

A C K E R M A N
**WAREHOUSING
FORUM**

The industry publication dedicated to helping warehouse managers and their bosses improve productivity and manage more profitably with tips, comments and articles written by practicing professionals.

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Remove the Barriers to Warehouse Productivity!

By Eugene Gagnon, Gene Gagnon Consulting, Plymouth, MN

Editor's Note: When I first met our guest author, he had been retained by the trade association for public warehouses (AWA) to introduce an engineering approach to measuring costs and developing prices for storage and handling. Before that time, cost measurement in the warehouse industry was either primitive or non-existent. Gene Gagnon has been a leader and pioneer in the use of industrial engineering techniques in the warehouse. The cartoons in this article are from Gagnon's book, "Supervising On The Line." KBA

Although some barriers to productivity are obvious, others are not. Most fall into one of five basic categories:

- Your people don't know what you expect of them.
- They are not adequately taught how to do the job.
- They are simply unable to perform the job as it is defined.
- They are impeded by organizational barriers.
- They lack the motivation to do the job.

There are many kinds of barriers to productivity. And these barriers are situations that require extra time and effort outside of what should be required, problems that set up roadblocks to 100 percent performance.

Sometimes the roadblocks are as obvious as a barricade with flashing red lights. Obvious roadblocks in the warehouse, like blocked lanes or absenteeism, immediately show that your crew is losing time.

Other times, your productivity barriers are inconspicuous. These hidden barriers are just as serious as the obvious ones. Think of the unexpected potholes and railroad crossings that delay the unprepared driver, or the broken pallets, machinery breakdowns and shorts that detour the warehouse order picker.

As a warehouse manager, you are responsible for each and every worker's performance. This is true even if you have supervisors who deal with their performance on a day-to-day basis. The first step in removing any productivity barrier is to identify the source. Only then can you get at the root cause of the problem. Experience tells us that roadblocks to productivity generally fall into one of five categories mentioned earlier.

Communications and training are the first two barriers. Throughout any warehousing organization, supervisors have to clearly define and explain the job expectations

that are to be placed on workers. If an order selector does not know how you define a well done job, he or she will not be likely to meet your expectations.



Poor training accounts for the majority of lost time in most warehouses, because the problems that stem from inadequate training do not stay in one place. Their effect spreads to other areas of the warehouse, like ripples from a rock thrown into a pond.

For example, the productivity of one distribution warehouse suffered because its shipping docks were always congested. The traffic jams delayed shipments and generated a few gray hairs for the first-line supervisor. Relieving the traffic flow proved difficult until the supervisor identified the source of the problem. The docks were not jammed because there were too many orders, or too few employees. They were congested because the loaders had not been properly trained.

As often happens, the odd-sized cases made the loads unstable on the pallets, so this particular crew used an automatic stretch-wrapping machine to stabilize the pallets for shipping. But instead of using the correct method — wrapping one pallet and loading the finished one at the same time — the employees stood and watched as the machine wrapped plastic around and around the cases. While they waited for the stretch-wrapper to finish its job, orders piled up on the dock. These delays seemed minor to the workers, but they expanded to affect the rest of the shipping operation. When the employees started using the correct wrapping method, the congestion disappeared.

Improper training not only makes employees work harder while producing fewer results, it also hurts their motivation. We've heard it said: "If they don't care enough to tell me how to do the job, then they obviously don't care how it's done." Wipe your slate clean of this productivity barrier by putting your limited time and energy where it really counts, up front with an effective, consistent training program.

The third type of productivity barrier occurs when the employee cannot perform the work. This usually involves a physical limitation. An example might be a person who lacks the strength to lift cases or doesn't have enough manual dexterity to operate the equipment. It's up to management to decide how to handle these situations; whether to make exceptions in performance standards for these workers, or to raise hiring requirements.

When pallet jacks feel run down. The fourth type of roadblock is when the pallet jacks run down. This organizational barrier is both the most frustrating and the most unnecessary. These problems are caused by procedures, equipment or bureaucracy snafus that are beyond the control of the employees.

Sometimes they're minor irritants that take a little extra time, like a broken pallet or an out-of-way order desk. At their worst, however, organizational barriers operate like a form of water torture, wearing away the motivation and spirit of your work crew. These barriers are the empty slots or missing products that send order selectors on a wild goose chase; the delays caused by computer mix-ups and the materials handling equipment that falls apart for lack of maintenance.



