
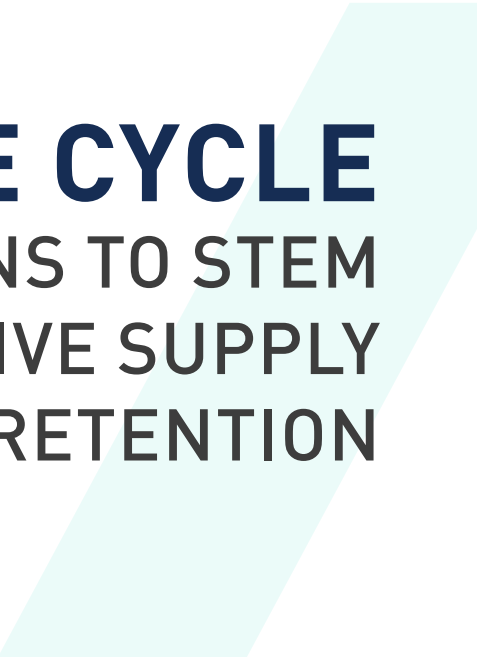



WORKSTEP



BREAKING THE CYCLE

PROACTIVE SOLUTIONS TO STEM
TURNOVER AND DRIVE SUPPLY
CHAIN WORKFORCE RETENTION



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INTRODUCTION

Perpetually Pushing the Rock Uphill

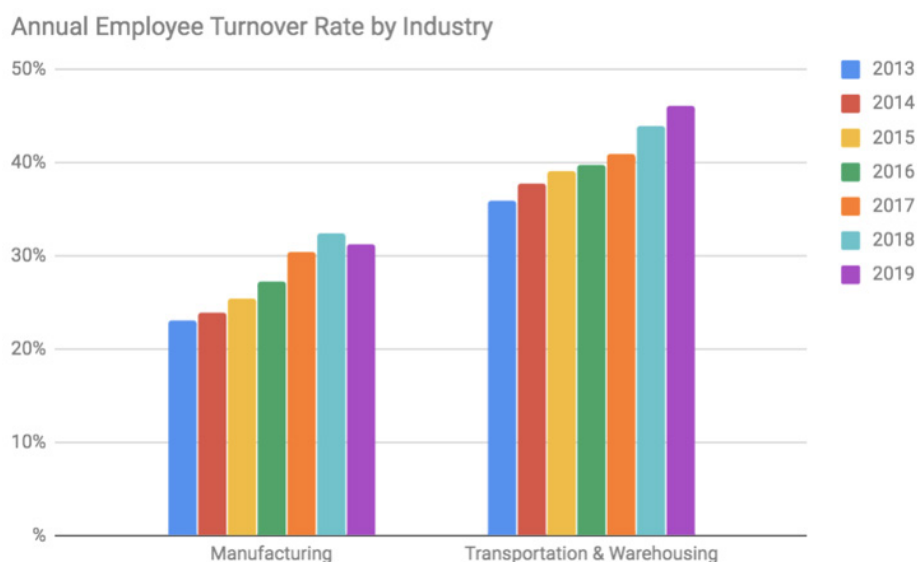
If you're a human resources professional in an industrial or supply chain business, it's likely you empathize with the myth of Sisyphus. Read how the ancient Greek, Homer, describes his fate:

Then I witnessed the torture of Sisyphus, as he wrestled with a huge rock with both hands. Bracing himself and thrusting with hands and feet he pushed the boulder uphill to the top. But every time, as he was about to send it toppling over the crest, its sheer weight turned it back, and once again towards the plain the pitiless rock rolled down. So once more he had to wrestle with the thing and push it up, while the sweat poured from his limbs and the dust rose high above his head.

Odyssey, Book 11:593

Feel familiar? You're not alone. Hiring and retaining a distributed hourly workforce is a herculean undertaking that can make every day feel a bit like Groundhog Day – and turnover is the force continually rolling the boulder back down the hill.

Supply chain workforce turnover is a constant challenge for HR managers. In fact, employee turnover in manufacturing, transportation and logistics has steadily risen over the past decade to levels above 40%.



