

MAKING THE CASE



MAKING THE CASE FOR GAINING VISIBILITY INTO YOUR WORKFORCE

As competition for quality talent continues to heat up, technology provides the perfect solution for companies across all industries to gain high levels of visibility into their workforces.



Tackling Pressing Labor Challenges

The labor situation isn't getting any easier to manage, and the logistics sector is getting hit hard by a lack of skilled and unskilled workers.

THERE'S A NATIONAL LABOR CRISIS IN FULL EFFECT, and it's getting harder and harder for companies to ignore. Whether they're recruiting new employees, getting more out of their existing workforces, or ensuring the highest possible retention levels, today's organizations face unprecedented workforce management challenges.

In the warehouse or distribution center, the labor situation is especially challenging and top of mind for all logistics, transportation, and supply chain managers right now. Seasonal peaks and valleys, the surge in e-commerce, changing customer demands, and the perception that logistics jobs aren't exactly "sexy" or high-paying are just some of the contributing factors.

But even in the tightest job markets, organizations rely heavily on qualified, reliable

workforces to continue running at a competitive pace. In a world where companies like Amazon are holding job fairs and hiring 40,000 to 50,000 new full-time workers in a single day, logistics managers simply can't afford to stand on the sidelines and hope they have the staff to run their operations.

"Competition for both skilled and unskilled labor in distribution and logistics is very high right now. In fact, there are close to 6 million job openings left unfilled every month, and the unemployment rate is at a historic low," Robert O'Dwyer, logistics industry principal at Kronos, points out. "Everyone is competing for a shrinking labor market and doing whatever they can do to differentiate from their competitors."

"The wage rate percentiles that tend to fall within the distribution industry have been some of the fastest-

rising wage groups over the last two years,” adds O’Dwyer. “It’s clear that the tight labor market is driving wages significantly higher for the sector.”

The tight labor market is being felt by all levels of the organization, as 38 percent of logistics managers surveyed by Kronos said turnover and retention of workers were primary business challenges (followed by maintaining profitability at 23 percent and delivering exceptional service at 20 percent). Forty-eight percent said they want to increase workforce productivity, 20 percent want to more accurately track hours worked-to-tasks, and 18 percent are looking to control labor costs.

THE TIGHT LABOR MARKET IS BEING FELT BY ALL LEVELS OF THE ORGANIZATION

PERCENTAGE OF LOGISTICS MANAGERS SURVEYED



SOURCE: WORKFORCE INSTITUTE @ KRONOS SURVEY OF 3,000 EMPLOYEES ACROSS EIGHT NATIONS

“Competition for both skilled and unskilled labor in distribution and logistics is very high right now. In fact, there are close to 6 million job openings left unfilled every month, and the unemployment rate is at a historic low.”

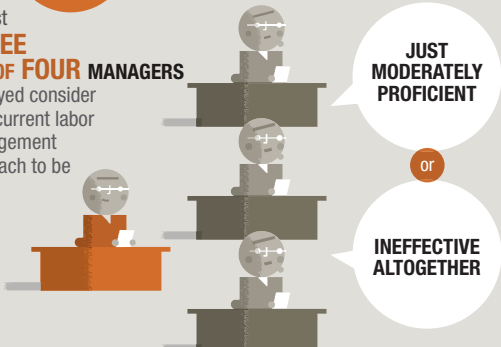
— Robert O’Dwyer, logistics industry principal, Kronos

WORKFORCE MANAGEMENT IS IMPERATIVE

89%

of respondents view workforce management as either being **“VERY IMPORTANT”** or **“EXTREMELY IMPORTANT.”**

almost **THREE OUT OF FOUR** MANAGERS surveyed consider their current labor management approach to be



SOURCE: WORKFORCE INSTITUTE @ KRONOS SURVEY OF 3,000 EMPLOYEES ACROSS EIGHT NATIONS

A full 89 percent of respondents view workforce management as either being “very important” or “extremely important.” Yet, as imperative as workforce management is to organizations, almost three out of four managers surveyed consider their current labor management approach to be just moderately proficient (60 percent) or ineffective altogether (11 percent).

