



WHITE PAPER

Getting the most out of warehouse labour

Realistic strategies to address
the long term warehouse challenge

3PLs tackling the warehouse workforce shortage

SKU proliferation is a natural part of business growth for third party logistics operations and is key for adapting to customer demands. It also ties up a large amount of stock in the warehouse, increasing the complexity and time of picking processes, reducing the available space for storage, and requiring more equipment. Moreover, it requires more labour to get the job done to a customer's satisfaction.

This is challenging with many 3PLs faced with a smaller labour pool, alongside peaks in seasonal volume and high staff turnover. The result is often workforce shortages, often necessitating higher wages and competitive benefits to hire and retain warehouse employees. The constant cycle of hiring and retraining warehouse workers can also further swell operating costs.

Retaining staff and reducing employee turnover is therefore a focus for many 3PLs, who are looking to deploy a number of different strategies to tackle the issue head-on. For instance adopting or adapting advanced integrated technology and telemetry, or utilising specific lift truck features to improve working conditions.

For those struggling to fill open warehouse positions with qualified labour, robotics is increasingly a consideration to protect against labour market volatility while promoting scalability at the same time. A semi-autonomous labour force may help free up workers and resources while fostering a predictable and productive 3PL operation. With the operational benefits and savings achieved through robotics, the business can then focus more on business growth and innovation.

Furthermore, 3PLs may look to optimise conditions for peak labour productivity by addressing environmental factors such as workspace and equipment, providing workers with ergonomic, comfortable, and safe materials handling equipment that can facilitate their work and protect them from potential hazards. However, the choice of equipment should also take into account if the solution will be suitable for a 3PL and its operators as the labour market evolves for the future.

The labour challenge: A consistent, growing problem

While warehousing is facing growing overall competitive intensity and a whole host of rising customer demands, labour challenges are often as the most profound challenge troubling the industry. According to a [recent report](#), the demand for warehouse workers outstrips the declining number of working age people across Europe.

While the issue is not a new one, it is growing. Employee turnover is commonly cited by employers as a key challenge. These difficulties are not showing signs of declining in the near future, either. Due to broad demographic shifts, [there will be 95 million fewer working-age people in 2050 than in 2015 in Europe](#). Add to that the fact that [as people become older their average number of usual working hours declines](#).

This white paper discusses the steps that warehouses can take to help reduce labour dependency and improve labour utilisation, productivity, and retention.



Adapting to persistent labour challenges

In recent years, and even more so with the pandemic, warehouses have been increasingly reliant on temporary and temp-to-hire workers to maintain business continuity. Operations are using higher wages or incentives to attract more workers to meet short-term demands quickly while maintaining flexibility in headcount and costs. But as the name would suggest, relying on temporary and agency workers is not a sustainable strategy for long-term success.

Automation is a solution to help warehouses bridge the gap between productivity targets and a limited labour pool, and even goes a step further. By delegating repetitive tasks to automation, operations not only plug gaps in their workforce, but can concentrate their employees on higher-value tasks, keeping them more engaged and less likely to look for work elsewhere.

But as competition for a more limited, turnover-prone labour pool persists, warehouse managers must take action, equipping employees with tools to maximise productivity and bolster retention.

Step 1: Identifying the best tasks for operators

Staff turnover can fluctuate wildly between operations. However, the cost of replacing just one employee is significant. Some estimates suggest that the cost of losing an employee costs on average one third of their annual salary. While the cost to replace them satisfactorily can be 0.5-two times the original employee's salary. Expand this across the workforce, and costs run into thousands each year.

Robotics can automate repetitive tasks, like load transportation and even retrieving or depositing loads from elevated conveyor lines and storage locations. As mentioned earlier, augmenting a workforce with automation relieves employees of mundane, repetitive tasks, freeing them to focus on more engaging responsibilities. That shift is meaningful for retaining top talent. Organisations with better employee engagement may achieve higher performance, including substantially better retention and productivity.



Step 2: Addressing operator priorities

Both to minimise the threat of turnover and encourage high performance, it is crucial that managers listen to what employees have to say and address what is important to them. For example:



Opportunities to use skills and abilities at work



Trust and clear communication between employees and management



Compensation/pay

However, other factors can also drive employees away:



Lack of feedback about performance



Unclear expectations



Failure to set employees up for success and provide a framework in which they can succeed

What do these insights mean for warehouse workers? We already discussed how robotics can support better employee engagement. Another warehouse technology, telemetry, can help operations cultivate employee trust, clear expectations and a framework for success.

