moves to a complete automation solution. The FORTNA warehouse-ready solution is an example of this, as it can help any size operation to automate its inventory, picking and packing processes. It allows an organization to quickly move to a highly automated order fulfillment operation.

# FORTNA

## FORTNA CAN HELP

While the challenges of labor availability and costs in warehousing are considerable, automation is the solution to enhance productivity, reduce errors and improve space utilization. However, finding the right balance between labor and automation is the key to success. By partnering and leveraging the experts at FORTNA, you can implement an automation approach tailored to your specific needs, navigating the complexities of the supply chain while meeting the growing demands for fast and accurate order fulfillment. Visit [www.FORTNA.com](http://www.FORTNA.com) to learn more.