FIND YOURS.

Tackling the Labor Shortage Challenge

Presented by:
OPEX Corporation
Introduction

• 8 years of front line material handling management experience

• Key contributor in OPEX’s implementation of Perfect Pick into their own parts fulfillment operation.

• Has held various positions at OPEX since 1996 and has a degree from Rutgers University.
Today’s Agenda:

• Current State of Labor
• Signs of a Shallowing Labor Pool
• Rising Wages

• What Do Employees Want?
• How Do I Attract and Maintain Labor?
• How Can Automation help?
“It's a physical job! If you have never worked in a warehouse environment before, you should understand that you will be on your feet for 90% - 95% of your shift. It also gets loud and the facilities are large.”

“…Our ability to control the temperature in our warehouses is limited. Indoor warehouse working conditions are impacted by seasons and the weather.”
“Inside work, temperature range -10° to 85° with hot, humid, wet, cold, and dusty environments (non-weather)”

“Ability to lift up to 80lbs.”

“Ability to walk up to 10 miles per shift.”
Most people work just hard enough not to get fired and get paid just enough money not to quit.

– George Carlin
Current State of Labor

• Unemployment rates at 50-year low

3.7%
Let’s look at the 2018 facts...

7.14 million open jobs
Employment rose 2.6 million
Jobs have been added for 95 months in a row
190,000 jobs added in transportation/warehousing

Source, WSJ
There is a 2% unemployment rate where we are, I can’t meet demand for my current business let alone think about growth.
We have the property and approvals to add 400,000 square feet to this building, but I can’t find enough people to operate our current space. We may be forced to relocate.
Forget about recruiting new employees; that has proven to be an exercise in futility, let’s focus on keeping the folks we have.
If we bring in 100 temps on Monday, half are gone by lunch, another half don’t show up on Tuesday and we are lucky if 10 are left at the end of the week.
The labor pool is shrinking, but the demand is increasing.

- In 2018/2019 **450,000+** new jobs will be added in warehousing and distribution
- There are community workforce initiatives in place hoping to attract future talent.

Source: CBRE and Prologis
The labor pool is shrinking, but the demand is increasing.

- Warehouse space is at the lowest level since 2000
  - 7% vacancies
  - Demand exceeded supply by about 6 million sq/ft
- More Warehouses = More Labor

Source: Wall Street Journal
Global e-commerce growth

retail e-commerce sales worldwide (in billion U.S. dollars)

Source: Statista.com
Rising Wages

• Largest increase in annual wage growth in 10 years

• The Amazon Effect: up wages to $15/hr

• Average starting wages up 6.2% in Nov. 2018 to $13.59/hr
Rising Minimum Wages

Source: Business Insider

Business Insider/Andy Kiersz, data from EPI and Wolters Kluwer
Considering my current demand, how do I keep the people I have?

How do I attract new employees to handle changes and growth in my business?

How do I increase quality and overall customer experience?

…All while keeping my cost per pick stable.
So, What Do Employees Want?

#1: Pay rate
#2: Job security
#3: Enjoying work
#4: Day shift/decent hours

Source: ProLogistix
How Do I Attract Quality Talent?

- Use the latest tech tools
- Offer interesting work and independence
- Offer more than just salary
Develop a Work Environment Where:

- Wages are competitive
- Safety, comfort & ergonomics are priority
- Individual employee output is maximized
- Maintain high standards of quality
Wages

• Competitive rates
• Create performance standards
• Measure employee performance
• Offer bonuses
Create a Desirable Work Place

• Safety
• Intuitive equipment
• Provide PPE if required
• Create workflows that avoid repetitive tasks
• Eliminate unnecessary travel
• Provide climate control and ergo mats
How Can Automation Help?

Safety
Quality
Production
Automation Improves Production

• Maximizes the productivity of the individual worker
• Eliminates/reduces travel time
• Reduces mistakes
  • visual queues, barcode verification, weight verification, and inventory accuracy
• Provides real-time data
Automation Improves Production

- More ergonomic, less dangerous
- Reduces training time for operators
- Reduces reliance on seasonal labor
Conclusion

Tight Labor Market + E-commerce growth =
($4.5$ trillion globally by 2021)

Automation
For More Information

Speaker email: jsauer@opex.com
Website: www.opex.com

Visit Booth S631

Thank you.