

PROVIDING INNOVATIVE SOLUTIONS WHICH OPTIMIZE SPACE &
ORDER FULFILLMENT WITHIN THE SUPPLY CHAIN

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Avoiding Labor Management's Missteps

5 Things That Can Sink Your Incentive Program

So maybe you didn't aspire to be the world's most inspiring and motivating boss. You certainly don't want to be part of a corporate program everyone hates. The atmosphere around labor-intense business operations—distribution, manufacturing, customer care, field service and the like—is changing as labor market shifts, millennial attitudes about engagement and updated capabilities of labor management systems (LMS) offer enticing benefits for your workforce challenges. Given this no wonder that 63% of firms using incentives reported gains of 10% - 30% in productivity. In either case, the intrinsic factors underlying human motivation remain timeless. Operating executives cannot rely on systems, automation, or diligence of a few outstanding employees to deliver all the results their companies need to remain competitive, profitable, and an appealing place to work.

Below are five missteps you need to avoid so you do not unleash a program your team will love to hate.

- 1. Bureaucracy and Policies:** You work hard to attract and retain talented and dedicated staff. Your company brand, operating conditions, wages and benefits, coworkers, interpersonal relationships with supervisors, and the nature of the work itself all contribute to an overall perceived value for associates. As they dedicate their hard work to the task, over time they build more and more internal commitment. For many, work life is central to their identity and sense of self. Unfortunately, most incentive programs are only partially aligned with that identity and end up undermining their commitment. Too many times we see incentive programs haphazardly thrown together with policies, rules and concepts that can frustrate employees and conflict with their social identity to their work group.
- 2. Conflicts with Personal Motivators:** There is real-time computing happening every day in your operations - and it is not what you think. No, it is not your business systems trying to optimize inventory. Rather, your associates are evaluating their sense of investment and effort with their reward; and then comparing it with that of their coworkers. J. Stacey Adams tested this concept and found this perception of fairness to be pervasive and a powerful influence on your associates. While the payouts were lucrative (some groups overachieved and banked incentive pay far into the future), the overall perception was dismal. In fact, a company survey found that due to several structural issues and poor supervisor accountability, the team incentive was the least liked feature of employment.
- 3. Leading from the office:** This may surprise you - unless you have tried it. LMS vendors often tout the features of their systems to automatically sense and respond to real-time conditions in your workforce. Why not take advantage of the discrete tracking and real-time RF communications available in a distribution center call center or on the road? Say for example, a lift truck driver is taking longer than the LMS predicts it should take her to complete a transaction. When this happens, an alert is sent, usually to the supervisor alerting him of the infraction. Neat. Now you will not miss appointments or volume projections for the day right? While in theory that is the intent, in reality, there are two problems: First, real time reporting gives managers the false sense of empowerment to run operations remotely. Second, real time reporting consumes system processing capacity - a precious resource in high transaction environments.



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4. Our road ahead is blocked: Why do some people seem to flow in their jobs, getting stuff done and feeling good about it? How can that be when their jobs seem less than inspiring? Amabile and Kramer in a Harvard Business Review article revealed that what really happens on a good work day is—progress—getting stuff done. This outranked doing important work, collaboration and getting support. Not surprising, this builds on work done by Herzberg a half century ago that true motivators include a sense of accomplishment and taking responsibility. How does this relate to your incentive program? A comprehensive labor management program, with incentives, should be the basis for clearing obstacles and achieving ever better performance. Working faster is not the key. Creating the conditions to work unobstructed unleashes a fulfilling experience.

5. Is this just another 'flavor of the month': What employees hate most is not having certainty. Sure, creating a performance-focused work environment is a journey, but not one to do by trial and error on your staff. Installing the LMS is not a plan. Developing engineered labor standards is not a plan. Piloting incentives on a few departments is not a plan. Instead, these are timid steps management often takes to avoid making a commitment they cannot back out of. Unfortunately, these schemes are perceived as just that - ad hoc initiatives that will wither once management's attention gets pulled to the next urgent matter.

Remember, incentive programs are optional—and therein lies their biggest risk. Creating a fair and well-structured program with a clear long-term vision, engaged management, and a commitment to make everyone successful can be the foundation for a program they love, and one that delivers those enticing financial benefits year after year.

To learn more about Incentive Programs, please visit: <http://www.promatshow.com/seminars/default.aspx?id=1135>, to see the full presentation.



Telematics Can Optimize Labor and Order Fulfillment Processes

You Can't Manage What You Can't Measure

Today, Operations Managers represent a significant "link" in managing their organization's supply chain. Responsibilities often include the management of activities and resources that affect the design, planning, control and monitoring of the supply chain to fulfill the objective of creating optimal value in their operation.

