

Körber Supply Chain

Supply Chain Performance Guide

Labor Engagement,
Safety and Efficiency: Measuring
and enhancing performance



Introduction

In recent years, high-performing supply chains have become essential for business success. However, it is increasingly difficult for supply chains to deliver. Rising customer expectations and the rapid expansion of e-commerce add complexity, as do labor shortages, material supply issues, and rising costs – even beyond the economic fallout of COVID-19. This is impacting supply chain performance, and, by extension, business success.

Labor Engagement and Efficiency is one of the key factors driving supply chain complexity. In this guide, we look at how organizations are affected by – and addressing – today's labor challenges. We also provide recommendations based on industry best practices.

6 factors of supply chain complexity

In 2021, Körber conducted research to identify six operational areas, or factors, that most directly impact supply chain complexity:

1. **Labor Engagement, Safety and Efficiency**
2. **End Customer Experience**
3. **Agility and Resilience**
4. **Sustainability**
5. **Digitization and Process Automation**
6. **Facility Optimization**

Addressing the complexity associated with these factors increases supply chain performance and enable a competitive advantage.

How labor impacts supply chain complexity

Hiring and retaining labor is one of the biggest challenges for supply chain operations today.

Not only is there a worldwide shortage of staff, but it is also becoming increasingly difficult to attract and retain workers into a warehouse environment that can be both physically demanding and dangerous.

The issue is compounded by low pay and a constant pressure to fulfill ever-rising order volumes. Such pressures increase fatigue

and the risk of workplace accidents, and ultimately lead to worker disinterest and dissatisfaction.

It's up to businesses to rethink how they engage and protect their staff. This often involves balancing the need for productivity with motivation and workplace safety. Often, the cost to rehire and retrain staff – not to mention cover any compensation claims due to injury – far exceeds the cost of creating a safe, motivating, well-equipped, and productive work environment.

“Our industry’s strong demand growth over the past months results in severe employee strain – unsure of how to tackle it since we don’t know if it’s a long-term situation.”

Supply chain head at a logistics solution provider
2022 Benchmarking Survey, Körber Supply Chain

Supply chain benchmarking survey

In 2021, we commissioned strategy consulting firm Roland Berger to survey how supply chain professionals across Europe and North America were tackling the six complexity factors. We wanted to understand how companies approached them, so we could help supply chain operators benchmark against industry best practices, and identify opportunities and priorities for improvement.

Based on their responses, participants were scored and categorized against each factor into one of four maturity levels:



Initiating
Significant potential for growth



Developing
Solid performer with average capabilities and scores



Advanced
Strong performer with well-established capabilities and high scores



Leader
Top performer with established best practices and excellent scores

Key findings: Labor Engagement, Safety and Efficiency

Recruitment and retention continue to be the biggest issues for supply chain organizations, impacting both productivity and employee morale. Only 37% of those surveyed said they had enough employees to keep their operations running smoothly. However, *leaders* were in much better shape, with 89% saying staff numbers were sufficient.

Engagement through gamification

Employee engagement is key to tackling this issue. Notably, gamification increases worker motivation by setting goals and providing feedback, tips, and incentives throughout the day. Almost three quarters of *leaders* have deployed gamification, versus less than a third of *advanced* maturity organizations.

Enhancing workplace safety and well-being

Health and comfort are also instrumental in reducing employee churn. Again, *leaders* perform better, with 86% meeting workplace safety goals, compared to less than a third for *advanced* organizations.

European supply chain professionals are taking a more proactive approach to safety: 36% said they were working on ergonomics-related warehouse projects – e.g., providing equipment to support heavy lifting – compared to 18% of US respondents.

Improving employee safety and well-being clearly leads to greater employee loyalty and helps improve productivity.

Have work gamification solution in place:



Maturity level: **Leader**



Maturity level: **Advanced**

Attained workplace safety goals in warehouse operations in the past year:



Maturity level: **Leader**



Maturity level: **Advanced**

Körber recommendations

We identified four areas in which organizations can address labor-related challenges to advance their capabilities and increase the performance of their supply chains.

Labor availability

Continue to monitor labor availability in your region and develop plans to address current and future shortages. Options include hiring temporary staff or adding automation technology, like voice and AMR, to support workers. These require minimal user training, and can scale flexibly with changing order volumes during peak seasons.

Productivity

Re-evaluate workflows and warehouse technology to support staff and maintain high levels of productivity. Additional training for new and current employees can also help. Again, technologies such as voice, AMR and material handling equipment play a key role. Not only do they make many warehouse tasks safer, but they also make operations significantly more productive.

Engagement/motivation

Review new or additional measures to increase staff motivation. These can include monetary or non-monetary incentives. Gamification is a new, but very successful engagement tool. Motivation programs can also create a competitive advantage over other employers.

Safety and ergonomics

Review your safety and ergonomics program and consider adding further workplace safety trainings and improvements around your facilities. New warehouse and automation technologies can also enhance workplace ergonomics.

Conclusion

Hiring and retention remain a challenge for supply chain organizations, particularly during seasonal peaks. To keep operations running smoothly, businesses need to rethink how they engage long-term employees and temporary staff.

Leaders are recognizing these benefits. As a result, they are ahead when it comes to augmenting labor with technology like voice and robotics, and enhancing engagement through gamification. These solutions are key to creating a more motivating and safer environment for employees – one that drives employee retention and productivity, and contributes to business success.

Find out more

To learn more about the issues impacting the performance of your supply chain and find out how your organization compares against industry leaders:

Read more →

To find out more about our solutions and how they can help you address labor challenges, speak to one of our experts.

Contact us →