Source: U.S. Bureau of Labor Statistics

What's more, retention issues start early in an employee's tenure, forcing employers to refill roles for searches they just closed. A [2018 survey](#) of 62,000 truck drivers from 100 trucking companies showed that 57% of newly hired drivers leave their carriers within the first six months, and more than a third quit within the first three months.

Considering that most hourly workers require anywhere from 30 to 90 days to reach full productivity, the cost of a turnover event is profound. In fact, research from the Workforce Institute says those costs can average one third of an employee's annual compensation.

How can supply chain HR break the cycle?

Traditional solutions to retention are reactive. Human resources identifies an uptick in turnover and attempts to forensically uncover the root causes after the fact. Trouble is, by the time they discover the issue and find a fix, the initial problems may have grown significantly or changed entirely. And, meanwhile, they've likely lost even more people.

Rock rolls downhill. Restart pushing.

That said, many organizations are beginning to utilize simple, yet powerful and scalable technologies to proactively combat turnover. In this eBook, we will explore:

- The factors exacerbating the impact of turnover
- The emergence of these proactive solutions
- Why they're more essential than ever
- Examples of companies turning the tide on workforce turnover with proactive retention

At the end, we'll also provide you with a useful checklist for assessing and deploying a proactive employee retention solution.

Let's dive in →



A PERFECT STORM FOR TURNOVER

Workforce turnover has historically haunted the industrial, logistics and transportation industries. But today, HR managers face an unprecedented convergence of factors that compound and amplify turnover's impacts, making it more difficult and more costly than ever when employees leave.

1. Demand for workers is increasing

The increasing shift to e-commerce, the rise of direct to consumer (DTC) supply chains and the "Retail Apocalypse" are driving continued employment growth in the transportation and warehousing sectors. According to [CBRE research](#), T&W employment in 37 top US industrial markets grew by 17% between 2013 and 2017, beating the national average of 12.8%. The [US Bureau of Labor Statistics](#) [further projects](#) employment to grow by 21% between 2016 and 2026.

And, although the coronavirus pandemic slowed growth in many industries, it hasn't tempered it in distribution. For example, when Amazon announced that it was hiring over 100,000 new workers to run its fulfillment and delivery network in March 2020, the [company reportedly filled the positions](#) by May.



2. Skills gaps are widening

As the war for talent rages, so too does the quest to reskill and upskill frontline workforces. As noted above, there are new employees moving from the retail sector to DTC fulfillment roles. At the same time, tenured Boomers are retiring or nearing retirement. For example, [according to American Trucking Association \(ATA\) data](#), the average age of a private fleet truck driver is now 52.

3. The labor market is tightening

With new employment alternatives such as sharing economy services, there are more options than ever for hourly workers. That means that industrial and logistics organizations are now competing with not only other supply chain competitors, but also the likes of Uber, Lyft and Instacart.

The power of these new players can't be underestimated, as they offer tremendous flexibility, comparable pay and less physically demanding work. What's more, while the effects of COVID-19 on working conditions continue to evolve, questions about workplace safety could exacerbate the challenge of attracting and retaining talent.



THE PROACTIVE IMPERATIVE

As if the industry's workforce trends weren't enough to contend with, the legacy approaches to managing retention and mitigating turnover have been typically ineffective. These tactics are reactive by definition: workers leave and then HR managers try to ask why after it's already happened, rarely detecting red flags in time to intervene. As a result, HR teams struggle to learn the real predictors of and reasons behind turnover.

Common retention management scenarios (and their pitfalls)

"The Silent Spreadsheet"

Once a quarter, HR generates a CSV file that reports the prior quarter's turnover rate. Poor performing areas are identified and leadership asks why, but it's cold hard data with little context. And so, the exhaustive detective work begins. At the same time, these spreadsheets rarely enable granular segmentation and analysis. Did old hires or new hires stay? Did warehouse workers turn over at one rate and production facility employees at another? Did these trends vary by shift or by role? Without specificity in the metrics, it becomes difficult to distinguish between "squeaky wheels" and broader sentiment.