I once helped a warehouse company set up a reporting system to track the time spent on various tasks. After reviewing the first batch of reports, a supervisor noticed that the order selectors lost time each shift because of equipment problems. It turned out that the batteries on the double pallet jacks lost power during the eight hour shift. Every time a battery started to run down, an employee had to go across the warehouse to the battery charging area, to get a fresh battery. Those trips were costing the company \$2,000 a week in lost work time. That's a pretty hefty organizational barrier! Once the problem was identified, however, solutions were possible. A better battery, one that ran 14 to 16 hours without charging, was phased in and thereafter installed at the start of each shift.

Many of us know the helpless, frustrated feeling that comes with a flooded basement. The rain trickles in as fast as you mop it up. That's the same feeling warehouse workers and their supervisors get when they run into organizational barriers day after day. The feelings may be similar, but the approach to solving the problem is completely different. When the basement continually floods, most people install a sump pump or waterproof the basement foundation. But too often, that sort of problem-solving approach is not taken in the warehouse. Even though employees often complain about problems, they all too often maintain an attitude that seems to say, "That's just the way it is. There's nothing we can do about it."

But distribution management does not have to accept barriers to productivity as standard operating procedure. Most of these problems are not a natural part of warehouse life, and neither are the frustrations, negative attitudes and low productivity that accompany them. By removing these organizational stumbling blocks and all the other roadblocks to productivity, you can make the warehouse a better place to work.

A final type of productivity barrier is fighting the rebels. This occurs when employees don't want to work. This is a motivational problem. There are bound to be some troublemakers on every crew — that's human nature. But nearly everyone wants to do a good job. Given the correct tools and information, the majority of employees will perform as well as they possibly can. Time and time again we have seen first-line supervisors focus their energy on the troublemakers in their crews. Supervisors are responsible for the productivity of all their employees, yet they get all wrapped up in trying to reform the rebels. The supervisors seem to think that, "If only I could get rid of the troublemakers, my problems would be solved." Unfortunately for those with this belief, it's all too likely that when the current troublemakers go, the HR people may end up hiring more just like them.



Supervisors who become obsessed with troublemakers in their work crews might take a lesson from a manager we worked with several years ago. We installed a reporting system with performance standards in a large distribution warehouse that was averaging 75 percent productivity. Rich, the manager, told me: "I'm going to use that information to get rid of employees who aren't performing."

I shook my head. "Rich, I think you've got your priori-

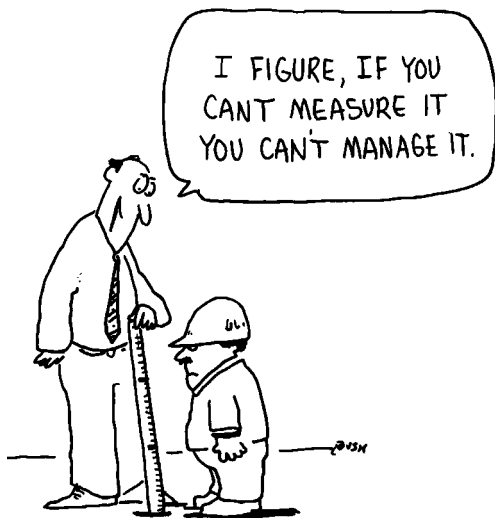
ties wrong. You have 200 people working for you around the clock. How many do you figure are troublemakers?" "I suppose it's three or four percent," he said. "Okay," I said. "At the most, that's eight employees. Even if you doubled their output, it wouldn't add much to your total productivity. You need to spend your energy on the majority — your good people — the *other* 96 percent."

Two years later, I saw Rich at a meeting and asked him how things were going. "You know," he said. "I didn't believe you at first. But I took your advice, and it really is better to focus on managing the majority of the crew. I still have some troublemakers. But we're up to 92 percent performance now, and because of that I have 170 people in the warehouse, instead of 200. It's a lot easier for me to manage now."

Only a small percentage of your employees perform their jobs poorly on purpose. So why take most of your time with them? You'll have more success helping those who want to do better. Rewards and encouragement, not punishment, create a positive work environment.

From stumbling blocks to stepping stones. Imagine if only six out of every ten employees showed up for work. Or if every worker performed his job with one hand tied behind his back. Most management teams would not allow such substandard performance, right?

Wrong. The warehouse that does not have goals or standards and a good feedback system has a standard productivity rate of 60 percent of its workers' potential. You may not see the ropes that bind your employees' hands, but they are there.



The volume of products passing through warehouses is so great that every minute lost or gained can account for thousands of dollars a year. That's why improving productivity is so important.

For example, if a warehouse worker handles 150 cases an hour, or 300,000 cases a year, and you can shave off one penny a case by using a better method or by solving a problem, you'll save \$3,000 per employee. If you oversee a crew of ten, that will total \$30,000 - enough for a supervisor's salary.

