

## BEST PRACTICES FOR NEW SUPPLY CHAIN TALENT STRATEGIES



*Global economic growth and rising consumer demands are creating a shortage in supply chain talent management from the warehouse to the executive suite.*

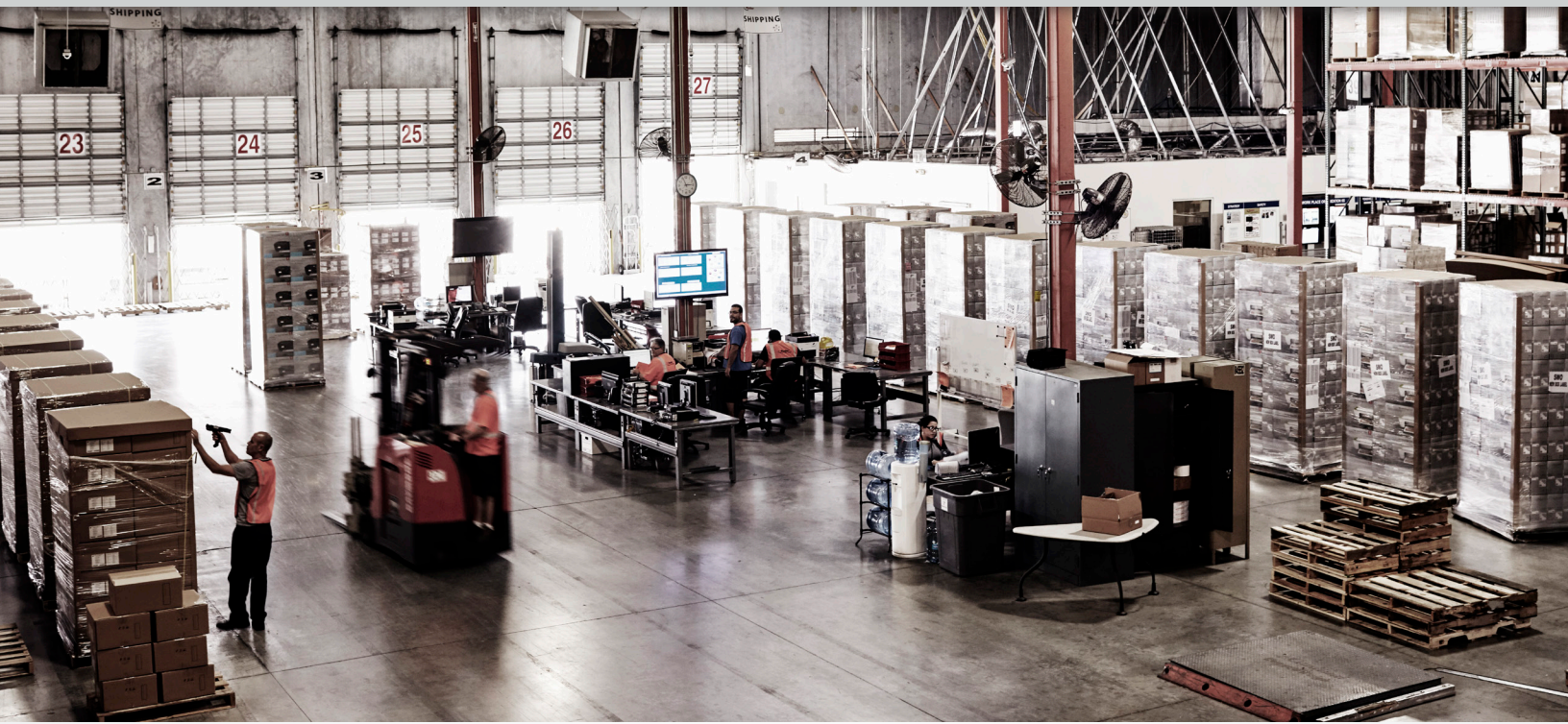
*Demand for top talent increases as supply chain volumes and complexity rise, but the supply of that talent is decreasing. The shortages are in every area of the supply chain, from material handlers to senior executives. And as more Baby Boomers reach retirement age the shortages are likely to increase. Coupled with high turnover in warehouses, managers are trying to find the key to keep the talent they have and recruit a skilled, engaged workforce.*

*According to a recent study by the Global Supply Chain Institute at the University of Tennessee, executives recognize the warning signs as 91 percent of CEOs identify a need to change their strategy for attracting and recruiting talent, although 61 percent claim they have not taken the first step to do so. The truth is the ability to ensure supply chain talent will determine the future success of an organization.*

*This report highlights key challenges companies are facing with talent management, as well as best practices for recruiting, training, and retaining a strong warehouse workforce.*







# WAREHOUSE TALENT: HIRING & RETENTION

## What makes Supply Chain Talent Unique

Supply chain management continues to evolve. The scope and charge vary highly across organizations as supply chain teams are asked to assume responsibility for larger areas of the business. This has led to significant shortages of talent and the need for existing talent to have a dramatically different outlook about their roles and expectations.

