

# Labor Management Solutions

Due to heavy legal regulations, labor management systems are a quite uncommon in Europe. Thus, few companies in the region have the experience and resources required to accurately develop and configure a labor system. A European fashion retail company engaged enVista in early 2010 to evaluate its operations. Since enVista retained experience, bilingual resources and labor management knowledge locally in France to perform the work required, enVista was charged to apply LEAN process improvements and LEAN work methods, develop labor standards across the entire facility, and accurately configure and deploy these systems. enVista was selected as a business partner based on its systems engineering ability, knowledge of the client's business and operational requirements, and significant European work experience.

## The Company

The company was founded by in the early 1980s in Switzerland, and started the business selling a collection of newer fashion apparel to Swiss boutiques. The group realized soon there was a burgeoning demand niche for attractive fashion. Since its inception, the client has expanded its retail distribution base across most of Europe.

## Distribution

The client's distribution centers in Germany, Italy, and Switzerland provide order fulfillment to retail stores in those countries, as well as France. Its products are sourced from Asia and the Middle East and arrive daily via full container shipments at each distribution center. Product is unloaded and sorted, then transported via pallet to receiving stations where pieces are weighed, counted, and received. Once receiving is complete, product is transported to either the proper zone for directed putaway, or to a separate area that supports a Put-To-Store process where goods are sorted directly into store specific shipping cartons.

Replenishment associates will obtain the full-case of product, and transport it to the required location for replenishment before that item is required for picking. As is typical in apparel retail, the client

utilizes both standard order picking from bin-shelving and floor locations (for high volume articles), as well as Put-to-Store (PTS) where product is allocated to each store based on sales projections.

After standard order picking and put-to-store, completed cases are transported along a conveyor where they are weighed. Assuming there are no errors requiring an audit divert, the carton travels to shipping stations. At the shipping stations, an automated 'print and apply' machine affixes a carrier-compliant shipping label. Cartons then receive a packing list and travel through an automatic case tape machine, at which point they are palletized and loaded onto trucks for transport to demand points.

## Project Background

The client had a lack of visibility to each associate's responsibilities and tasks during the workday. Management knew when an associate clocked in and clocked out; however, the work that was performed between those times was highly unknown. Management did not know how productive associates were in their job, how long it took them to switch between various work functions, or if associates were being accountable by not taking more than their allotted break.



time. Further, management needed to increase productivity. Understanding exactly what tasks associates were spending their time on was a key baseline factor in determining how to improve productivity.

### The Opportunity

enVista's client was looking for a two-fold solution: one would enable them to keep associates accountable in their work, and the second would provide incentives to employees who increased throughput. A Labor Management System (LMS) implementation would allow the company to meet these two major goals.

The client turned to enVista to evaluate its operations, apply LEAN process improvements and LEAN work methods, develop the labor standards across the entire facility, and accurately configure and deploy a new LMS.

### The Solution

enVista and Manhattan Associates successfully implemented one of the first labor management systems (LMS) in Western Europe. The client will now be able to provide incentives for associates based on productivity, encouraging workers to increase their output and receive performance bonuses. In addition, the client now has the tools to better manage future labor demands using the engineered standards developed and the labor planning/forecasting tools provided in Manhattan's Labor Management solution.

### Results

The client benefitted almost immediately from a significant increase in productivity. Through the project, enVista's consultants were also able to identify some of the underlying causes of inefficiency. One of the driving issues for the client was a dire need for organizational and process improvements in the warehouse. While it did not fall within the scope of the project, enVista's team understood in order for the LMS to be successful, the facility must function properly. enVista used a LEAN approach to provide recommendations that would significantly improve flow of people and product through the warehouse. These value-added recommendations had an immediate positive impact on productivity and throughput. The client is experiencing additional gains in productivity with the live system and is able to provide the incentive-based pay system for associate performance. In addition, the client is realizing a significant benefit using the forecasting and planning tools in conjunction with implemented standards.

The client was aware of the savings they could achieve by implementing a labor system, though they did not realize quite the magnitude of those savings. Today, enVista's client is experiencing savings that surpassed their project expectations and projections.

For more information on enVista's Supply Chain Solutions, please call 877-684-7700 or contact [inforequest@envistacorp.com](mailto:inforequest@envistacorp.com)