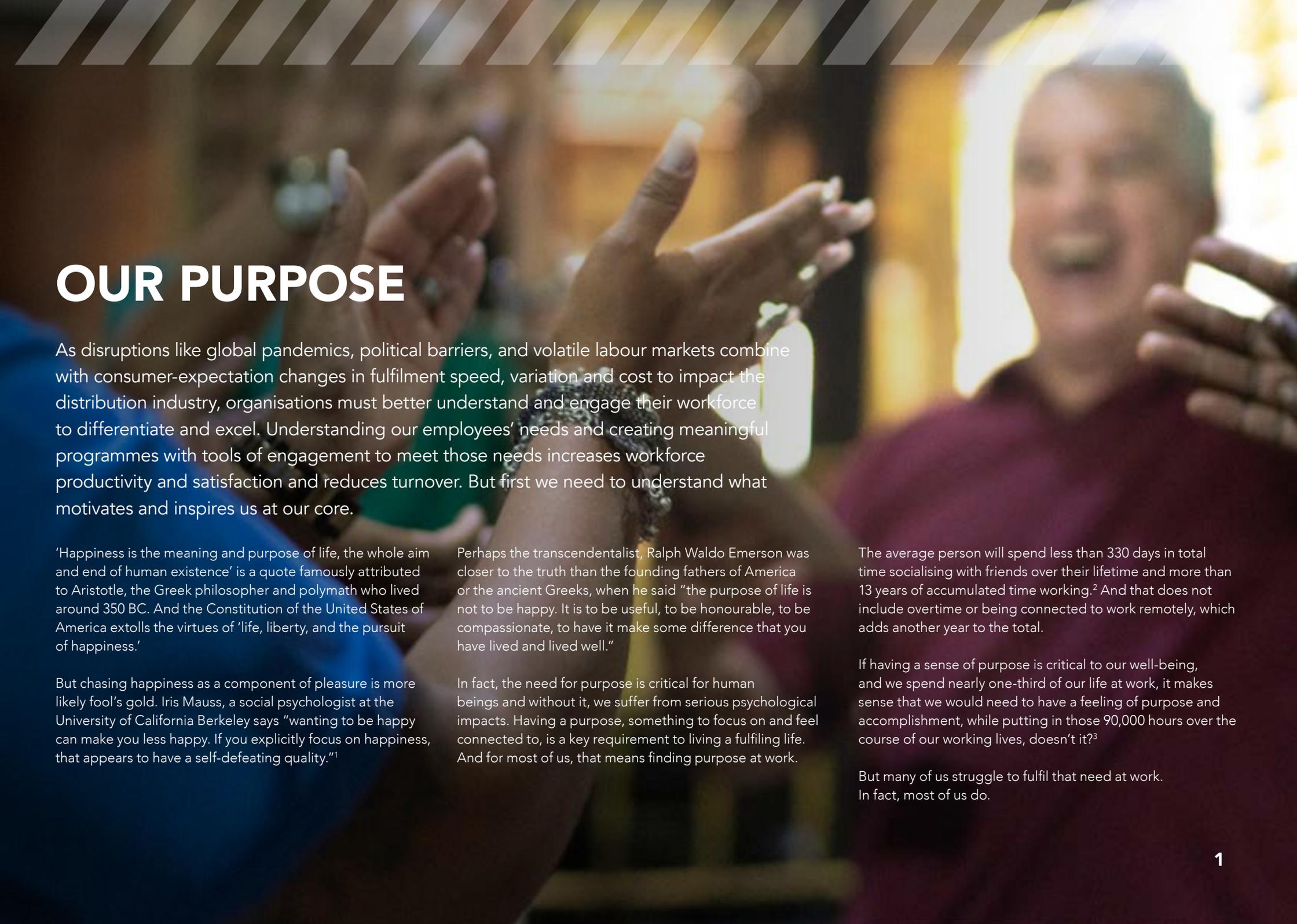




THE ENGAGED WORKFORCE



OUR PURPOSE

As disruptions like global pandemics, political barriers, and volatile labour markets combine with consumer-expectation changes in fulfilment speed, variation and cost to impact the distribution industry, organisations must better understand and engage their workforce to differentiate and excel. Understanding our employees' needs and creating meaningful programmes with tools of engagement to meet those needs increases workforce productivity and satisfaction and reduces turnover. But first we need to understand what motivates and inspires us at our core.

'Happiness is the meaning and purpose of life, the whole aim and end of human existence' is a quote famously attributed to Aristotle, the Greek philosopher and polymath who lived around 350 BC. And the Constitution of the United States of America extolls the virtues of 'life, liberty, and the pursuit of happiness.'

