

# Distribution Center finds challenges with labor strategy and safety

## THE CLIENT

The client is a well-established publicly-owned corporation that supplies over 600 company-owned clothing retail stores. One of the client's distribution centers faced challenges within its workforce strategy, causing high labor costs. Due to variations in product demands, seasonal business, and economic uncertainty, the client faced significant fluctuations in workforce needs. Impact was brought in to evaluate the company's challenges and make recommendations.

## CHALLENGES

At the time of evaluation, the facility had three temporary services providing a total of 200 temporary workers. During the busy season, the client's contingent workforce could grow to over 500 temporary workers. Impact identified the following challenges most in need of attention by Impact and the client:

- Very high turnover (constant training/retraining). Temporary workforce turnover ranged between 75% and 100% annually.
- Each service provided an onsite representative, causing infighting for orders. This in turn caused an influx of administrative and communication challenges.
- No formalized and consistent onboarding program. Each service acted independently.
- No centralized time and attendance solution.
- Difficulty ramping up for busy seasons due to turnover issues, communication, and lack of planning.
- Concerns over low productivity and quality.
- Poor workforce quality (attendance, substance abuse, undocumented workers issues, inventory damage, background checks, etc.)
- No metrics or accountability for staffing vendors or temporary workforce
- Qualified associates leaving for full-time positions and benefits elsewhere; lower quality workers remained.
- Potential safety hazards, which increase workers' compensation.

## SOLUTIONS

Following the investigation of the client's challenges, Impact recommended the implementation of Impact's Core2 program, a labor strategy designed for clients with variable and non-variable worker needs. Implementation of the Impact Core2 program included onsite supervision that would assist in creating a consistent communication as well as a consistent onboarding program. The onsite manager would be able to also hold Impact workers accountable for achieving performance measurements expected of Impact Core2 employees. The Impact Core2 program would also enhance the quality of life for the employees with stable employment, better pay, health benefits and paid time off, therefore giving workers improved incentives to remain with Core2 and at the client's facility. In regards to safety, Impact's Safety Division would partner with the client's safety team and begin implementing safety walks throughout the facility in an effort to enhance the employees' awareness of and adherence to safe work practices.

## OUTCOMES

- Turnover among variable workers was reduced by 40% within the first six months of the Impact Core2 program implementation, and it was further reduced to 25 – 30% within the first year.
- The non-variable population turnover was even lower, at 24% during the first six months, and it was reduced to 17% after the first year.
- The Impact Core2 program resulted in over \$700,000 annual cost avoidance as compared to client's core workforce.
- After five years of maintaining the Impact Core2 program, Impact Core2 turnover is currently at 7% for 2015. The performance metrics used by the company consistently represent the Impact Core2 population at or above client core population production standards.
- Implementation of the safety plan has decreased the number of injuries as well as loss time claims.

\*As of December 2015.