In this Making the Case report, we explore the key challenges that logistics organizations are facing in today’s market, show how workforce visibility can help them work through these issues, and hear how one organization is leveraging workforce visibility to drive better business outcomes across its geographically dispersed locations.

Creating Strong Competitive Advantage

Workers on either side of the business — the frontline workers on the plant floor or the managers in office environments — can instantly respond to time-sensitive situations.

OPERATING IN A LOGISTICS ENVIRONMENT where employees are getting harder and harder to come by, a growing number of companies are turning to workforce management systems for help. Add in the pressures of e-commerce, omnichannel distribution, and changing customer expectations, and running a profitable business becomes that much more challenging.

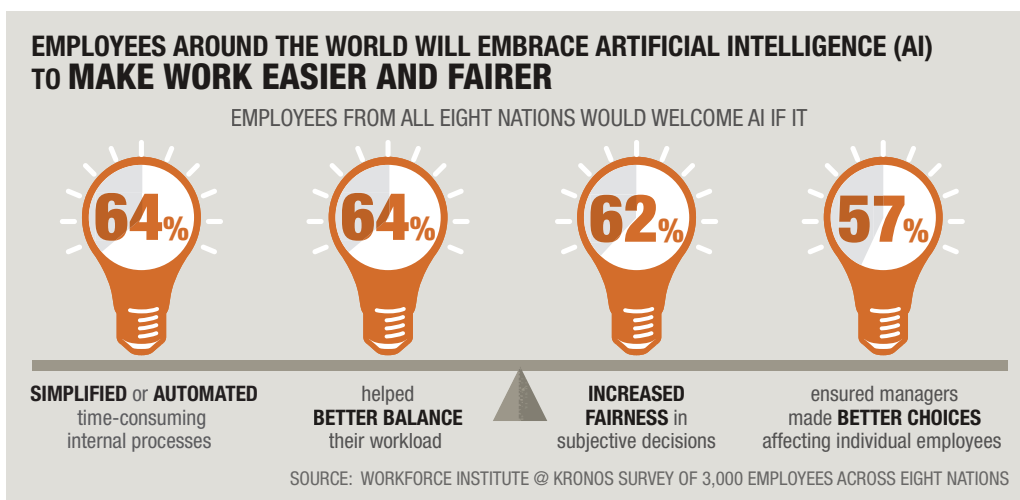
To meet changing customer demands and adapt to market shifts, logistics managers need visibility into their labor data. Without these insights, companies won't know where to focus attention and optimize their efforts to support their goals.

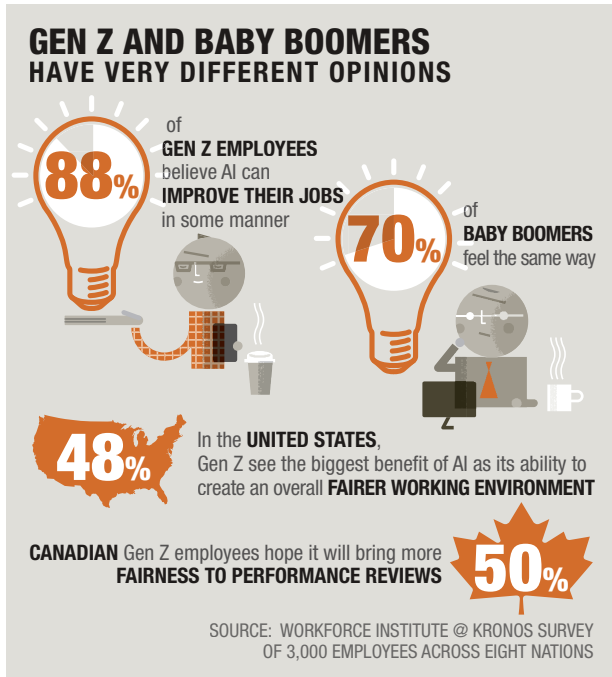
As a leading provider of workforce management and human capital management cloud solutions, Kronos develops industry-centric workforce applications that

are purpose-built for distribution centers, third-party logistics, healthcare providers, educational institutions, government agencies, and businesses of all sizes.