The workforce must not only have the skills to master its own area of responsibility, but also be part of a multi-functional processes which span the business (i.e. S&OP/IBP, program management, supplier evaluation, demand/forecasting alignment, significant capital investment decisions). Effective resources must also be able to manage external resources and organizations that comprise modern supply chains (i.e. material suppliers, 3PLs, transportation companies, government/customs organizations, customer interfaces). This includes understanding the end-to-end, integrated supply chain.





## Current Warehouse Talent Challenges

The key to developing a best-in-class talent management plan is to understand the challenges the industry is facing. It is estimated that the industry needs to fill about 1.5 million jobs through next year. However, demand for supply chain talent outpaces supply six to one. While universities offer undergraduate and master's programs to fill the void, keeping up with the demands of the industry are tough.

Supply chain companies must also do their part in attracting the stronger, skilled workforce to the industry. Gartner, a leading research company, has identified a strategy to attract and retain millennials to the supply chain. This strategy includes using great internship experiences, creating a culture to mentor millennials, implementing career development plans, and giving access to cross-functional programs.

Gartner suggests the earlier the millennial pipeline starts, the more successful recruitment will be. By creating a collaborative work environment where people are motivated to work and feel supported, millennials will be able to adapt to desired values and behaviors. Furthermore, companies that highlight career paths and development opportunities across different areas of the organization, give the new workforce a broader functional understanding of the business and will help retain them.

Employee retention has exacerbated the talent issue for some companies more than others because of high employee turnover. As some organizations have a low or flat turnover rate, others are experiencing high turnover. During exit interviews with these employees, companies have discovered the departure is not always tied to pay. According to one executive conducting exit interviews, "long and inconsistent hours frustrate workers." A second collective issue is "many employees don't want the pressure of incentives vs. a fixed wage." The third top theme centers on training and management. Often workers have said their expectations for the job don't always match the job description, training is not streamlined, and supervisors need to be better equipped to handle daily disruptions.



While not universal across all businesses, night shifts have the highest turnover. For some companies, it represents as much as 80% of their total turnover. Best practices to lower the night shift turnover rate should begin during recruitment. Managers should look for prospects who have previous night shift experience and stayed in those positions for over one year. After hiring night workers, managers need to give them support as they typically have little interaction with other managers and supervisors. Managers should make time to interact with their night crew to evaluate performance and show they have their best interests in mind. Another good way to acknowledge and retain night shift employees is through various incentives. Management can provide a "shift premium" to night workers. This is an incremental increase in wage or salary to compensate for the inconvenience of working at night.



A photograph of a warehouse worker operating a red forklift. The worker is wearing an orange shirt and a white safety vest. The forklift is carrying a pallet of cardboard boxes. The background shows high industrial shelving units filled with more boxes. The scene is brightly lit, typical of a warehouse environment.

## Developing a Talent Strategy

In order to overcome the talent challenges, companies need to develop a best-in-class recruiting, training, and retaining strategy. Supply chain leaders have the skills and experience necessary to take ownership of talent by successfully developing strategies and making wise investments, as these same skills are inherent in managing supply chain management.

The key to the strategy is to think about talent as you think about supply chain management:

- **Have a clear vision/strategy/plan**
- **Emphasize results and tie activities to supply chain KPI's**
- **Ensure the continuity of talent including clear risk mitigation strategies for ensuring talent availability**
- **Make intelligent decisions on whether to recruit external talent or develop existing resources**
- **Continuously evolve and improve with the changing market forces**
- **Make talent a priority before a crisis forces you to do so**



*Many organizations are developing a creative list of ideas to attract and retain workers in addition to the approach of simply offering more money. Below is a list of best practices to keep in mind for your strategy.*



## RECRUITING

- Clear and detailed job descriptions help manage expectations and help workers understand where they fit into the big picture
- Ensure employees understand the big picture of the job and the impact of their work
- Consider target selection to tailor work experience to fit an individual's interest areas
- Offer creative benefits including tuition reimbursement and more vacation time
- Provide a 401(k) savings program

## TRAIN

- Have high quality training and on-boarding processes
- Streamline training making it quick, simple, and understandable allowing the new employee not to fall behind goals
- Keep training classes small to allow both the trainer and new employee the ability to engage with each other
- Support supervisors with training and coaching to keep them current

## RETAIN

- Treat employees with respect – as one executive said, talent joins companies but leaves supervisors, and often they leave in the first 120 days
- Retrain supervisors and managers regarding how to treat employees
- Create clear, predictable work schedules. Employees highly value stability and predictability
- Create flexible work arrangements where possible
- Develop a career path with progressive pay raises available based on longevity, and offer opportunities to those who are inclined to move up to management
- Keep injured employees on the job, but in another role
- Review work processes and eliminate difficult, complex, or unnecessary processes – employ LEAN principles





## Summary

Supply chain talent management is extremely challenging work. The skills required to be successful in a supply chain organization are diverse, complex, and broad. This combined with the current market situation where the demand for most of these skills exceeds the supply creates a huge business challenge.

However, by continuously improving your talent management strategy, you can maintain a strong pool of qualified recruits, streamline training, and lower turnover rates. The best practices throughout this report have been tested and proven over the years in complex, diverse, and global supply chains. Use this opportunity to renew your supply chain talent strategy and systems to create the talent and culture that you need in the intensely competitive global environment. Applying these learnings will help enable you to make supply chain talent a competitive advantage for your business.







## About Ryder

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