Warehouse automation & labor – friend or foe?

The labor challenges impacting many warehouses are not new. However, many businesses still struggle with overcoming the complexities that come with recruitment and labor retention. Automation has also been around for a long time. While these systems and technologies offer many of the answers related to a reluctant workforce, there also come new issues.

- What systems are the best fit for each business's unique operations?
- How does the operational model change when introducing automation to the warehouse?
- Are businesses eliminating jobs in favor of technology?

This is only a sample of the questions that come with adding automation, and the answers are different for everyone. To better understand the topic, we conducted a warehouse automation survey to identify automation trends. Most people know that as customer expectations for fast delivery, flexible shopping, and order transparency rise while labor resources drop, automation is an important resource to the future of supply chain logistics. But, what is the relationship between worker and automation now and in the future?

Let's take a closer look...

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Did you know?

20% rely on adding headcount

~ 33% use manual processes for critical operations

49% will add automation in 5 years

55% of businesses have no future plans to augment their existing automation systems with additional investments. It's critical to bring your people, processes, and automation systems together to maximize the resources available.

63% of businesses measure operational savings as a success metric for automation. This is the most popular KPI.

Why automation? Why now?

While order volume increases, only 20% of businesses look to add headcount to help existing staff. There two most likely reasons for this are that:

- There simply isn't a viable labor market for warehouse workers
- Automation presents an attractive upside to augment existing workers and fill the gaps

For most businesses, the answer is likely a combination of both. In our survey, 41% of supply chain professionals state that they still use spreadsheets in their operations for manual data entry. Add to this scarce labor, and businesses are looking at a lot of manual work with few hands to manage it all. In fact, we found that about a third of business use manual processes for critical operations such as receiving, storage, pick processes, packaging, and shipping to customers. It's a recipe for rushed work, inaccuracy and missed SLAs.

Combining this with 68% of people listing labor issues as a driver for automation projects, and it's clear that there's a need for technology. In fact, this was the top challenge reported by businesses. It's no surprise that nearly half of the respondents say that their business will implement automation within the next five years.

Human-automation connection

There are two trends found in the survey data proving that automation is not pushing workers out of the warehouse.

1. Nearly 70% say that labor issues drive them toward automation. It's a reaction to the changing environment, not an active strategy to create operational savings.
2. With 53% of people listing employee training as a top factor for successful automation performance, we know that businesses need and value workers even with automation.

People aren't obsolete because of automation. Far from it. There's a growing partnership between people and systems. In fact, businesses need people on the warehouse floor to overcome the two top challenges holding automation back:

- 27% report manual intervention as a top issue for automation
- 38% report downtime and troubleshooting as critical issues

Businesses need automation to fill the labor gap, and they need people to keep the supply chain machine running. On top of that, we're seeing an emergence of machine operators and technology specialists as important role players in the warehouse – this creates new opportunities for skilled professionals while increasing warehouse performance.

Doing more with less

It's also interesting that while hiring isn't a top priority, maximizing labor is. Using supporting systems such as a labor management system that pack automated processes and reporting tools for productivity is on the rise. Currently, 16% report using a LMS, and another 27% plan to integrate a LMS with their WMS and operational model.

Adding More or New Automation

	0%	20%	40%
Automated guided vehicle	6%		
Automated conveyor system	26%		
Automated storage & retrieval system	12%		
Palletizing	25%		
Robotics	6%		
Sortation	8%		
Storage	22%		
None	36%		
Other	6%		

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