Using a modern, full-featured workforce management system, companies can gain complete automation and the real-time visibility they need to manage and engage their workforces. Armed with actionable insights into labor costs, performance trends, and outliers, logistics organizations become more agile in responding to market changes and challenges, creating a strong competitive advantage and driving better business outcomes.

Michael Gondek, principal workforce solutions consultant at Kronos, says companies looking to improve their workforce visibility should focus on two key areas:





- 1 The employee paradigm, or what they're doing when they're working, how their time is tracked, and how to elevate their productivity to meet the needs of the customer.
- 2 The employer paradigm, or exactly how many workers are needed, when they need to be on site, and what they should be doing once they've clocked in and started working.

"Companies run into the biggest challenges when they approach labor management from a single paradigm instead of treating these as two different issues," Gondek explains. Put simply, hiring a new worker, then building a schedule and telling that person what to do—the "old school" way of managing labor—doesn't work anymore.

Instead, companies need to shift their thinking and look specifically at what they need to accomplish today (e.g., pack 40 cases of goods and get them out the door), locate the best resources to do that, and then utilize a workforce management platform that provides data both on the individual workers themselves and the work being completed, including any nonproductive hours, overtime, and other key metrics.

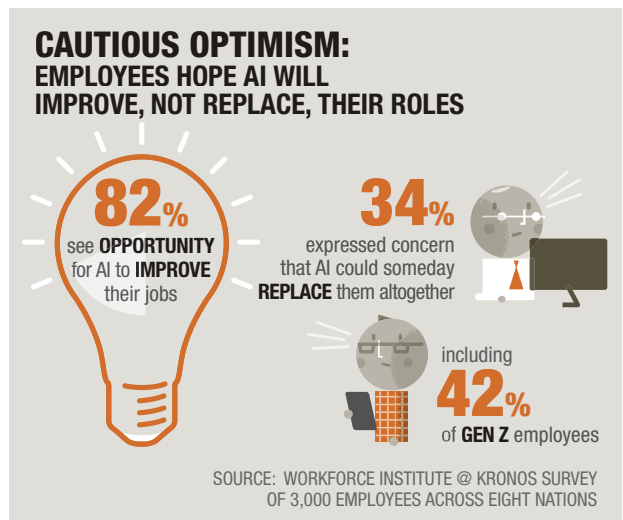
A modern workforce management system will then use artificial intelligence (AI) and machine-learning frameworks to allow companies to process large volumes of data in a way that provides actionable insights that drive results. "Being

able to predict not only when certain spikes in volume are going to occur, but also employee attendance patterns and how they impact the organization's ability to fulfill customer demands," says Gondek, "all starts with good workforce visibility."

Armed with good data — and lots of it — the Kronos platform can also quickly identify trends and patterns. Using AI, it can then transform that data into actionable intelligence that companies can use for labor forecasting. Take employee attendance patterns, for example. If one forklift driver tends to call in sick repeatedly on the same day of the week, then he can be "swapped out" for another driver on that particular day during the scheduling process (knowing that the other driver is more reliable on that particular day and that the original driver will likely show up for all other scheduled shifts).

And if that same worker is missing specific days to care for a child who is ill, his manager can have a conversation with him about the situation. Then, that manager can permanently adjust the schedule to help a happier, less-stressed employee lower his call-out rate.

This is just one example of how companies can leverage workforce visibility to drive higher levels of productivity and continuous improvement — both of which are critical imperatives for all firms in today's competitive business environment. "Visibility drives everything," says Gondek. "When you have real-time, up-to-the-minute visibility into where things are — and aren't — going well, you can take the corrective actions immediately and increase capacity while lowering costs."



CASE STUDY:

Brookstone Uses Workforce Visibility to Drive Better Business Outcomes

As a nationwide specialty chain retailer and developer of innovative product lines, Brookstone relies on a workforce that increases by 50 to 75 percent over the holiday season across its stores, DCs, and customer care centers.

