

# CSCMP hottopics

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## How Contingency Labor Services Help Warehouses Struggling with Staffing

*By Matt Lucey, VP of Contingency Services, FHI*

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It's not news anymore that warehousing and logistics operations are struggling to attract, hire, and retain associates. It was a difficult task pre-COVID that's become next to impossible in some regions of the country where multiple facilities are located in close proximity to each other.

Multiple warehouse job openings are currently available per each applicant, believes Steve Banker of ARC Advisory Group. Banker recently examined the shrinking labor pool in the field in his regular Forbes column. In "Warehouse Labor Woes Are Worse Than Ever,"<sup>1</sup> Banker notes that pre-COVID (2018—the most recent ARC data), there were between 2 and 5 applications per job. And the industry's growth trajectory will continue to escalate according to U.S. Bureau of Labor Statistics, which projects roughly 941,1000 openings<sup>2</sup> for hand laborers and material movers to be added annually through 2030.

Not only is finding warehouse associates harder than ever before, the volumes of inventory and avalanche of orders warehouses and distribution centers are attempting to fill have also risen tremendously since the first quarter of 2020. More work with fewer workers means operations managers are struggling to keep up with customer expectations for later order cut-off times and fast, free deliveries.

In short, they're understaffed and overwhelmed.

To help these warehousing operations catch up—and catch their breath—there is a solution: contingency labor services. This approach deploys teams of experienced associates and managers who help stabilize an operation by supporting rapid growth, temporary needs, or seasonal volume. Engaging a contingency team, such as those provided by FHI, to augment an existing workforce allows an operation's management to refocus and address other issues.

### HOW FHI'S CONTINGENCY LABOR SERVICE WORKS

Prior to deployment, FHI will work with an operation's management to determine the type of workforce needed to augment existing staffing levels and rectify the current situation. Based on the customer's needs FHI will build a custom support model. FHI then provides team members whose qualifications meet those needs, including order selection, equipment operation, loading and unloading of trailers, or general warehouse labor. We can also provide associates for start-up support or to address a labor disruption.

FHI team members filling specific roles that require certification (forklift, for example) are site certified to ensure certifications are current and up to date. They also are familiar with—and comfortable working in—a broad range of operation types, including manual, semi-automated, and automated.

### TRAINING AND ONSITE CONTINGENCY LABOR MANAGEMENT

FHI's contingency labor associates are trained in "The FHI Way." This includes how to work safely, as well as a comprehensive range of standard procedures FHI established to ensure each team works as efficiently and accurately as possible. Further, because of their previous warehouse expertise, the learning curve is extremely small for FHI's associates. They are highly productive from day one. We know this because we monitor and measure their productivity based on industry benchmark key performance indicators (KPIs).

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Each FHI contingency team consists of at least 10 associates accompanied by designated onsite leadership. FHI's team leaders have both warehouse operations and people management experience. They act as the onsite interface with the company's operations team, answering questions, addressing concerns, and communicating any process changes or handling requests to the FHI associates. They also train their team of associates on the processes specific to the operation.

### **FHI ASSOCIATES DELIVER EXPERIENCE AND DEPENDABILITY**

Currently, there are more than 1,600 associates in our network. Their areas of expertise include workflows throughout receiving, picking, packing, order consolidation, replenishment, put-away, shipping and more. Because they are recruited from throughout the U.S., FHI's associates are much more flexible and dependable than those sourced from other resources (such as temporary agencies). This geographic diversity enables us to deploy contingency labor teams to areas where the labor force is exceptionally limited.

We deploy as many associates to a single operation as needed. FHI has provided as many as 150 associates to one operation and has the capacity to provide more. Each deployment's duration varies according to the customer's needs; some have lasted in excess of two years.

### **WHY COMPANIES PARTNER WITH FHI FOR CONTINGENCY LABOR**

The majority of FHI's customers engage a contingency team because they're experiencing an increase in inventory and order volumes but cannot hire and retain enough associates to keep pace with their customers' expectations. Across all the industries we serve, FHI's customers are experiencing a sustained 15% to 25% increase over pre-COVID volumes.