"The One-Off Check In"

On a new hire's fourteenth day, an HR rep brings them into their office and asks how they're settling in. This is good; the very act of asking is meaningful and positive for retention. But without ongoing follow-up and connecting this one person's experience with the wider workforce, it's impossible to gain meaningful insights at scale. At the same time, employees may be hesitant to openly share, if they feel that true candor may impact their employment.

"The Too-Late Company Survey"

The company conducts an employee survey, maybe once a year. This approach may yield some insights, but it is ultimately problematic. Annual surveys are too time-specific and miss some employees completely. If an organization is turning over nearly half its workforce each year, it's already lost the feedback of the employees who were most at risk of attrition (they've already left!). And it will likely be too late to effectively stem attrition from recent hires who are already strongly considering a move.

I “The Great Disconnect”

For companies with large, distributed workforces, it's hard to engage one-to-one with their employees on a regular basis. HR may not be located on premise with their frontline workers, or there are too many locations to have HR available everywhere. Workers might work on overnight shifts, when HR is typically off the clock. Still other employees may spend most time on the road. And often a deskless workforce does not have corporate email addresses. As a result, frontline workers are given relatively few opportunities to provide feedback, if any at all.

Feedback in a vacuum

Now, let's assume for a moment, that an organization succeeds in creating strong and frequent feedback loops with its frontline workers:

- I How does it define what feedback may be considered “positive” or “negative?”
- I How does it then turn that feedback into actionable insights?
- I And, how does it determine whether one intervention tactic merits prioritization or investment over another?

Without the ability to tie employee feedback to benchmarks and business outcomes, HR managers operate in a vacuum, where it remains very difficult to be effectively proactive. A more successful solution leverages both internal and external benchmarks.

Internal benchmarking enables a range of comparisons: shift to shift, department to department, region to region, even building to building. This kind of segmentation and analysis allows an organization to spot trends and assess if they are localized or ubiquitous. And it enables focused investment in the areas that require attention, without wasting time or resources on those that don't.

Similarly, industry benchmark assessments can help determine where a company is under- or over-performing its peers – again, giving leadership the ability to determine required investment levels. For example, a company may have an 82% retention rate in a role and discover that the industry average is 75%. This might mean it's generally a low-performing role type. That said, if the industry rate is 90% or greater, the company might be doing something wrong and should consider taking action.

Keys to proactive employee retention

When you consider the scale at which industrial and logistics employers hire, the impact of gathering proactive feedback can be dramatic. Suppose that a company makes 1,000 new hires each month, and it then loses 40% of those employees within the first 90 days. If that company could proactively intervene and reduce early turnover to even 30%, it could save more than ten million dollars a year.

Also, if a company can understand how that feedback ties to business outcomes, it can be empowered to help sidestep the negative impacts of a downward retention trend. Just as a CEO or CFO wants to

know if a company is on track to make or miss quarterly numbers early enough to pull levers and mitigate impact, HR can benefit from advanced warning to help reduce the effects of impending turnover.

With the clear and present need for proactive retention strategies, keys to success include:

- Introducing frequent, milestone-based check-ins and automating the process with technology that can reach your distributed frontline workforce
- Benchmarking feedback over time, both internally and externally, to determine where to focus investments and interventions
- Tying feedback to results so that you can use today's feedback to predict tomorrow's retention



PROACTIVE SOLUTIONS FOR RETENTION MANAGEMENT

Proactively managing retention at the scale of an industrial workforce requires a technology solution that can help to automate the process. This raises several questions for HR managers:

- Should you buy an off-the-shelf solution or do you have in-house resources to develop your own?
- Can broad deskworker employee engagement platforms suit the needs of your specialized workforce?
- How will the experience be for your employees – and how easy (or difficult) will the solution be for you to launch and scale as your needs change?

There have historically been vendors that offer employee engagement solutions for white collar employers. These tools typically help measure employee engagement, enable deskworkers and managers to build relationships, and help ensure people feel empowered in their organizations to achieve goals or hit their objectives and key results (OKRs).

That said, these solutions are often not well suited for the very different needs of supply chain workforces – from how they engage employees to their ability to benchmark results with other supply chain companies.

As you evaluate your options, there are a number of considerations to keep top of mind to ensure your needs are met, now and tomorrow.

