

# 3PL Executive

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## IWLA Carries Members' Message to Washington

Increasing Profits  
Through Technology

# Increasing Profits Through Labor Productivity Technology



by Chase Sowden

Recent studies show the *available* civilian workforce is projected to decrease over the next 10 years (through 2014) because of the retiring baby boomer generation that will not be replaced by future (younger) generations. With this in mind companies will face the loss of an experienced workforce and be compelled to replace them from a smaller, younger pool of available workers.

Some of the challenges from this trend for companies include:

- Staffing
- Turnover/retention issues
- Competitiveness
- Customer service
- Indirect costs
- Training
- Return on investment

Progressive companies are exploring their options to address these

challenges. Companies are leveraging technology solutions to increase productivity with the implementation of Productivity Improvement Programs (PIPs). Such programs can reduce overall labor hours while work volume remains constant, and maintain labor hours while work volume increases.

PIPs are integrated solutions involving:

- **Engineering** to develop optimal operating methods and procedures and to develop appropriate rates of performance;
- **Execution management** to ensure that the potential gains are realized. This is achieved through training and management of the cultural, operational and supervisory changes;
- **A labor reporting tool** that enables improved workforce

planning while driving improved productivity through individual measurement of employees against fair, accurate standards to track logistics quality and costs.

Although productivity improvement solutions are first and foremost people programs, technology must be deployed to achieve expected (and improved) performance levels.

As companies become more global, complex and demand driven, their underlying technologies must likewise evolve. To stay a step ahead of the competition, companies must continually look toward the next level of performance and prepare for the technology advances that will take them there.

There are two kinds of labor reporting tools:

**Client-Server**, or “thick client,” solutions are more traditional. This

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type of technology often has a “middle layer” between the client and the database, which is called a three-tier solution. Sometimes there are multiple middle layers which must interact.

**Web-based**, sometimes called “thin client,” solutions in which the application is accessed through a common Web-browser (the only software required on the user’s PC) via the company’s Intranet or the Internet.

A Client-Server application requires software to be loaded on the user’s PC as well as the server. The Total Cost of Ownership (TCO) will increase because every user’s PC must be upgraded with future software updates – a very time-consuming process.

Some applications represent themselves as being “Web-enabled.” This means that, instead of being truly Web-based, an application is limited to offering:

- Web interface to a legacy application internet browser
- Reporting data in HTML and displaying in a browser
- Access to data and application upgrades will be impacted by what is still in essence a Client-Server application.

A Web-based application is built as a true thin-client, where absolutely nothing is installed on the user’s PC. A user can access the application from any PC within the company at any location. This tremendously reduces the TCO, since only the server is affected during upgrades.

Web-based applications can handle any size workload - from small single-site companies to large multi-site distribution centers - because of their scalable architecture. In addition, Web server, application server and the database servers can be deployed across multiple servers (or loaded on a single server) to decrease



response times based on workloads and provide the suitable backups and redundancy.

Web-based applications provide a single source for all transactions within a company. This comprehensive corporate reporting enables an organization to rollup information based on its organizational structure, from an aggregate of all a company’s distribution centers down to the individual employee and task.

### Proactive Planning

When choosing a labor reporting tool, it is important that it enables supervisors to be proactive when issues arise, rather than reactive. Using alerting technology to notify supervisors as trends are developing enables the company to proactively take measures to improve productivity.

One such alert would revolve around planning labor force requirements for the day. For example, prior to the start of a shift (minutes or weeks in advance), the supervisor will need to know how many workers (by name) they will need to complete the workload.

Pre-planning is typically based on actual known volume data. Based on the volume indicators, the labor planning module will recommend the correct people to get the work completed in the timeframe established by the supervisor.

Once the work day begins, the labor reporting tool will receive up-

dates on the work that has been completed in real time. Based on parameters set-up by the supervisor, the tool will alert the supervisor if the work will be completed before or after the time established in the



plan. This will allow the supervisor to:

- If ahead of schedule, send people home early to reduce labor hours (costs).

- If behind schedule, assign more people to get the work completed by the desired end-time.

A second type of proactive alert involves the performance of employees on the floor. As work is completed throughout the day, the tool can advise a supervisor when an employee has fallen below expected levels for: performance, utilization, quality and safety.

Based on this alert, the supervisor should be able to investigate that employee's performance to date. The supervisor will have all the necessary information to thoroughly discuss the issue and improve the outcome.

Other factors that set labor reporting tools apart from one another are the higher level functionalities that use and analyze the data for more effective management of the resources, with less ad-

ministrative effort to maintain and track individuals.

- **Automated Discipline and Incentive Modules** track individuals or teams, taking into account time on the job, performance, and quality.
- **Learning Curve Modules** provide ramp up periods for new hires as well as automatic cross training of individuals based upon a myriad of factors.

PIPs are designed to drive costs out the door, thus increasing a company's profits. The technology part of the equation provides management with the data required to make timely business decisions about workforce requirements. ✦

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