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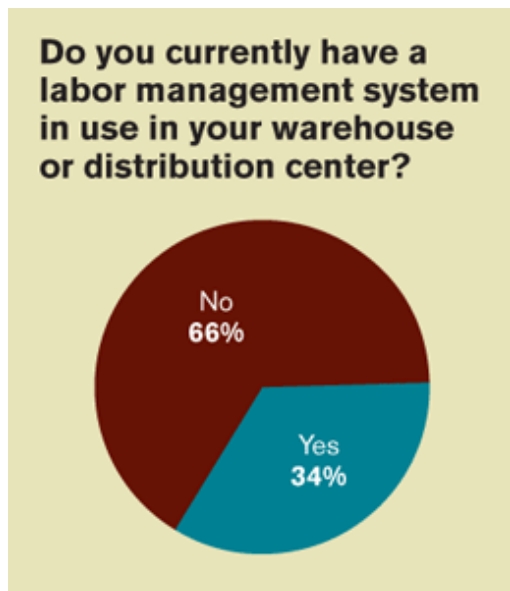
## LMS Reader Survey: Who, What, When, Why?

**Modern's readers weigh in on who's using labor management and whether these solutions are really delivering value.**

*By Bob Trebilcock, Executive Editor -- Modern Materials Handling, 2010-01-01 02:00:00*

Labor management systems (LMS) have been one of the bright spots in an otherwise dismal year for the supply chain software market. In part, that's because labor management delivers quantifiable results. Or, so we're told. As *Modern* reported last March, "A site using labor management is 20% to 30% more effective than a non-LMS site," according to Charles Zosel, vice president of Tom Zosel Associates (TZA, 847-540-6543, [www.tzaconsulting.com](http://www.tzaconsulting.com)).

We hear those kinds of results frequently. But, what are readers of *Modern*—you and your peers—actually doing with labor management and what kinds of results are you achieving in the real world?



To find out, we sent a survey to our online readers and received back 398 responses, including representatives from companies that have yet to implement labor management, companies that are investigating these systems, and companies that have implemented labor management systems and, in some cases, employee incentive programs. The respondents represented more than 15 different industries, including food and beverage, manufacturing and distribution, retail distribution, chemicals and pharmaceuticals, and the automotive industry. Here's what we learned.

### Not widely deployed, but growing

Despite proven results, labor management systems are still not widely deployed. Only 137 out of 398 respondents, or roughly 34%, are currently using a labor management solution in their warehouses or distribution centers. The other 66% have yet to implement a system.

That may be a reflection of the fact that a significant number of warehouses and distribution centers have yet to implement a warehouse management system (WMS). In this case, it's not a chicken versus the egg question; it's unlikely a company without a WMS system of some kind would implement labor management.

But nearly 60% of those who aren't using labor management now say they are likely to evaluate a solution in the future; 18% expect to do so within the next year. Based on that result, the market should continue to grow.

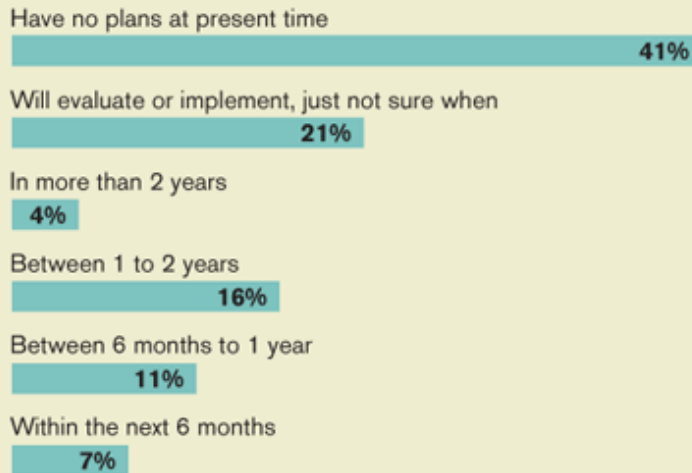
### Companies, big and small

Just who is using labor management? A closer look at the respondents currently using labor management revealed some expected and unexpected responses.

First, the expected. Ninety-seven percent of the users were in management, and nearly 20% were corporate level managers, including CEOs, presidents and vice presidents.