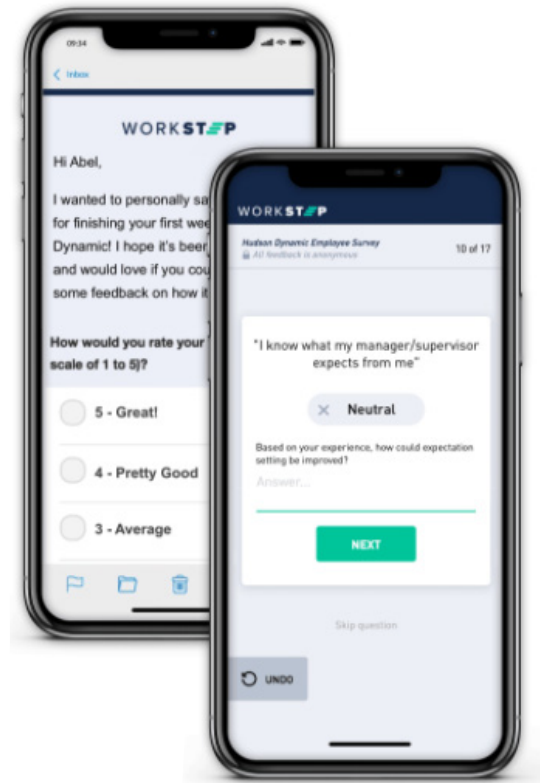
What You Need	Why You Need It
Automated, milestone-based assessments	This is the key to any proactive employee retention strategy. You need to be able to connect with your frontline workers at key times in their employment to gather actionable insights – and this must be automated in order to manage this process easily, at scale.
Simple integration with your Human Resource Information System (HRIS)	Your automated check-ins can not happen without a system that taps your HRIS to know when your employees started, and then maps milestones accordingly.
The ability to engage frontline workers at scale, likely via mobile	You can't check in with your workforce if you can't reach them. Every employee may not have an email or work on site, but everyone's got a mobile device. Mobile SMS text messages are the simplest way to reach and engage your people.

What You Need	Why You Need It
An easy-to-use interface	The solution should be easy for you – and it must be easy for your employees in order to be effective. If the user experience is poor, your workers are less likely to use the solution.
One-off employee surveys	In addition to milestone check-ins, there may be times when you want to take the pulse of employees about a particular issue. Be sure you've got the flexibility to survey your people whenever you need.
The power to tie feedback to retention outcomes	More than capturing data, you need to understand what the data reflects. Get to the root causes of why you're successfully retaining employees, or not. And use that data over time to track trends, get ahead of issues and demonstrate impact.
Analytics, benchmarks and suggested actions	Context is everything. You need to be able to internally benchmark performance, as well as benchmark your results against industry norms. That way, you can understand where to prioritize time, energy and resources to manage retention.
Dedicated account management and data science teams	You're an HR specialist, likely not a statistician. You need a solution that is backed by experts who can ensure its performance and your satisfaction – as well as professionals who can work with you to extract the most value from your data.
A solution that works for industrial companies	You know that your workforce composition and the ways that you engage employees is very different than white collar organizations. You need a solution that can fundamentally work the way that your teams do.

HOW PROACTIVITY HAS A REAL-WORLD IMPACT ON RETENTION

Recognizing the imperative for a new and better way of addressing systemic workforce retention challenges, HR technology provider WorkStep has introduced Retain™ – the first and only employee retention platform purpose-built for industrial companies. Retain captures real-time sentiment from frontline workers via mobile text messaging – and then ties that feedback to outcomes that empower HR teams to take action early, address employee concerns, and reduce turnover.

The impact of Retain for customers has been immediate and profound. According to [an analysis of customer data](#), WorkStep found that its Employee Lifecycle Management (ELM) platform **reduced year-over-year employee turnover by an average of nearly 30% in Q4 2019**.



Retain enables frontline workers to provide anonymous feedback to their employer, which helps companies quickly identify and address issues which are directly impacting workforce turnover. Employees appreciate the opportunity to feel heard. And, because feedback is collected via mobile surveys, the entire process takes less than 2 minutes to complete.