Telemetry systems offer a broad range of insights about forklift usage and performance, some of which can be leveraged as effective tools for data-driven performance tracking. By assigning utilisation and impact data to individual operators, warehouses add an extra layer of accountability for ineffective operators, while incentivising high-performing employees, yielding more informed labour management decisions. Employees can feel more confident that their performance-based incentives are just that – performance-based – not swayed by individual opinions or perceived favoritism.

HOW HARD DO YOUR WAREHOUSE PERSONNEL WORK?

Warehouse roles are physically demanding jobs. Forklift truck operators...

- Lift up to 15 tonnes during their shift
- Take well over 23,000 steps up/down each week – that's like climbing the Empire State Building 15 times
- Travel the equivalent of two marathons each week

Just like traditional athletes, industrial athletes – warehouse workers – are challenged every day. They move heavy products, travel miles within a facility, continuously step on and off platforms, and spend hours on their feet. Ergonomic equipment meticulously designed around the operator can help them sustain maximum performance throughout each shift.

Step 3: The importance of ergonomics

The level of concern among industry leaders about today's labour challenges goes to show just how acutely labour influences overall warehouse performance. Businesses depend on the speed, efficiency and accuracy of their operators to keep mission-critical workflows moving on target.

In such a tight labour market, warehouses are competing against each other for the same restricted pool of skilled workers. Rather than incur the expense and time commitment of training inexperienced personnel, warehouses may attempt to attract high performers away from other facilities in close proximity, offering greater compensation, better opportunities, or superior equipment.

Because warehouse labour is subject to such intense churn, businesses must make the best of available labour by setting operators up for high performance. Empowering operators to thrive at work can also give them reason to stay with a particular employer, helping to counter poaching efforts.

Ergonomics and other equipment characteristics have a meaningful impact not only on operator comfort, but productivity, too. Fatigued workers can lose hours of productive time per week, due to reduced cognitive performance and difficulty concentrating, leading to more time necessary to complete tasks. Ergonomic, operator-centric equipment can help fight fatigue with:

- Cushions and suspended floor systems can significantly reduce shocks and vibrations transmitted to the operator
- Generous space and intuitive controls can allow operators to move about and find the most comfortable operating position
- Designs that prioritise visibility, to help prevent operators from craning their necks and assuming uncomfortable postures

Keeping operators fresher and more focused, combined with subtle features designed to boost performance can lead to productivity gains that might seem small at first, but add up quickly – especially in today's high-velocity warehouses. For example, faster lift and lower speeds on a reach truck can shave seconds off each cycle. Over time, just one additional pallet move per hour can produce 7% greater productivity, or the equivalent of 17 free days of labour over the course of a year. Similarly, one-touch controls on motorised pallet trucks can help operators expedite movement and precise truck placement between pick locations to help shave seconds off of each pick.



Setting new labour performance standards

Achieving best-in-class warehouse performance requires operations to understand labour as an important part of their total warehouse strategy. Just as managers might re-rack a facility to achieve a more efficient storage process or greater capacity, operations must consider what conditions can be optimised to improve labour performance.

The solution may involve a combination of strategies, whether that's moving cumbersome, time-consuming tasks away from operators, using technology to manage performance, or equipping employees with tools that better support comfort and productivity. Actively incorporating operator input will help warehouses determine the best-fit set of tools and frameworks to maximise labour productivity and retention, while controlling costs.


THE OPERATOR PERSPECTIVE

Ergonomic, productivity-enhancing equipment matters to those who use it. We talked to forklift truck operators about what they value in equipment. Here's a sample of what they had to say:

- Forklift trucks that are cramped and uncomfortable to operate? No thanks. We want warehouse equipment with a smooth ride and fluid control.
- Poor manoeuvrability and slow lift and lower speeds get in the way of our productivity. We can't hit our targets when we're on a clunky truck.
- Visibility makes a huge difference. Poor lighting and line of sight leads to guesswork in manoeuvring trucks and placing product.

Learn more about comprehensive solutions to help optimise warehouse labour by [Yale Lift Truck Technologies](https://www.yale.com).

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