You can raise the productivity level in your area from the standard 60 percent to 80 percent or more, without major layout changes, without buying new equipment, and without installing fancy systems. If the productivity of your company does not concern you, it should.

For one thing, getting rid of the barriers that delay your employees is a critical part of the manager's job. Another reason is that higher productivity helps the company remain profitable, and that means job security for you. Improving your workers' performance will help them feel good about their work and make your job more rewarding as well.



The individual warehouse supervisor can make a big difference, but improving productivity will require some effort on your part. It takes a special skill to recognize the barriers that consume a crew's time and energy. When you rush through each day, dealing with issues that need your attention *now*, it's tough to notice a slow pallet jack or the cause of the congested loading dock. But it can be done! Try to take a fresh look at the operations you see every day, and ask yourself: Is there a better way to do this? What are the most effective methods? How can we improve our performance?

With a keen eye, some fancy footwork and an open ear you can actively prevent or solve problems that disrupt the flow of work. For some managers, it may be as simple as spending more time walking around the warehouse floor. Others may need to focus on providing better training and feedback on their employees' performance.

You need to identify and remove the productivity barriers that are within your control. Working together with your people, you can convert these stumbling blocks into stepping stones that lead to a better working environment for everyone.



Gene Gagnon has over three decades of experience as a consultant. He was founder and CEO of Gagnon and Associates, an international industrial engineering firm which was subsequently sold to McHugh Software International. He published a book for warehouse supervisors titled "Supervising On The Line" and has written articles for many publications. He holds a degree from the University of Minnesota and is a professional engineer and certified management consultant. He is a charter member of WERC.

WAREHOUSING TIPS

Dealing With Substandard Performance

By Gregg Parrish, A.J. Stinnett and Eric Summons

Gregg Parrish is CEO of Commercial Warehouse & Cartage, Inc. in Ft. Wayne, Indiana. A.J. Stinnett is a consultant in Columbus, Ohio. Eric Summons is an industrial psychologist in Toledo, Ohio. It is unusual for this newsletter to have two guest written articles, but both deal with the increasingly critical challenge of hiring, motivating and retaining qualified people in a tight labor market. We feel certain that many of our readers have their own ideas about this subject. Therefore, we urge you to read these articles critically and give us your comments.
KBA

As you read the article, it may sound elementary. However, as in all processes, it must be executed at every level to do any good.

One of the most difficult tasks an executive or manager has to do is tell an employee that his or her performance is not acceptable. The task has become even more difficult in the present business climate that is saturated with people and groups who have acquired or demanded a lengthening list of "rights."

The world of warehousing is littered with poorly designed or outmoded processes to record, and review performance. The result is that the facts frequently are just not sufficient to support or justify even a gentle admonishment. But somehow we manage to muddle through. If, hopefully, your firm does have an adequate process to track and record performance, the question is: How do you confront an employee to discuss poor performance? The intent, of course, is to improve, not punish.

Here's how to do it:

- Gather the facts to compare the performance record you got, to the performance record you asked for, or somehow made known to the employee. If you are convinced that the employee knows how to do the job, is capable of doing it, and nothing is preventing that person from doing the job right, jot down in outline form what you intend to say.
- First, summarize the job the employee was assigned to do. For example, "Charlie, for the last year you have been assigned to handle inbound shipments for our largest customer."
- Then restate the quality and schedule (quantity) requirements you expected and made known. For example, "As I'm certain you know, you have been expected to check for damaged product, unload it properly, put the product in the right location, stack it properly, and process the documents without error and turn them into the shipping office within 15 minutes."
- Next, summarize the employee's performance record for a reasonable period of time. For example, "During the last few weeks, you have not caught a couple of pallets with damaged cases of product. You put 12 pallets in the wrong location last Thurs-

day; you put 38 pallets in the wrong location yesterday; you forgot to put a partial pallet back in front of a location a couple of times, and you have not turned in the bills to the office several times when you should have."