Like most companies that operate warehouses—particularly those in regional distribution hubs where multiple facilities are located close together—it's hard to attract and retain workers thanks to strong competition. When the operation down the street offers hiring incentives such as higher hourly wages or signing bonuses, associates are easily persuaded to job jump. Those pools of workers were strained even further during COVID's peaks, when workers were encouraged to quarantine at home for 10 to 14 days following a potential exposure.

Finally, many of FHI's customers have grown disenchanted with the labor provided by local temporary agencies. We frequently hear of different temps arriving every day. That requires an operation to continuously allocate their on-floor trainers (who are usually the most productive employees) to teach the process over and over again. That lack of staffing continuity wastes time and reduces overall productivity.

### **HOW FHI'S CONTINGENCY LABOR SERVICE COMPARES TO TEMPORARY AGENCY WORKERS**

It doesn't. Temporary workers often don't return after a day on the job, requiring the operation to allocate its own in-house trainers to bring a new group of temps up to speed every day. Further, because temporary workers are not guaranteed to have experience in warehousing, they tend to perform tasks more slowly and with less accuracy.

Temps are frequently in need of continuous support by the operation's own staffers. Finally, unlike FHI, temporary agencies do not provide an onsite leader to train and guide the temps, as well as to interface between them and the in-house operations team and leadership. Any infractions must be dealt with by the operations staff as well. With FHI's contingency labor service, all FHI associates are managed directly by their team's onsite leadership.

### **BENEFITS BEYOND EXPERIENCED, PRODUCTIVE LABOR**

In addition to a highly productive team of experienced warehouse associates led by onsite leadership, FHI customers attain measurable results at a predictable cost. FHI's customers have noted several other benefits. These include:

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- The facility's own employees are often inspired to improve their own productivity and accuracy upon observing how efficient and effective FHI's associates are.
- Because FHI's leadership and associates have worked in many different operations—and followed many different processes and workflows—the FHI contingency labor teams often offer recommendations on process improvements for streamlining inventory flow or to improve ergonomics.
- FHI's dedicated safety manager partners with the customer's safety professionals to ensure our teams are working safely together.

## ENGAGING FHI'S CONTINGENCY LABOR SERVICE

There's a three-step engagement process:

1. First, we'll assess your labor requirements to make sure we send the exact people you need.
2. Next, you'll choose a solution that works for you based on your operation.
3. Finally, we'll stabilize your operation so you can get back to running your supply chain.

Post-agreement, FHI can have a fully functioning team onsite and ready to work in as little as 72 hours.

## HOW TO LEARN MORE

We're here to help. Call us at (919) 762-1515 and we'll be happy to answer any other questions and offer additional details into how FHI's contingency labor services can help you address your current workforce challenges.

## ABOUT FHI

A lot of companies want to better compete in their market, but instead, they are distracted by challenges that can make their supply chain vulnerable. At FHI, our outsourced workforce solutions and dashboards help strengthen supply chains. FHI specializes in servicing warehouses and distribution centers so companies can focus on growing their business. For over 30 years, FHI's quality workforce has been a workforce solution for many of the nation's leading companies. For more information, call (919) 762-1515 or visit [www.fhiworks.com](http://www.fhiworks.com).

## ABOUT THE AUTHOR

Matt Lucey, VP of Contingency Services, joined FHI in 2007 and has more than 20 years of experience in supply chain, including distribution, manufacturing, and packaging. He has served in various roles during his 15-plus years with FHI and in numerous distribution centers throughout the country. Matt started his career with FHI in staffing to help raise new associate awareness about opportunities in supply chain and now focuses on growing FHI's Contingency Services. He has a passion for creating opportunities for FHI associates to help them realize their full potential while playing a critical role in assisting companies stabilize their operations.

## ENDNOTES

<sup>1</sup> Banker, S. (October 12, 2021). "Warehouse Labor Woes Are Worse Than Ever." *Forbes*. Retrieved from: <https://www.forbes.com/sites/stevebanker/2021/10/12/warehouse-labor-woes-are-worse-than-ever/?sh=93445018aaf6>

<sup>2</sup> Bureau of Labor Statistics, U.S. Department of Labor. (September 13, 2021). "Occupational Outlook Handbook, Hand Laborers and Material Movers." Retrieved from: <https://www.bls.gov/ooh/transportation-and-material-moving/hand-laborers-and-material-movers.htm>