

ASK THE EXPERTS: WHITE PAPER

Top Tips for Combatting Labor Shortages in your DC



Overview:

Labor shortages continue to challenge supply chain operations, impacting everything from hiring to productivity.

This white paper explores expert-backed strategies in technology, hiring, process improvement, and labor management to help you optimize your workforce and stay ahead.



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INTRODUCTION



47% of U.S. respondents are experiencing high workforce shortages

26% stated labor shortages are the number one challenge preventing them from achieving their goals and objectives

According to the US Bureau of Labor Statistics, unemployment is fairly low, at 4.1%, and has been for several years now. How does that relate to the supply chain industry? For starters, it's one of the main reasons we have been struggling with labor challenges for as long as we have.

According to a Descartes and SAPIO Research survey of 1,000 supply chain and logistics leaders in Europe and North America, 43% of U.S. respondents are experiencing high workforce shortages. The Gartner report, "2023 Gartner Supply Chain Technology User Wants and Needs Survey," supports this finding. In a survey of several hundred supply chain and warehousing operations, 26% stated labor shortages are the number one challenge preventing them from achieving their goals and objectives.

For companies facing labor challenges, there's more to it than the difficulty in sourcing labor. According to Chipper Farley, Made4net's President of 3PL Solutions.

"Retaining, managing, and optimizing labor is as important as it ever has been." Ensuring that workforce performance is optimized and well-managed is key to controlling operational costs, regardless of whether the business is a third-party logistics (3PL) provider or an in-house distribution center. And, retaining skilled labor is a rising priority across all supply chain operations.

There are a variety of strategies you can implement to address labor challenges you may be facing. As Farley states, "If you're not constantly improving, you're falling behind. Supply chains don't stand still, and neither should we." In this paper, we will provide expert insight into four approaches to managing your labor challenges: technology, hiring, process improvement, and labor management.

The Intersection of Labor and Automation

Much of the automation we rely on today, like conveyors and Automated Guided Vehicles (AGVs), has been around for decades, but is now essential for streamlining material handling processes. Conveyors move goods efficiently through various stages, from receiving to shipping; AGVs transport materials within warehouses, often between docks and storage areas. Each is increasingly linked to more modern robotic systems.

These solutions deliver substantial cost savings and enhance safety by automating routine tasks. By leveraging technology for low-skill tasks like picking and packing, warehouse staff can focus on higher-skilled, more strategic roles. Warehouse automation also boosts safety in several key ways, including:



Safely handling hazardous materials, minimizing human exposure to harmful substances.



Reducing human error by standardizing repetitive tasks.



Minimizing worker fatigue to sustain performance and reduce accident risk.

Robotics, including picking robots, add another layer of efficiency but require careful consideration regarding ROI and system integration

Operations must assess whether automation or robotics align with their business needs, as technology isn't a one-size-fits-all solution. Equally important is ensuring these tools integrate seamlessly with existing systems like a Warehouse Management System (WMS) or Warehouse Execution System (WES).

As Made4net Executive Vice President, Steve Pullo, shares, "A thorough understanding of your business requirements, infrastructure capabilities, and potential vendor partnerships is essential to successfully implementing and executing automation." There needs to be an accurate, data-driven economic justification for implementing technology because sometimes, the simplest solution is the best, not the most cutting-edge. The right technology can go a long way in improving your labor costs while empowering your workforce to expand their knowledge and skill base.



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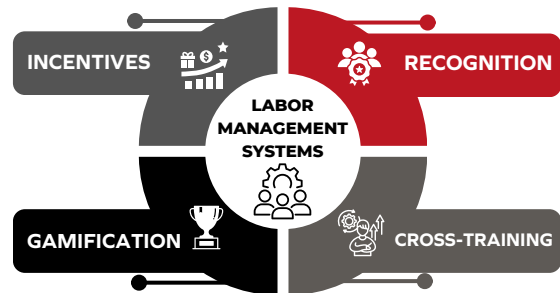
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Recruiting and managing effectively

Workforce shortages are impacting a variety of sectors within the supply chain. The aforementioned Descartes survey found that **56% of warehouse operations are suffering the most from workforce shortages**. Sourcing and recruiting reliable labor is challenging and of the utmost importance. According to Pullo, "You've got to have an active recruiting pipeline. Always be recruiting independent of demand." He believes operations need to have multiple hiring channels, like open houses, online outreach, and internal recruitment. A multi-pronged approach is the only way to ensure you have the labor needed to keep up with the ever-evolving supply chain landscape.

Equally important is retaining the labor you already have. Labor management systems can support employee retention by offering incentives, recognition, gamification, and cross-training, helping employees feel valued and motivated. Engaged staff are more likely to refer others, contributing to successful recruitment efforts. While offering competitive salaries matters, creating a distinctive work- place culture is crucial.

