

DRIVING IMPROVEMENT THROUGH LABOR MANAGEMENT

See how CONTINUUM helped a Multinational Robotics, Automation and Electrical Equipment Corporation create savings through implementation of a sustainable labor management program



Project Data

Clients: Fortune 500 Global Corporation specializing in Robotics, Power, Electrical Equipment & Automation Technology

Location: Northern Mississippi, USA

Timeframe: Eight Months

Key Project Factors: People, process and system challenges had developed throughout the facility due to lack of KPI and departmental expectations; impacting labor performance and utilization throughout the distribution operations. Without studying the activities at the elemental level, constructing multi-variable engineered standards and identifying continuous improvement opportunities, the client would have been unable to address the inefficient process and facility layout challenges negatively impacting their throughput and performance.

The Challenge

Client had limited and/or inaccurate historical performance standards for individuals and departments which failed to support the distribution needs of the facility. Subsequently, they were forced to drive throughput through increased labor headcount and overtime hours; creating an unsustainable situation from both a cost and client satisfaction standpoint. Given the facilities geographical location and lack of Associate incentive program, high warehouse Associate demand in the area forced higher labor costs to be absorbed by the client to maintain existing throughput expectations at lower performance levels. Lack of Associate utilization visibility created excess labor capacity in departments that could not be effectively identified so volume based staffing was not effectively employed.

The Approach

Implementation of a labor management program attracts new employees as well as retains current ones by rewarding them for their efforts through accurate accountability. Top performers receive incentive pay and recognition. Engineered labor standards, process improvement implementation, and change management relationships all contributed to the success of a labor management program implementation.

The Results

Implementation of CONTINUUM's labor management program improved overall efficiency of the client's warehouse by 35% over the first 9 weeks. Initial savings of \$1.6MM were achieved during the project year (2018) with projected savings of \$3.5 MM estimated for subsequent years. By incentivizing employees through pay for performance and developing highly-accurate multivariable standards, we were able to transform the operation from a "throughput culture" to a "performance culture," supporting the client in addressing their labor cost, throughput and productivity challenges. Project ROI was 6 Months from the start of the engagement.