What's more, the most represented industry verticals were also the most labor-intensive industries among our readership: Transportation and warehousing services (22%), food and beverage (16%), retail distribution (15%) and automotive manufacturing (9%). No surprise

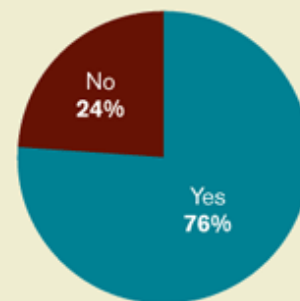
## How likely are you to evaluate or implement labor management solutions?



there: Industries with slim profit margins like food and beverage and third party logistics were the earliest adopters of labor management. That's because any reduction in operating costs goes right to their bottom line

The unexpected? Companies of all sizes have adopted labor management technology. We expected to see that 48% of the users had more than 1,000 employees; we were surprised to see that 30% of the users had fewer than 250 employees, including 13% that had fewer than 50 employees. To be fair, providers of labor management software systems have been telling Modern that companies with as few as 30 employees can benefit from the technology. We just didn't know if it was true.

## Did you develop and implement engineered labor standards and preferred methods for performing a task (i.e. using time and motion studies)?



They are also using labor management for a variety of purposes: 77% are using the reporting functions to analyze labor performance and for future planning; 70% use the systems to plan and schedule the amount of labor required for a given

period of time, whether that is a shift, a week, a month or a quarter; 62% are using the data to identify under-performing employees for coaching or performance improvement; 61% are using labor management to monitor employee performance during a shift; 58% use the systems to monitor team performance; and 56% use the system to provide real-time performance feedback to employees, supervisors or managers. Finally, 44% of users are using their labor management systems to track and pay employee incentives, another key component to getting the most from the labor force.

Labor management is also being used for nearly every labor intensive task within the distribution center: 75% of respondents are using their systems in packing and shipping; 65% in receiving; 60% to manage case picking; 55% for putaway processes, palletizing and piece picking; and 50% are using the systems in pallet picking.

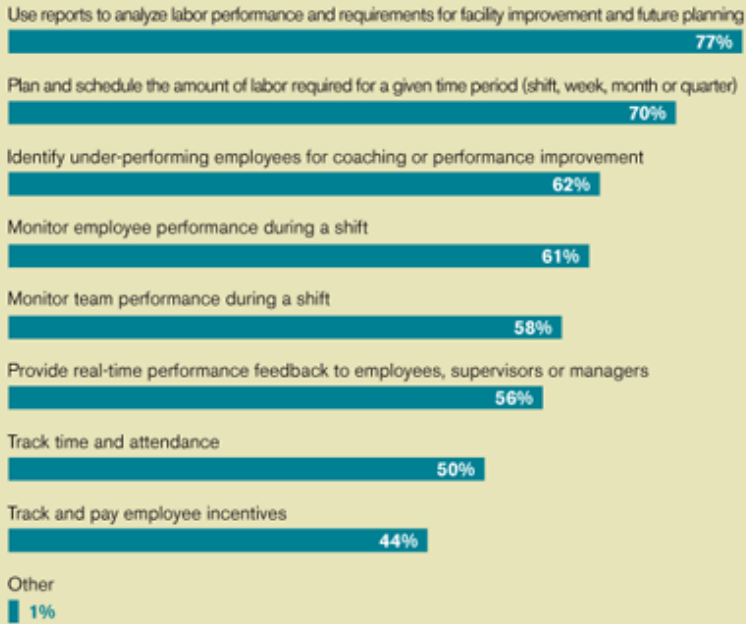
One other response caught our attention: 53% of the users of labor management are planning to expand the system into areas of their business besides the distribution center, including manufacturing, their transportation departments and their retail store operations.

## Labor management delivers results

One reason users are interested in implementing labor management in other areas of their businesses is that labor management does deliver results: 91% said they had experienced productivity improvements as a result of implementing a labor management system. Of those, 60% said they had productivity improvements of between 10% and 24%, and 22% reported improvements of more than 25%, including 7% who had improvements of more than 35%. Those are impressive results.

Labor management consultants contend that the most successful facilities are those that develop and implement engineered labor standards, using time and motion studies, along with preferred methods for performing a task. That was certainly the case for *Modern's* readers: 76% said they had implemented both.

## For which purposes are you using/planning to use your labor management application?



In fact, a lack of standards appears to hinder results, according to comments from some users. "Our solution is fine," wrote one. "We as a company need to create engineered standards in order to get more out of the system."


That thought was echoed by another user who used pre-established labor standards that proved to be "too general and did not accommodate unique circumstances like piece picking versus pallet picking on the same order."

Standards are used to measure an employee's performance while they're working. But what about when employees are not engaged in productive activities? *Modern's* readers are measuring those as well: 72% said they are using labor management systems to monitor indirect time, that is, time not spent on specific tasks, such as breaks.

The bottom line: *Modern's* readers overwhelmingly believe they are getting value from their investment in labor management: 50% describe themselves as very satisfied and 45% are somewhat satisfied. Only 5% said they were

unsatisfied with their systems.

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