Telematics is a way of monitoring the movements, status and behavior of a vehicle and its operator. This information gives management complete, real-time knowledge of their fleet's activities in one centralized interface, to increase productivity, reduce labor costs, improve customer service, increase safety and reduce operating expenses. Many operation managers have looked to this technology to provide them with more data to gain insights on their operations, in the form of devices that are mounted on each Fork Lift truck in their fleet. These truck-mounted devices record key data events and transmit them to a database where reports can be retrieved.

Events that can be monitored by most telematic systems include:

- 1. Access Control:** Operator log-ins help ensure that only authorized and certified users have access to specific vehicles for greater asset and operational security. It also allows you to remotely adjust parameters such as travel speed and acceleration for complete control over your fleet and easier optimization of assets.
- 2. Operator checklists:** OSHA-required pre-operation checklists that are completed by operators and saved in the system to meet regulatory requirements and ensure the safe operation of the truck.
- 3. Impact Management:** Immediate notifications of impact (including operator, vehicle,

time and other critical information) are sent and recorded electronically for greater visibility and faster remedial action.

4. Truck and Operator Utilization: Collect and track usage data on individual vehicles and operators including hour meter to help you better utilize equipment and labor. It also allows you to optimize labor efficiency by tracking times associated with activities and tasks by operator to identify opportunities to improve productivity.

5. Fault Code Reporting: Electronic alerts are sent to designated service personnel if a fault code is activated on an individual vehicle, pinpointing maintenance requirements so the technician can respond with the tools and parts to make a fast, efficient, first-time repair to minimize down time.

Data from these events can be arranged in reports to provide significant insights to the warehouse operation 24/7 to help make process improvements, increase productivity, reduce risk and damage in the workplace, instill driver accountability and realize labor savings.

If you are an operations manager in an organization without one of these systems, you must ask yourself if you are able to answer these six representative questions.

1. How many trucks do I truly need in my operation?
2. How many operators does it take to pick my orders in a shift, day, week, month and year?
3. Who are my top operators?
4. Is utilization balanced across my fleet or am I overusing a truck while others sit?
5. Am I getting the value out of my maintenance program or am I wasting money?
6. Who is causing the damage to my products and racks in the warehouse?

The answers to these six simple questions could significantly improve the efficiency of any warehouse and are attainable if the manager had access to the data available from their truck fleet.

Warehouse and Labor Management systems have been available to managers for some time. Telematics offers a unique solution that can either offer visibility to the dark corners of those earlier solutions or provide an enlightened first step in getting your warehouse efficiency where it needs to be in order to succeed in this competitive marketplace.



Recruiting In a Tight Labor Market

If anyone says that they have not noticed that the economy has improved over last year or so they are either living in a vacuum or in denial. Drive through any metropolitan or commercial center and you see help wanted signs everywhere.

If your job function includes filling corporate openings then you know the challenges we are all facing in this beginning economy. It's not only those high -tech IT, medical, or engineering professionals but fork lift drivers, dock workers, and maintenance positions that are also going unfilled. So how do you find qualified applicants?

Everybody is looking for that silver bullet that will generate the candidate flow that they need to fill their warehouse positions. The reality is that there is no such thing. Recruiting is not just about compensation, training, corporate benefits,

employer of choice branding, creative ad writing, social networking or job postings. It is all of these things and more. It is a team effort that must include all aspects of your organization from senior managers, to your line managers, human resources, marketing, safety, and the like.

It starts with your corporate culture. What do your current employees say about you? About their managers and/or work environment. Do they enjoy their work? Is there cooperation between work centers or does your organization have a silo mentality? You cannot build a great employer of choice brand without being, at the very least, a good employer.

What about your benefits? Being competitive in this environment is a must but wages, by themselves, are not the primary motivator when it comes to recruiting millennials. Rewards, recognition, flexible schedules, advancement, and training are some of the things

that motivate this new generation of applicants entering today's labor pool.

Ok, you have a great organization with competitive wages and benefits. What's next? Are you tracking your recruiting efforts? Analytics is the big buzzword in staffing these days. Growing businesses are looking at BIG DATA and your recruiting function should be no different. What is your current turnover rate and where is it occurring? What was the rate last year and the year before? Is it trending up or down? This is only one of many recruiting functions that you should be following. It does not matter if you are using a fancy applicant tracking application or an Excel spread sheet. Collecting and analyzing the data is important.

I have only scratched the surface of how to recruit in this tight labor market but don't be afraid to think outside the box and look for ways to make your recruiting efforts and your organization stand out.