WITH THE EXPLOSION OF E-COMMERCE, Brookstone®'s labor peaks — and valleys — can fluctuate greatly based on both web and wholesale demand. Eager to implement a “less manual” workforce management approach — all while gaining more accurate visibility and easier labor compliance processes — Brookstone invested in Workforce Dimensions™,

intelligently, the solution will enable us to engage the entire workforce like never before. We also expect a significant return on investment. The longer-term cost savings, productivity, and employee benefits will be transformational.”

The solution includes a digital personal consultant for managers (Workforce Advisor™), which automates

“Workforce Dimensions is a game changer. The solution makes routine tasks strategic, so we can use it to enhance business outcomes. But most importantly, by helping us manage the workforce intelligently, the solution will enable us to engage the entire workforce like never before.”

— Susan McGrath, VP of human resources, Brookstone

and is now using it across all its U.S. locations (including Puerto Rico). Today, the company has machine-learning algorithms that can better forecast customer demand, with up to a 25 percent improvement, helping increase accuracy in the scheduling process, which translates to a more efficient and productive workforce.

“Workforce Dimensions is a game changer,” says Susan McGrath, VP of human resources at Brookstone. “The solution makes routine tasks strategic, so we can use it to enhance business outcomes. But most importantly, by helping us manage the workforce

time-consuming and repetitive requests, unburdening managers from routine administrative tasks, allowing them to focus on more strategic projects. The collaborative self-scheduling tools empower their employees to select preferred schedules and make it easier to make changes and request time off.

And because it incorporates a fully responsive user interface and customizable experience, Workforce Dimensions gives employees the ability to work on any device, in any location. This enables managers to spend more time on the floor with their employees and gives employees the freedom to control how they want to use

and consume the information.

Scheduling employee shifts, for example, is task-driven and handled by managers, who use

reach her daily hours cap or if an employee is late for a meal break, the platform helps the retailer keep pace with Department of



the platform to give associates more voice in setting their individual schedules. The solution is also helping Brookstone better manage the productivity and engagement of its salaried employees, who weren't being measured with the previous manual workforce management system. With its new platform, the company can allocate time against projects and give managers a better understanding of the salaried workers' schedules, workload, and productivity.

With proactive compliance alerts, the solution helps Brookstone manage compliance regulations by proactively alerting managers that if they continue down their current paths, they may risk a compliance violation. For example, if a minor is about to

Labor and other government and industry regulations — such as the Affordable Care Act, Fair Labor Standards Act, and more — so that it can apply appropriate policies and rules consistently, fairly, and accurately to help facilitate compliance.

In addition to workforce

management, the retailer is also using the platform's performance management, compensation management, and Affordable Care Act management modules.

Ultimately, by creating more employee engagement-oriented processes, including schedules that give employees a say, automating routine tasks for managers, and driving overall efficiency, Brookstone can now offer an unmatched employee experience in a world where workers are getting harder and harder to attract and retain.

"Brookstone is one of those organizations that truly embraces innovation and transforms organizational initiatives the right way," says Charlie DeWitt, Kronos VP of business development. "We could not be more pleased that such a visionary is among the early adopters of our next-generation workforce management solution. Workforce Dimensions was built not only with our customers in mind, but directly with their assistance.

"Brookstone is one of those organizations that truly embraces innovation and transforms organizational initiatives the right way. We could not be more pleased that such a visionary is among the early adopters of our next-generation workforce management solution."

— Charlie DeWitt, VP of business development, Kronos

Together, along with the help of industry leaders such as Brookstone, we are excited to shape the future of workforce management."

Making the Case for Workforce Management Visibility

What's the ROI for COOs, logistics managers, and CFOs?



THE CASE FOR THE COO: Armed with accurate, actionable data, COOs can do a better job of aligning their workforces with demand. This not only allows them to improve capacity, but also to concurrently reduce labor costs. That means workers will be fresh and ready to work when they are needed. “When employees are fresh, they are more productive,” says Gondek.

And when COOs have good visibility into their workforces, they can easily tell when someone has been working in an area where he “wasn’t really needed,” Gondek adds, and reallocate that worker onto more productive tasks. From an operational standpoint, workforce visibility also helps to reduce “gap” or “idle” time that can result in disengaged

data, employees can be more intelligently scheduled for those specific roles.