But chasing happiness as a component of pleasure is more likely fool's gold. Iris Mauss, a social psychologist at the University of California Berkeley says "wanting to be happy can make you less happy. If you explicitly focus on happiness, that appears to have a self-defeating quality."¹

Perhaps the transcendentalist, Ralph Waldo Emerson was closer to the truth than the founding fathers of America or the ancient Greeks, when he said "the purpose of life is not to be happy. It is to be useful, to be honourable, to be compassionate, to have it make some difference that you have lived and lived well."

In fact, the need for purpose is critical for human beings and without it, we suffer from serious psychological impacts. Having a purpose, something to focus on and feel connected to, is a key requirement to living a fulfilling life. And for most of us, that means finding purpose at work.

The average person will spend less than 330 days in total time socialising with friends over their lifetime and more than 13 years of accumulated time working.² And that does not include overtime or being connected to work remotely, which adds another year to the total.

If having a sense of purpose is critical to our well-being, and we spend nearly one-third of our life at work, it makes sense that we would need to have a feeling of purpose and accomplishment, while putting in those 90,000 hours over the course of our working lives, doesn't it?³

But many of us struggle to fulfil that need at work. In fact, most of us do.

ACTIVELY DISENGAGED

Gallup found that only 30% of employees in America feel engaged at work. When expanded to include over 140 countries around the world, the number drops to a staggering 13%.⁴

And the Energy Project reported in a New York Times story that during interviews of more than 12,000 workers across a large range of companies and industries, half of all respondents lacked any kind of meaning or significance at work.⁵

While workers who indicate they are 'engaged' is at its highest since Gallup started tracking engagement in 2000, it is still a paltry 34% in the United States.⁶ 53% say they are 'not engaged', but even worse is that more than 1 out of 10 say they are 'actively disengaged'. These employees project their dissatisfaction on others and work specifically to undermine the accomplishments of their peers.

But purposeful employment opportunity for the workforce is only one of the macro forces at work when considering the distribution economy.

A SEISMIC SHIFT

Distribution operations have been going through a seismic shift in operational requirements during the last decade and a half, driven largely by the increasing demands of ecommerce, which is estimated to continue growing at more than 20% annually.⁷ In a traditional retail store environment, where more than 80% of all purchases still happen, consumers do a lot of the fulfilment work. They drive themselves to the store, they walk the aisles and search the shelves, they select their own merchandise, they carry it over to the checkout, and they transport it home.

With the growth of digital commerce, a lot of that work, and the expectations of speed and free delivery, has been pushed back to the warehouse. And even with the acceleration of automation and robotics, most of that work still manifests itself in the human workforce.

As a typical warehouse's largest operating expense, labour costs can consume anywhere from 50 to 70 percent of the average company's warehousing budget. Managing and reducing labour-related expenses, while maintaining high customer service levels, improving efficiency, and maximising warehouse productivity, is a balance that most logistics managers struggle to maintain.

When asked about the toughest challenges they face relating to the management of a workforce for distribution centre (DC) operations, respondents in a recent survey stated their largest hurdles are:

1. Finding and keeping qualified/skilled/dependable workers (62 percent)
2. Increasing workforce productivity (57 percent)
3. Controlling labour costs (45 percent)

While the survey was taken before the COVID-19 outbreak, respondents are concerned about the significant volatility of available warehouse labour.⁸ The turnover rate for warehouse workers in the United States according to the Bureau of Labour Statistics, is 36 percent, without including the projected growth of new job openings in the industry.

Even after the coronavirus outbreak, there are good reasons for DC Managers to be worried about labour shortages. The U.S. unemployment rate spiked to its highest level in decades in early 2020, but as the economy recovers it will begin tightening again and many organisations will actually experience significant growing pains during the pandemic period. The insatiable need for labour to service growing ecommerce demands is exacerbating the labour volatility in many markets. Distribution leadership often deploys a variety of strategies to attract the workers required in supply chain optimisation.

One obvious way to do this will be to raise hourly wages. While hourly wages have not increased significantly overall, rising in the U.S. only 3.1% year-over-year according to the Bureau of Labour Statistics, hourly rates for warehouse labour have increased twice as fast at 6.7% since 2017.⁹ While increasing wages can hurt the bottom line, it may be necessary to entice labour from other industries and to combat concerns about infectious disease exposure.