- Finally, place the burden of results where it belongs -- on the worker -- by asking what that employee intends to do about the poor performance: "You have a performance problem, Charlie, and I need to know what you intend to do about it."
- Now you must wait for the employee to respond. After a minute or so, you may need to gently repeat the question, but you must let the employee answer. The intent is to provide a framework for the employee to accept responsibility for the performance record and to work out his or her own self-improvement plan.
- When the employee responds, the most frequent reaction is likely to be: "Well, I guess I'm going to have to do a better job." If that reaction takes place, you should accept that worker's commitment and advise that a follow-up meeting is needed: "That's great, Charlie. Let's meet again in two weeks to see how you are doing."
- Prepare for the follow-up meeting as carefully as you prepared for the first. Ask the employee how she or he is doing. Accept whatever answer the employee offers and then summarize the performance record since the first meeting.
- If performance is now acceptable, end the interview rapidly with a bit of praise (to reinforce the improved performance): "That's great, Charlie. I knew you could do it. Now, let's get back to work. Thanks for coming in."
- If performance is still in need of improvement, summarize the performance record since the first meeting and repeat the statement, "Well Charlie, you still have a performance problem, and I need to know what you intend to do about it."
- The employee's reaction is again likely to be a commitment to improve. If so, accept the agreement but shorten the time until the next meeting, and put more emphasis on your requirement for improvement: "All right, Charlie, I'll wait one more week, but it's important that you make good on your promise to do a better job."
- If performance improves during the next week, thank the employee and end the meeting by telling that person that you expect the acceptable performance to continue.
- If performance does not improve, it's time to resort to whatever disciplinary action (punishment) your company requires or permits.
- These meetings should be conducted as business discussion; the employee should be treated as an adult. The issue is performance!

This process has been presented to managers and supervisors in a variety of business organizations. The feedback offered by many indicates that the process is easy to use, is appreciated by employees, and usually results in improved performance.

KEN'S COMMENTS

Finding People In A Tight Labor Market



In most metropolitan areas of the U. S. today, the unemployment rate is lower than it has been for many decades. The result is that finding good people is a real problem for most employers. Logistics employers have some problems peculiar to the industry.

One of the worst job shortages is truck drivers, and the shortage is aggravated by very heavy turnover of those who take the jobs. Long-distance driving is a lonely and demanding job with long and irregular hours and unpredictable delays. For drivers who are paid by the mile, the delays mean loss of income which adds an element of frustration to the other disadvantages of driving a truck.

However, every job has compensating advantages for some workers. Even truck driving has its devotees. Some time ago, National Public Radio broadcast an interview with a female driver. The lady held a bachelor's degree from the University of Wisconsin, but she had decided that driving a semi between Illinois and California was a better job than others that she was qualified to handle.

In the interview, she pointed out that her "office" stretched from the Midwest to the Pacific Coast. She described the friends she had along the way: fellow drivers, truck stop operators, toll booth attendants, and many others she interacted with on a trip which she has driven many times. She took pride in her ability to handle the job on schedule and to deal with the inevitable surprises calmly. She described the frequent sightings of wildlife as she moved across the mountains. The job of guiding an eighteen wheeler on a long journey was clearly attractive to this woman, and that the independence and solitude agreed with her. There are many other people like her but the key is to find them.

When the job market is tight, the aggressive employer needs to make a logistics career attractive to those people who are interviewed. You do this by emphasizing the positive, and by working hard to be sure that you place round pegs in round holes.

How do you "sell" people on a logistics career? One start might be to review the outstanding thirty-three page book called *Careers in Logistics*, published by the Council of Logistics Management. The book starts by describing the nature and importance of logistics. Sections of the book describe specific positions frequently found in logistics organizations.

As you look at the task of recruiting good people to work in a logistics business, consider the advantages as well as the problems.

Blue Collar Logistics Jobs

The two most common hourly jobs in logistics are truck driving and warehouse labor. Within these broad catego-

ries there are a wide variety of truck driving tasks and warehouse work. These blue collar jobs have certain common advantages. Both a driver and a warehouse worker operate in a reasonably independent environment. They don't have a supervisor looking over their shoulder. They are required to make independent decisions and to use their ingenuity to solve problems. Some of the jobs are strenuous, but all of them have a degree of variety which is not found in many other kinds of work.

"Clerical Jobs"

In this age of information, the clerical drudgery is now done by a computer, so that left to humans is the task of dealing with customers, suppliers and colleagues.

Today's office clerk is a communicator rather than a number cruncher. Like the blue collar labor, the clerical tasks in logistics have substantial variety. Every shipment is different, every receipt is different, and every new customer represents new challenges.

Therefore, if your job profile still refers to clerical work, you should change the description to illustrate the fact that the prime skill needed is to maintain customer relationships.

Upward Mobility

One of the peculiar advantages of a logistics career is the frequency of promotion from hourly work into supervision, middle management, and occasionally even senior management.

Frequently seminar attendees are asked how many people started their logistics career as an hourly worker. Typically about one third of the hands will go up. You are unlikely to find such a high percentage in manufacturing or merchandising. In fact, outside of the military, there are very few fields which demonstrate as much upward mobility as logistics.