Retain's industry-specific configuration allows for a fast, easy, and highly effective deployment, as well as role-based and industry benchmarking. This means that organizations can compare their results within their workforce, as well as with peer companies. They can then understand which metrics truly matter and can make intelligent decisions about where to invest time and resources to affect change.

Two organizations currently benefiting from WorkStep's platform include paper and packaging leader WestRock and a global Fortune 100 food and beverage company. What follows are their stories, including how they have rapidly increased their hourly workforce retention with Retain's real-time feedback, benchmark insights, and suggested actions.

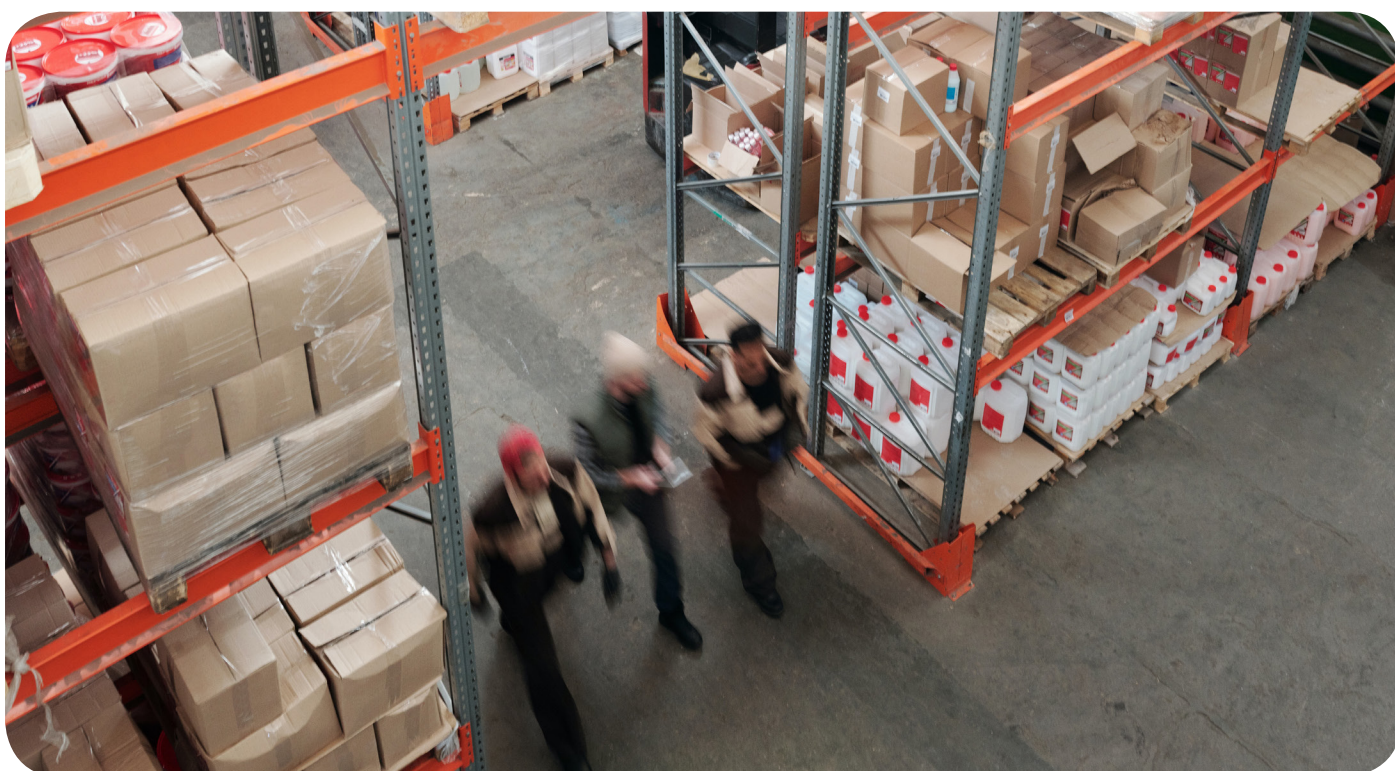
WestRock unpacks employee feedback and achieves 82% retention

With 50,000+ team members distributed across 320 locations in the United States, Europe and the Asia-Pacific region, WestRock manufactures and sells paper and packaging solutions for the consumer and corrugated markets. The company is currently the second-largest packaging company in the US, with sales of \$16.3 billion.

