



## Leading Retailer Slashes Spending by Implementing a Labor Management Program at New Fulfillment Center

### 1 Introduction

As a retailer dedicated to curating inspiration for the home, our client serves as an international destination for contemporary and modern furniture, housewares, and decor. With over 100 stores and franchise partners in 9 countries, the company is renowned for delivering exceptional service and top-notch products both in store and online. To maintain their high standards, this retailer is on a journey to improve labor management across their distribution operations.

### 2 The Challenge

With the launch of a new 646,380 square foot fulfillment facility in Romeoville, IL that employed 500 associates, this retailer faced the challenge of optimizing labor management. With nearly half of their sales occurring online, efficient fulfillment and attention to detail were paramount. The company sought to implement a labor management program to ensure productivity, accuracy, and consistency across all aspects of the distribution center.

## 3 The Solution

The retailer and Alpine Supply Chain Solutions partnered to develop and implement Engineered Labor Standards (ELS) for 21 unique job functions in the facility. Nine of these functions interface with Blue Yonder's Labor Management System (LMS) and 12 interface with Pyramid's Warehouse Control System (WCS). The tasks cover all aspects of the retailer's highly automated operations including receiving, put-away, picking, packing, performing value-added services, shipping, returns processing and more.

The project consisted of multiple phases:

### Phase 0: Project Kick-Off

Alpine met with all levels within the organization to ensure confidence in the new program was instilled right out of the gate and questions could be asked and answered in an open forum.

### Phase 1: Interface & Configuration

Alpine worked with on-site IT resources to create all interfaces between the WMS and LMS. As part of this process, all 21 job functions were configured, allowing dynamic engineered labor standards to be utilized.

### Phase 2: Observations

Alpine conducted thorough observations and measurements of all job functions, paying close attention to the way tasks were completed, how transitions occurred between shifts, and the execution of lunches and breaks to identify potential inefficiencies. Leakage points were identified and areas for improvement were pinpointed and crafted around these best practices to ensure efficiency.

### Phase 3: Best Practices Development

Collaborating with management and floor associates, Alpine developed best practices for each function, focusing on optimizing processes and workflows. Standards were crafted around these best practices to ensure efficiency.

### Phase 4: Validation and Sign-Off

The developed standards were validated with the operations team to ensure all activities were represented and all expectations were accurate. Sign-off was obtained to proceed with implementation.

### Phase 5: Training

Associates were trained on new processes and leadership was trained on observations, coaching, and system use. The goal was to ensure that individuals and the overall operation benefited from the standards.

### Phase 6: Rollout of Accountability and Recognition Programs

With the standards in place, accountability and recognition programs were rolled out.

## 4 The Results

The labor management program exceeded expectations, creating a culture of accountability, continuous improvement, and enhanced employee engagement. The initiative uncovered \$2.5-3 million in annual direct variable labor savings and identified \$750,000 in annual indirect savings opportunities. Additionally, safety, consistency, accuracy, and productivity were significantly improved.

Encouraged by the success of the program, the retailer plans to rollout labor management programs to five additional distribution centers, ensuring operational excellence across their network.