“Our platform reveals the actual, true cost of wages and other labor expenses,” O’Dwyer explains. “That means COOs can actually get granular data around what the labor costs are for the different work areas in their DCs.” This advantage is particularly

“When you have accurate visibility into the cost of labor, you know right away if you’re undercharging, overcharging, or right on target.”

— Robert O’Dwyer, logistics industry principal, Kronos

employees and erode a company’s bottom-line profits.

By gaining visibility into the actual cost of the different functional work areas of a DC, for instance, COOs can quickly see what it takes to run a kitting area versus a full-case pick module versus a packing station. Using that

important for third-party logistics providers, which charge their own customers for specific processes (e.g., kitting). “When you have accurate visibility into the cost of labor,” says O’Dwyer, “you know right away if you’re undercharging, overcharging, or right on target.”

THE CASE FOR THE LOGISTICS MANAGER: Tasked with efficiently utilizing all their warehouse assets while also ensuring high levels of worker productivity, logistics managers gain significant ROI from workforce visibility solutions. By reducing attrition and driving up employee engagement levels, for example, these solutions help logistics managers create better work-life balance for their valued workers while also ensuring that they want to get to work on time, fresh and ready to be productive.

“When someone can use the technology to do a quick ‘shift swap’ without having to burn a personal day off,” says O’Dwyer, “employee satisfaction levels rise right along with warehouse productivity levels.” By giving logistics and warehouse managers real-time insights into what’s going on with their workforces, the technology allows those professionals to be more agile when e-commerce or seasonal peaks necessitate quick decisions.

And, because the entire system can be managed from a tablet or mobile phone, logistics managers no longer have to run back to their desks to approve time-off requests or adjust schedules. “We all know that people tend to work a little harder when the boss is out on the floor,” Gondek points out. “That alone can produce an uptick in productivity.”

THE CASE FOR THE CFO: Focused on trimming costs, growing revenues, and ensuring compliance, CFOs understand that warehouses and DCs serve as vital supply chain components — and a cost of doing business. Not just a workforce management tool, the Kronos solution is also a robust compliance tool that ensures employees take their meal breaks (as required by law) and that companies are abiding by the rules of labor laws like the Fair Labor Standards Act (FLSA), which establishes minimum wage, overtime pay, record-keeping, and youth employment standards.

Kronos can help CFOs apply appropriate policies and rules consistently, fairly, and accurately. Take California’s meal break regulation, for example. Violating this very strict law brings major consequences for companies. With the Kronos platform, both employee and supervisor can be alerted to any problems before the worker is even in danger of violating the regulation (“Employee X is 10 minutes late in clocking out for her meal break”).

And it’s not just limited to compliance; it can alert managers of potential unwanted overtime and remind employees to punch in/out if they forgot to do so. “The solution helps organizations mitigate the risk of violating the different regulations and be alerted of potential violations

in advance,” says Amanda Nichols, Kronos industry manager, logistics practice. “This is a proactive approach that all managers need in their toolkits.”

The platform also helps companies comply with mandatory sick-time laws, which are now used by 23 different jurisdictions. “CFOs must make sure nothing goes wrong and that the financial reporting is accurate — all while ensuring good risk avoidance and mitigation,” says O’Dwyer. “With good workforce visibility, they can achieve these goals in a very streamlined, automated manner.”

“The solution helps organizations mitigate the risk of violating the different regulations and be alerted of potential violations in advance. This is a proactive approach that all managers need in their toolkits.”

— Amanda Nichols, industry manager, logistics practice, Kronos

Visibility: The Holy Grail of Workforce Management



How workforce visibility can help companies optimize their workforces, cut costs, and expand their capacity.

AS THE HIGHEST EXPENSE FOR ANY WAREHOUSE OR DC OPERATION, labor can be difficult to manage, orchestrate, and budget for. In today's fast-paced distribution environment, everything from e-commerce to omnichannel to seasonal sales fluctuations can make that task even more challenging. Driven by the need to save on labor costs — but also realizing myriad other advantages along the way — companies are increasingly turning to workforce management solutions to help overcome these critical challenges.