Historically, WestRock's HR team relied on temp staffing for a majority of their production positions, including machine operators and general labor. Not only was this expensive, but it also made it harder to keep a finger on the pulse of workforce sentiment, which led to high turnover and a staffing deficit that seemed impossible to close.

Within a month of engaging with WorkStep and using the Retain platform, WestRock's HR team unlocked several critical insights – seemingly small, unnoticed details that were adding up to big employee dissatisfaction. First, as a result of collective feedback over parking challenges, WestRock's facilities team expanded the employee parking lot. Additionally, there were actions generated regarding bathroom improvements and break time scheduling. These had an immediate improvement in worker sentiment and reduced turnover risk.

As a result, WestRock was able to increase worker retention among new hires to 82% in several locations. Now that the partnership between the two companies has demonstrated scalable success, there is a joint effort with WestRock's talent acquisition and human resources groups to deploy WorkStep nationwide to challenged facilities.



A Fortune 100 food and beverage company doubles employee satisfaction

A world leader in the production and distribution of high-quality food and beverage products partnered with WorkStep to improve retention of its frontline workers. The company employs 200,000 people worldwide and delivers products in over 200 countries. Its production facilities across the United States require skilled machine operators, warehouse workers, drivers and merchandisers, among other crucial non-exempt roles.

What brought the company to WorkStep initially were gaps between their frontline employee retention rates across regions, subregions, roles, and facilities. They sought to implement a structured feedback system that could correlate to this retention data and help them uncover: 1) what drove the differences in retention and 2) how to lift retention in those areas that were perpetually struggling.

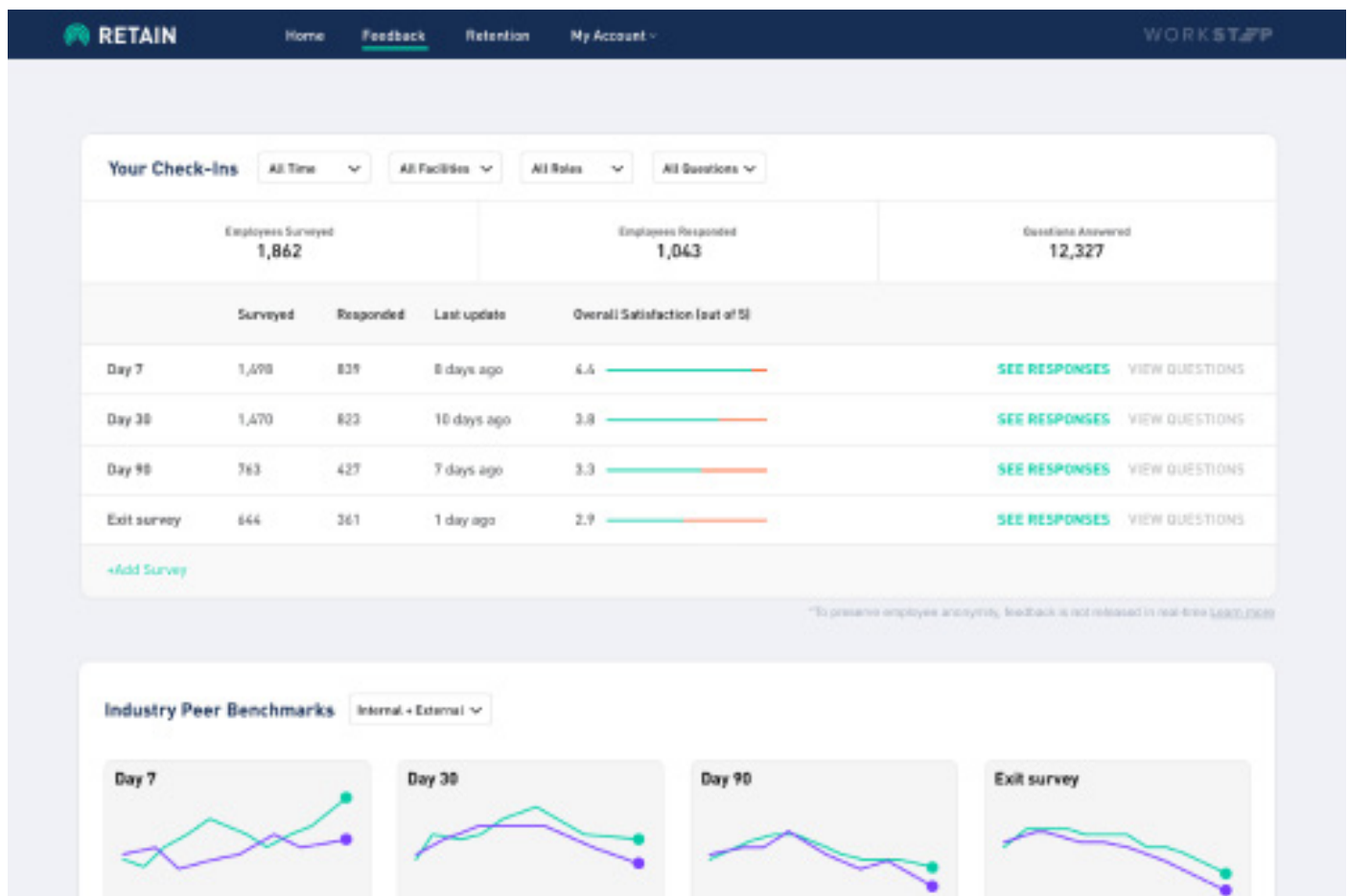
To begin, WorkStep and the company needed to align on how to sync data between the company's HRIS system and WorkStep – as well as clearly define stakeholders and data access permissions. Because WorkStep's Retain platform is built for scale, this step of the process took only a couple of days before the first group of new hires was ready to be automatically synced with no-intervention-required weekly updates after that. In fact, it only took 18 days from pilot launch to first actionable insights shared.