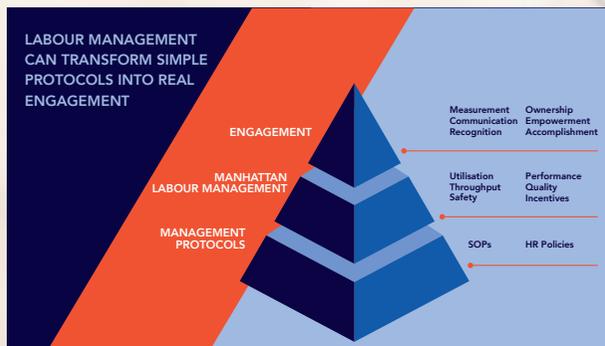
Another option to attract labour is to offer more amenities and benefits. DCs throughout the country are starting to look more like a creative office space, with break rooms including couches, table tennis and basketball courts, or included daycare for children. Companies are recognising that in order to attract and retain talent, both in the warehouse and in corporate America, they must relate to the needs of the Millennial and Generation Z workforce, who are more likely to work for a brand that they admire and feel connected to.

The fact of the matter is that labour is evolving from a commodity to a more fluid resource and labour management still remains a largely ill-defined process in many organisations.

Distribution leaders need tools that help them understand what drives their employees and implement programmes within the regular work tasks that build their associates up to provide a sense of purpose and satisfaction.

LABOUR MANAGEMENT MATURITY

Warehouse labour efficiency potential and maturity can be visualised as a pyramid with three levels.



The base is formed by repeatable processes, consistently performed by all workers in the DC. These are standardised tasks that are often developed and tracked with traditional spreadsheet software, if they are tracked at all.

The second level use technology and labour management software to automate process execution and measurement, which measures how employees are performing against the tasks they have been given compared to standardised benchmarks and their peers.

The growth of mobile device technology in the warehouse has made interactions on the floor of the warehouse possible. Traditionally, managers' access to management software isolated them from their employees, and inventory and operations on the warehouse floor, which led to a lack of visibility, responsiveness to issues, and a separation between supervisors and workers.

Modern mobile solutions allow managers to go wherever they are needed. With access to critical applications via a tablet or handheld device, they can move throughout the DC to oversee labour, work and inventory. They can react to problems by quickly shifting resources or moving personnel to adapt to changing demand conditions.

The third level is employee engagement, where supervisors can interact with workers in real-time to improve performance and create opportunities for employees to feel purposeful while contributing to the success of the company. And the integrated use of strategies like gamification within operation tools create opportunities to challenge and reward employees.

The more a manager interacts with employees, the greater the trust and respect, which leads to a more connected working environment, higher productivity, higher motivation, greater job satisfaction, and better overall retention.

But while achieving the first two levels of maturity may be accomplished through a number of methodologies and software solutions, the ability to integrate a sense of autonomy, mastery and purpose into the operational execution of the warehouse has so far eluded most organisations and software providers.

GAMIFICATION OF THE WAREHOUSE

Today many employers still engage their employees by posting performance ratings on bulletin boards or leaderboards, face-to-face interactions and subjective rewards programmes. These techniques are laborious, imperfect, and have a limited impact on engagement within the workforce.

The growing number of digital natives joining the workforce makes these techniques even less effective as they are viewed as archaic and disconnected from the real-time digital integration that most experience in their lives. Millennials and Gen-Z workers are accustomed to a "mobile mind shift"¹⁰. In other words, a mindset that any information needed is available, at any time, from anywhere, including weather, sports scores, directions, and messaging with friends.

And they grew up as the digitisation of games reached new heights of realism, maturity, and yes, engagement. Assistant director at Bloomsburg University's Institute for Interactive Technologies, Karl Kapp says "the interesting thing to me is that [games] engage people at multiple levels; they engage you at a cognitive level, so you have to think through certain things; they engage you at the emotional and affective level, so they give you an emotional gauge of what's happening; and they connect people and engage people on the social level."

Games have, of course, been played by humans for thousands of years, and while the digital evolution of games has come about in the last three or four decades, the basic tenets of motivational design elements that drive a desire to win have persisted. And the fastest growing segment of digital gamers is women over the age of forty.

Here at Manhattan Associates, we've been investing a tremendous amount of time studying the Theory of Self Determination, behavioural analysis, and digital game design techniques. Our goal is not to create digital games for the warehouse, but to instead gamify the entire DC itself. Every task – like picking, packing and slotting – embedded with gamification techniques to help associates achieve new personal records for performance. Challenges for performance, throughput, tardiness and utilisation could be combined with badges for milestone achievements and rewards points that can be redeemed in a digital marketplace for prizes or local recognition.

Designing applications that appeal to our sense of purpose, as humans, and gamified to take advantage of modern device experiences, offers the chance to deliver true employee engagement across fulfilment operations, significantly improving retention, reducing training time and cost, and creating a more satisfied and productive workforce.

Learn more at manh.co.uk/warehouse-management

Contact Manhattan Associates today at uk@manh.com or +44 01189228076 and together, we can Push Possible®.

¹⁰ go.forrester.com/blogs/forresters-mobile-mind-shift-index-monitors-an-evolving-preference-for-mobile/