Upcoming Events

Event: Associated University Webinar - Labor Management

About: Labor accounts for 50% to 65% of total Distribution Center operating expenses. Therefore, implementing a Labor Management Program is often seen primarily as an opportunity to reduce costs, especially since savings of 10% to 30% is commonly seen.

From the real-world perspective of an experienced industry expert you will gain insight into essential elements of Labor Management and the many benefits associated with the implementation of an effective program.

When: Wednesday, July 19, 2017 | 12PM - 1PM

Register: <https://www.associated-solutions.com/about-us/news/upcoming-events>

In the Press

Associated Recognized as Ferrara Candy Company's Supply Chain Segment Leader

Ferrara Candy Company has named Associated the 2016 Supply Chain Segment Leader at their Supplier Innovation Summit.

"We place a high degree of value on our relationship with Ferrara and are humbled to be recognized as the 2016 Supply Chain Segment Leader for Ferrara's North American Operations. Thank you to Ferrara for trusting Associated to provide integrated supply chain solutions that helped optimize your space for growth." Brandon Hodge, General Manager for Associated's Chicagoland Operations.

Tim Combs Announced as CEO & President of Associated To Support Continued Growth

Tim Combs has been appointed as President and CEO of Associated, a leader in providing integrated supply chain solutions. This appointment is a welcome return for Combs, as he served as the Company's General Manager from 2009 to 2010. Combs brings 35 years of leadership and sales experience to Associated, having most recently served as President of Sales and Marketing at The Raymond Corporation.

To view the entire press release please visit our website at: www.associated-solutions.com/about-us/news

Industrial Facility Pedestrian Safety Tips

An accident with a forklift can lead to a very serious injury, or even death. A loaded forklift truck can weigh up to 15,000 lbs. and being struck by a forklift is like getting hit by 2-3 full-sized pickup trucks at the same time.

Recent OSHA data shows there are nearly 100,000 forklift-related accident injuries each year, with 35,000 of these resulting in serious injury and almost 100 worker deaths! Because of these dangers, pedestrians must always be on alert when walking near powered industrial trucks. Below are a few tips to ensure pedestrian safety:

- Always give the right-of-way to powered industrial trucks, even if the facility policy states otherwise.
- Pay close attention to posted caution signs and floor markings and stay within the designated pedestrian aisle ways at all times.
- If you enter a pathway intersection or have to cross an aisle, it is your responsibility to look for oncoming vehicle traffic and allow them to pass first.
- Never assume that an operator is consenting for you to proceed in front of their vehicle without them first

stopping, looking you in the eyes, and then waving or head-nodding you through.

- Watch for lights and listen for horns, vehicles approach quickly following these warnings.
- Stay out of restricted areas to avoid surprising vehicle operators and wear bright-colored safety vests when possible, especially in areas pedestrians are not typically present.
- Expect the unexpected. Vehicles may approach you from any angle and can enter intersections quickly. Sometimes vehicle operators are distracted and veer into your path.
- Never walk under the path of a raised load of a powered industrial truck. The operator may not notice your presence and inadvertently lower the load or forks onto you.
- Do not use cellular phones while walking in an industrial facility where vehicles may be present and limit group conversations to brief pertinent communications. Distractions can limit your ability to properly focus on the fast-moving powered industrial truck vehicle traffic.



Associated University

Associated University was designed to provide supply chain management professionals with access to information on practical solutions concerning the industry's current hot topics.

This resource creates an interactive community that enables professionals to gain access to information covering today's most relevant supply chain management challenges and technologies. In addition to these sessions, Associated University offers tools, articles and discussions aimed at providing you with a vast library of resources to utilize.

These can be viewed at: www.associated-solutions.com/associated-university/videos

About Associated

Celebrating over 50 years of providing customers with innovative solutions that optimize space and order fulfillment operations within their supply chain, Associated understands that handling materials in the supply chain should be more than material handling. By utilizing their unparalleled experience and industry best practices they are able to evaluate current methods and processes for storage, order fulfillment, labor and equipment utilization and recommend practical strategies to enhance their effectiveness and reduce overall cost.

In 2014 Associated acquired Peach State Integrated Technologies Inc., a professional services firm that provides strategic supply chain consulting and automated material handling solutions for their global clients.

The merger has made the combined organization one of the largest supply chain solution providers in North America in both size and breadth of solution offerings. Featuring leading-edge engineering, fleet optimization and labor management solutions to complement industry-leading sales, service, rentals and parts, Associated has been the recipient of multiple awards in recognition of being a premier organization in the supply chain industry.

Our Locations:

Georgia: Norcross

Illinois: Addison, Bloomington

Indiana: Indianapolis, Fort Wayne

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