These solutions not only offer high levels of workforce visibility, they also provide the right mix of monitoring, reporting, and performance needed to improve workforce productivity and plan more effectively. By helping companies identify labor expenditures, optimize workforce productivity, and compare activity against both established labor standards and their own internal, historical data, Kronos solutions provide real-time visibility into workforce data, so managers can make more informed staffing decisions to optimize efficiencies and increase employee productivity.

In the absence of good workforce visibility, companies can't identify risk areas in the

business where they may lack the right skills in key positions, determine whether employees are at risk of leaving, or understand what type of training or knowledge is required to improve performance. Other blind spots include the complex interaction among different staffing levels, employee engagement numbers, compensation structures, and other metrics that help organizations maximize their human capital investments.

That's where workforce visibility comes in. "Workforce visibility is literally the 'art of the possible,' in that it gives employers and employees new levels of insights into what's taking place on the warehouse or DC floor," says O'Dwyer.

Workforce visibility also empowers individual employees who can select (via their tablets or mobile phones) which shifts they want to pick up, when they need days off from work, or when they can swap shifts. “We live in a world that’s moving toward more on-demand schedule utilization versus just using set shifts every day from 8 to 5,” says O’Dwyer. “Using open scheduling, companies can accommodate this trend while upping their productivity and capacity.”

As the competition for quality talent in the logistics sector continues to heat up, a growing number of companies are leveraging workforce visibility to optimize their labor pools while also continuing to attract new employees to their ranks.

By providing accurate pictures of what each worker is doing at any given point in the day (a measure that helps companies hit productivity goals and manage costs) and helping companies view employees as valued resources (and maximize those resources to their fullest extent), workforce visibility enabled by robust technology can help firms work smarter, better, and faster in any environment.

4 Ways Workforce Visibility Helps HR

Today’s human resources (HR) departments have to be able to properly plan their companies’ workforce requirements — both now and for the future — in an era in which both skilled and unskilled labor is becoming difficult to find and even harder to retain. By providing HR directors and their teams with the right information to make good, strategic decisions, workforce visibility solutions can:

1 **HELP IMPROVE EMPLOYEE ENGAGEMENT.**

According to Gallup Daily tracking, 32 percent of employees in the U.S. are engaged — meaning they are involved in, enthusiastic about, and committed to their work and workplace. “If employees feel like their companies care about them and that they have their best interests in mind,” says Gondek, “then they’ll be more apt to be engaged, interested, and productive at work.”

2 **PRODUCE THE “PERFECT PAYCHECK” IN RECORD TIME.**

According to the Workforce Institute, nearly half of American workers (49 percent) will seek new employment after just two payroll mistakes, such as being paid late or incorrectly. With good workforce visibility, HR can quickly identify and correct the latter before checks are even administered. “It’s all about producing the perfect paycheck,” says O’Dwyer, “and taking that day-and-a-half that’s required to process payroll down to a svelte four to six hours.”

ATTRACT MORE TALENT.

We live in a pretty “social” world, where sharing the good and the bad has become the norm for most generations. In fact, 61 percent of Glassdoor users seek company reviews and ratings before making a decision to apply for a job. That means that an employee who is talking to his peer group about how XYZ Logistics gives him mobile tools to keep track of what he’s doing, when he’s working, and how much his bonuses are is “literally the best recruiting pitch you can get,” says Gondek.

ENHANCE WORK-LIFE BALANCE.

According to Family Living Today, 66 percent of Americans lack good work-life balance, with most of them spending the bulk of their waking hours at work. When workers can use an app on their mobile phones to sign up for additional shifts and submit time-off requests — instead of waiting until they can talk one-on-one with a manager — they can leverage a better work-life balance.



To learn more about Kronos, call
+1 800 225 1561 • kronos.com

.....

Kronos is a leading provider of workforce management and human capital management cloud solutions. Kronos industry-centric workforce applications are purpose-built for businesses, healthcare providers, educational institutions, and government agencies of all sizes. Tens of thousands of organizations — including half of the Fortune 1000® — and more than 40 million people in over 100 countries use Kronos every day. Visit kronos.com. Kronos: Workforce Innovation That Works.”