If you want to attract and hold the best people in your logistics operation, emphasize these advantages and describe specific cases in which people in your organization have climbed the ladder.

Improving Quality of Work

What can you as a manager do to make the jobs in your operation more attractive tomorrow than they are today? If you have a long-haul trucking operation, it is possible to structure the jobs to minimize the time each driver must spend away from home.

There is much that management can do to improve the quality of warehouse work. People react positively to good housekeeping and good lighting. If the housekeeping in your facilities is below standard, your people will feel that yours is a poor place to work. The general attitude is that if management takes no interest, why should the workers? In contrast, a well kept warehouse in which management shows substantial interest in housekeeping and productivity is likely to be populated by workers who enjoy their jobs and appreciate the chance to work in a productive environment.

Even when jobs are scarce, good workers will gravitate toward a good place to work. Therefore, the best way to attract and retain the best people is to ensure that the quality of work life in your operation is better than anywhere else in your community or your industry.

Make The Most Of Your Time

By Bert Moore, *Parcel Shipping and Distribution*, July-August 2000, pg. 22.

The author describes software tools to increase productivity. Of particular interest are Warehouse Management Systems (WMS), Inventory Management Systems, and Integrated Shipping and Tracking Systems. Each system is briefly described, and the text can be a convenient check list to see if you are missing a tool that might be helpful.

Picking At The Speed Of Light

By Amanda Loudin, *Warehousing Management*, April 2000, pg. 34.

This short survey of available mechanized picking options describes flow rack, carousels, A-frames and pick-to-light while also surveying procedural options such as batch picking, FIFO, zone picking, cluster picking, and wave picking. Steve Hackman of Georgia Tech adds some notable common sense observations: Simple things make a big difference. The system can deliver performance statistics, but never use these to pressure your workers. Instead, design workloads to achieve the productivity rates you need.

A Learning Experience

By Dave Kahle, *Warehousing Management*, July 2000, pg. 40.

The fact that the author is consultant and trainer makes one suspicious that there is an axe to be ground, but the writing makes some good points. There are four steps needed to create a learning organization:

- Develop a corporate vision and show employees how to be part of it.
- Create a budget item for training and learning.
- Change every job description to say that each person is expected to learn and grow.
- Be a model for the behavior that you expect in your organization.

Linking Compensation and Retention

By Daugherty, Lusch, Myers and Griffith, *Supply Chain Management Review*, July/Aug., 2000, pg. 64.

The authors are all professors at the University of Oklahoma, and the topic commands the attention of most warehouse managers. While the focus is on managers rather than hourly workers, the conclusions apply to both. The answer to retention is not how much you pay people, but *how*. Those who stay are those who feel empowered. Skills and experience are important, but higher values are placed on integrity, self confidence and ability to set priorities and meet deadlines. Rewards should be continuing professional development opportunities, not just money.

Working overtime

By John R. Johnson, *Warehousing Management*, July 2000, pg. 15.

Based on a survey conducted by Manpower, Inc., this editor concludes that the shortage of warehouse workers will intensify in the future. Removal of social security limits will ease the shortage, but this will not match the employment growth anticipated in construction, manufacturing and wholesale/retail, as well as in services such as warehousing.

The Practice of Good Hiring

By James Adams II, *Warehousing Management*, June 2000, pg. 60

The author is Vice Chairman of Genco Corp. He describes major changes in the warehousing industry that have affected hiring practices. In earlier times, people got involved in warehousing because of family connections, or by accident. In recent years, warehousing has changed to a professional career. Candidates today need to have some level of technological understanding. With an impetus to increase accuracy and productivity, candidates must now hit the ground running. The most important role the warehousing manager plays is that of an educator.

Why Should Anyone Be Led By You?

By Robert Goffee and Gareth Jones, *Harvard Business Review*, September-October, 2000, page 63.

At a time when management scholars are obsessed with their concern about leadership tactics, this article provides some surprising opinions about leaders. The authors claim that most leaders share four unexpected qualities:

- They selectively show weaknesses, and by exposing vulnerability they reveal approachability
- They rely heavily on intuition to know just when and how to act
- They manage employees with tough empathy
- They reveal their differences by capitalizing on what's unique about themselves

The article then exposes four popular myths about leadership. The first is that everyone can be a leader. Not every talented employee is interested in shouldering that responsibility. The second is that leaders always deliver business results. Some well led businesses do not produce results in the short-term. The third is that people who get to the top are leaders. This is not necessarily true, since some who make it to the top have done so because of political skills. Finally, most believe that leaders are great coaches. In fact, this is rarely true. The typical leader has a distinctive strength and ability to excite others through vision rather than coaching.