During the initial pilot, early feedback uncovered insights and actions at both the region and role level. Over time, the company was able to analyze trends at even more granular levels of their employee population. For example, they could drill down to specific role types within specific subregions. What they found was that their regions with the highest retention levels were those outperforming on team-centric feedback and expectation alignment. These insights created clear focus for how to bring the lower performing regions into alignment.

CONCLUSION

It's Time to Step Up with Proactive Retention

The demand for hourly workers within the supply chain is increasing. The competition for skilled workers is rising. The traditional reactive solutions for employee retention are still failing. Businesses and their human resources organizations can't afford to continue with the same costly measures that always leave their company's on the back foot, operating in the same vicious cycle of hiring, guessing and learning too late to affect meaningful improvements.



Addressing today's employee retention challenges requires an entirely new approach that:

- Touches base regularly with new hires at key milestones, such as 30, 60, and 90 days into their tenure
- Reaches distributed, frontline workers where they are
- Gives HR teams data-driven, benchmarked insights that are meaningful and actionable enough to enact change that moves the needle on retention

WorkStep's unique Retain employee retention solution, together with its broader Employee Lifecycle Management platform, give supply chain HR leaders more proactive communication, engagement and visibility with their frontline workers than ever before – allowing them to far better meet the needs of their workforce and stem the high costs of attrition.



To learn more about WorkStep's Retain solution and get a complimentary industry retention benchmark report, email: sales@workstep.com

ABOUT WORKSTEP

WorkStep is the world's first and only Employee Lifecycle Management (ELM) platform purpose-built for the modern supply chain. With its cloud-based Hire™ and Retain™ solutions, WorkStep provides HR, recruiting and operations leaders full transparency across the employee lifecycle, helping supply chain teams source, screen, onboard, train, and retain critical talent.

With offices in Portland, OR and San Francisco, CA, WorkStep works with hundreds of industrial, logistics, transportation and warehousing employers across North America to help them hire and retain their non-exempt workforce, from regional 3PLs and distribution centers to Fortune 500 retail and food and beverage leaders.

Learn more at [WorkStep.com](https://www.workstep.com)



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