

# Case Study: Workforce Management Labor Cost Reduction

**Founded in 1982, PEOPLE LOGISTICS' client is the Northeast's largest third-party fruit and produce transportation, logistics and cold storage provider. Boasting an 800-person workforce and \$72 million in annual revenue, the company serves hundreds of customers from its 317,000-square foot New Jersey facility.**

## ➔ Business Challenges

A family-owned and operated business experiencing exponential growth, People Logistics' cold storage client was presented with a new set of employment management hurdles that not only hindered and threatened daily operations, but took the wind out of growth-related efforts and victories.

The company had traditionally relied on local staffing agencies to supply and manage their workforce, but a series of obstacles (wage violations, labor cost inflation, worker safety challenges, and a limited HR infrastructure) prompted re-evaluation of that approach. People Logistics' cold storage client ultimately identified an urgent need for a new Human Resource Management Strategy to reduce labor costs and provide a more efficient, compliant and reliable approach to managing workforce needs.

The company's specific challenges were as follows:

- Labor costs consumed 65% of revenue
- Lack of alignment with staffing agencies
- Ineffective recruitment and onboarding processes
- Lack of an HR infrastructure
- Rising spending on claims management
- Outdated and inefficient payroll and timekeeping system and processes

## ➔ Solutions

People Logistics first performed a Business Review to clarify these challenges and define desired business outcomes. The following solutions were proposed and implemented:

- New HR programs, policies, processes and procedures ensuring legal compliance
- Recruitment Process Outsourcing (RPO) program that established and maintains a readily available temporary associate pool of 20% of active headcount at all times
- Company-wide employee engagement strategy
- Labor Planning and Scheduling Tool providing a strategic plan for workforce organization at every level of the facility
- Job description development for all PCL positions and sourced candidates, building candidate bench strength

- Start-up process improvements to reduce set up time, improve employee scheduling, and increase overall production
- Communications strategy creation and implementation that includes daily production huddle meetings, weekly Steering Committee meetings, weekly Safety Committee meetings and Operations and HR weekly meetings

## Labor costs consume far less company revenue- People Logistics reduced their client's labor spend by 22%

## ➔ Benefits

As a result People Logistics' engagement, their cold storage client has seen a dramatic shift in their workforce management process – and savings.

Labor costs have been dramatically reduced, compliance issues mitigated, and a more experienced workforce has been engaged, developed, and ultimately retained – with a safety net of qualified, available employees on standby at all times.

Since partnering with People Logistics, Cold Storage Client has experienced the following benefits:

- Labor spend reduced by 22%
- Overtime hours worked (as a % of total hours) reduced from 13% in June, 2014 to a weekly average of 9% by December, 2014
- Production increased on average by 15%
- More effective and efficient recruitment and onboarding processes
- Increased compliance management
- Recruitment and retention of a more skilled and experienced workforce
- Employee turnover reduced by 25%, resulting in \$100,000+ in annualized costs savings
- Enhanced focus on initiatives that promote a more engaged workforce
- Implementation of more effective labor planning that ensures appropriate allocation of labor to meet daily production targets
- Development of Labor Planning and Shift Start Up Scheduling, resulting in better allocation of resources, controlled labor cost and a 15% increase in productivity and product output
- HR Best-Practices and aligned HR activities resulting in improved services to all employees and increased profitability by 25%
- Compliance and transparency with labor laws yielding cost avoidance of up to \$500,000 in litigation costs and fines
- Workforce is now 100% full time employees with a zero percent Temp Workforce

**People Logistics did it for them and can do it for you.**  
 This is just one example of how People Logistics helped one company reduce production costs and improve operating efficiencies.  
 To find out more, call 856.672.3185.