

Selecting a Labor Management Solution

Measuring Performance Against the Norm

Improvements made through process changes are only as successful as the people working to making those changes. Labor standards – more specifically, engineered labor standards – provide an accurate measure of how employees perform against the norm. But what criteria should a business use to select a Labor Management Solution (LMS) that will ultimately increase savings? Here is a best practice answer.

Revenue flow from the distribution center is considered contradictory in most of today's warehouse setups, since distribution was never a focal point within the supply chain where money could be made. Instead, while focusing on changes within the four walls of a distribution center, cost saving ideas stem from continuous improvement through processes, locations and people.

Although many companies have successfully turned to Warehouse Management Solutions, more and more are searching for that edge to optimize cost savings. One of the easiest ways to cut costs is within labor. In-house Industrial Engineers can attest that engineered labor standards are paramount to tracking productivity, as well as bottlenecks in production. However, this method is also very hard to maintain without the proper software or tools.

It is important to ask these questions: What types of labor solutions are out there? What do I need to measure? How

much will it cost the company? Those are questions that can be answered with the help of a Labor Management Solution (LMS) that can ultimately increase savings.

Choosing a LMS

LMS come from all walks of life, from the best of breed total WMS/LMS package solution to a third-party LMS provider. Some are partnered to work seamlessly through certain WMS providers and some are customizable. The main thing to understand is that there is a lot more than what meets the eye.

Consulting firms that specialize in LMS selection can point you in the right direction. They keep a third-party, unbiased eye on what is best for the company. Knowing what the client specifically wants and who can provide these answers is one of the important factors of using outside consultants.



That is how the selection process starts. Next, contacts are established with numerous vendors who fit the bill and Requests for Information (RFI) are sent out to them. Within these RFIs are several yes/no and qualitative questions for the vendor to answer and return to the prospective client or consultants. Typical questions in the RFI include, "Does the LMS allow supervisors or associates to check their performance on a realtime basis?" and "Does the LMS have an integrated time and attendance system?"

When the RFIs are returned and diligently reviewed, the top three or four vendor candidates are chosen. Next, demonstration scripts based on functional requirements are given to the candidates and specific dates are scheduled for site visits.

Site Visit Protocol

The site visit includes a question and answer session, as well as a demonstration of the

Selecting an LMS is not always as cut and dried as it may seem. All things considered, being able to view vendor demonstrations and ask questions directly to vendors is extremely important to quantify an LMS investment and, ultimately, yield a high return on investment. In essence, as a client, you'll be able to see the product work in real time and use industry expertise to increase labor savings.

product, according to the script provided. An example of a functional requirement in a script could be, "Demonstrate that feedback — i.e. goal time to accomplish an assignment and real-time performance — can be displayed on the user interface."

All requirements are requested to be demonstrated before an audience of scorers (project core team). The project manager mainly focuses on driving the vendor demonstrations so that the presentations follow the schedule and that the scripts are followed in correct sequence. The scorers then grade each demonstration, by script line, based on the

importance of the requirement, along with how well the vendor demonstrated the requirement. Based on the multiple scores and comments, two finalists will be chosen. Finally, a decision on the solution is made, based on overall cost and score.

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