

STATE-OF-THE-ART E-COMMERCE FACILITY SAVES BIG WITH ENGINEERED LABOR STANDARDS

Supply Chain Strategy Case Study

CLIENT SITUATION

The retailer engaged our team at the end of their automated DC's first year in operation. They needed a partner that could hit the ground running to design and implement labor standards, specifically multivariable standards, to achieve a healthy and efficient labor climate. The client also sought a people-focused training program that would guide the leadership team in managing the new labor initiative.

The training program aimed to instill confidence in the client's leadership by arming them with carefully designed, effective tools and high-quality data to better inform critical operational decisions. We approached the [labor standards](#) program with the goal of creating capability among associates, providing valuable, real-time feedback, and helping supervisors identify trouble spots needing attention.

Our consultants helped a Fortune 200 retailer build a world-class labor management program with cutting-edge performance technology to support the company's highly automated e-commerce distribution center (DC). The result? An average monthly labor efficiency improvement of over 31 percent, translating into labor budget savings of over \$1.5 million within the first year of the program.

OUR APPROACH

As a first step, we worked with the client to define the labor standards. Our team performed detailed process audits and partnered with operations to establish optimal conditions. Once we had identified the appropriate standards, we put them to use by conducting a time study observation. We gathered hundreds of hours of highly detailed data to pinpoint discrete values for each unit of measure completed throughout an associate's workday. We got granular. We captured details such as the ratio of tray availability to associates inducting at a sorter, the degree of physical bend and reach on a put wall, the relative cube and weight of various items, and even the need to add fragile dunnage to certain item orders. By providing this exhaustive level of credit in the time study exercise, the engineered labor standards exhibited extremely low variation. The accuracy and quality of the standards helped establish capability among the workforce and fueled adoption of the labor program.

To support the high-quality multivariable standards, we implemented a cutting-edge Labor Management System platform that provided real-time performance scores to all associates on a handheld device or workstation monitor. Today, the scores update live—at one-minute intervals—and deliver critical performance feedback that helps associates maintain a productive pace throughout the day and provides supervisors with instantaneous team performance visibility.

STATE-OF-THE-ART E-COMMERCE FACILITY SAVES BIG WITH ENGINEERED LABOR STANDARDS

To ensure that our client unlocked the most value from these tools, our team created and delivered a comprehensive training program encompassing both technical and leadership skills development. This included detailed sessions about the fundamentals of multivariable standards to ensure supervisors could readily and effectively respond to associates' questions about the accuracy and attainability of the standards. The leadership training used methods of film study, role playing, and on-the-floor feedback sessions to strengthen front line supervisors' coaching and communications skills as they interact with associates.

THE COMBINATION OF
ROBUST AND DYNAMIC
MULTIVARIABLE STANDARDS
AND LIVE PERFORMANCE
TECHNOLOGY IS TRANSFORMING
THE LANDSCAPE OF
LABOR MANAGEMENT.

VALUE DELIVERED

The program resulted in an average monthly labor efficiency improvement of over 31 percent. This translated into labor budget savings of over \$1.5 million within the first year of the program's installation. Because associates and supervisors quickly bought in to the labor management program, it led to transformational results. The retailer achieved a break-even return on investment (ROI) in under 10 months, and the executive leadership team felt the pulse of the highly automated building through timely, accurate, and actionable data.

ABOUT NORTH HIGHLAND

North Highland is a leading change and transformation consulting firm, recognized for its deep expertise and collaborative, action-oriented approach. Invested in our **client's success** and powered by the belief that **everything begins and ends with people**, we bring together the brightest minds to create **positive change** and **transform businesses** through **customer, workforce and operational lenses**.

Headquartered in Atlanta, Ga., and regularly named a best place to work, North Highland is an employee-owned firm with more than 5,000 consultants worldwide and 65+ offices around the globe. The firm is a member of Cordence Worldwide (www.cordence.com), a global management consulting alliance. For more information, visit northhighland.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).