To stand out from competitors, ensure that employees feel they've chosen the right place to invest their time and grow professionally. The following technology-driven approaches can also support recruitment and retention efforts:



Workforce Management Software:

Flexible and dynamic scheduling, made possible with workforce management tools, is increasingly attractive to candidates who value work-life balance and adaptability in their roles.



Productivity Tracking:

WMS and Labor Management Systems can track employee productivity, creating a competitive and motivating environment that appeals to performance-driven individuals and fosters a culture of achievement.

Optimizing operations through continuous process improvement

To drive efficiency, regularly reviewing and optimizing standard operating procedures is essential to ensure they remain relevant and effective across all work scenarios. Leveraging data analytics along with Lean or Six Sigma methodologies empowers organizations to continually refine operations. As Pullo notes, **“Incremental gains add up—small efficiency boosts today will drive long-term labor savings and productivity gains tomorrow.”**

Technology is once again a critical component in supporting process improvements:



WMS

A WMS manages space more effectively and reduces errors in order fulfillment, improving order accuracy and reducing cycle times, ultimately boosting warehouse productivity.

TMS

A Transportation Management System (TMS) optimizes transportation operations, focusing on route planning, and carrier selection, ensuring that goods are shipped efficiently, aligning closely with broader supply chain goals of cost control and improved customer satisfaction.

YMS

By coordinating the movement of trucks, trailers, and goods in yard facilities, a Yard Management System (YMS) reduces congestion, improves load/unload times, and maximizes yard efficiency. It can also integrate with WMS and TMS, creating smoother workflows.

OMS

With centralized order data, an Order Management System (OMS) enables accurate inventory allocation and timely customer updates, helping meet customer demand efficiently by ensuring the right products are available and shipped quickly.

The combined data insights from these tools allow organizations to prioritize daily tasks, enabling teams to work smarter. By fully utilizing existing technology and building on current processes, operations can achieve significant efficiency gains without breaking the bank.

Enhancing Workforce Efficiency with a Labor Management System

A Labor Management System (LMS) is a powerful tool designed to optimize workforce productivity by analyzing labor performance and creating standards that align with operational goals. LMS insights enable companies to control labor costs, maximize productivity, identify training needs, incentivize high performance, and establish a productive workforce environment.

Implementing an LMS is essential for improving efficiency and addressing labor shortages in warehouse operations. With access to real-time data, managers can make informed decisions on work allocation, resource management, and labor forecasting. An LMS enables warehouses to track performance metrics, spot productivity trends, and adopt a proactive approach to labor management, ultimately reducing operational costs.

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A Labor Management System allows us to leverage detailed workforce data, giving warehouse managers a competitive edge in optimizing labor productivity and creating a more engaged and motivated workforce.



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Integrating an LMS with a WMS allows for the seamless capture of data on employee transactions, time tracking, and alignment with established labor standards. According to Farley, **"Implementing a Labor Management System isn't an overnight change—it's a gradual build that leverages data from your WMS to create real, actionable labor standards."** These standards are critical for assessing and improving operational efficiency.

With clearly defined benchmarks for tasks, labor standards provide a structured approach to workforce productivity. Managers can use an LMS to monitor productivity in real time, supporting fair and transparent performance evaluations.

The LMS also offers robust reporting and forecasting capabilities, using historical data to predict labor needs based on demand cycles—leading to more accurate recruiting and scheduling.

By consistently comparing actual performance to these benchmarks, operations can make incremental improvements that, over time, significantly reduce labor costs, increase productivity, and support a more responsive, efficient operation.



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Building a resilient workforce for a future-ready supply chain

By integrating advanced labor management systems, adopting smart automation, and creating a workplace culture that prioritizes employee engagement, organizations can build resilience and agility into their operations. These strategies not only mitigate current labor shortages but also position the workforce for long-term growth and adaptability in an evolving industry landscape.

If you're looking to make sustainable improvements that drive operational efficiency over time, we can help. We have the tools you need to make the change, [reach out for a demo today.](#)

M A D E 4 N E T

With 800 customers in 30 countries, Made4net is a leading global provider of best-in-class, cloud-based supply chain execution and warehouse management solutions for organizations of all sizes to improve the speed and efficiency of their supply chain.

Made4net's end-to-end SCSExpert™ platform offers a robust WMS solution that enables real-time inventory visibility, labor management, and equipment productivity with performance analytics that drive faster, more accurate order fulfillment and improved supply chain efficiency. In addition to the best-of-breed WMS, the platform offers integrated yard management, dynamic route management, last mile delivery and warehouse automation solutions that deliver a true supply chain convergence.

For more information, visit made4net.com.