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GETTING TO GRIPS WITH THE HUMAN ASPECTS OF AUTOMATED eFULFILMENT

With insights from **John Lewis** and **Connect Books**



A **whitepaper** by Bis Henderson Recruitment

WHITEPAPER

Getting to grips with the human aspects of automated eFulfilment

The nature of order fulfilment in ecommerce is changing radically, and with it, the demands placed upon the human resources needed to manage and support it.

With leading online brands looking to further upscale their operations for picking single items, conventional methods are starting to show the strain. In the wake of the Brexit vote, fewer eastern European workers appear to be available for work in distribution centres and yet, the UK consumer's penchant for buying goods over the internet remains undiminished.

According to the latest figures produced by the IMRG Capgemini Sales Index, UK online retail sales grew 11.1% in July 2017 – giving a month-on-month performance of + 0.9% – and sales made via mobile devices grew 23.7% year-on-year.

With this continuing growth in ecommerce, how are online businesses going to continue to expand and offer consumers the service they have come to expect, when labour is becoming harder to find?

One of the UK's largest supply chain and logistics recruitment consultancies, Bis Henderson Recruitment, has experienced a leap of 40% in job placements relating to e-fulfilment over the past twelve months, now making it accountable for 30% of the business' annual recruitment activity.

“A great many ecommerce fulfilment sites are still very manual and labour intensive,” says Andy Kaye, CEO of Bis Henderson Group. “But, a marked falling away in the number of eastern European workers since the Brexit vote is making it very difficult to match demand for human resources with the growth in ecommerce.

“The result is, to improve service levels online businesses are now beginning to automate their fulfilment operations – bringing goods to the person – which may reduce the call for armies of order pickers, but changes the nature of the work for individuals and influences the skills needed by managers to run this type of operation,” says Kaye.

According to Andy Kaye, using automation to support order picking creates a production environment wherein the warehouse worker is no longer actively moving about the facility to perform duties, but is expected to stand in one spot and pick from totes delivered to a pick station. This change in the way

the job is performed brings the modern warehouse worker's role more closely in line with that of a factory worker.

John Munnely, Head of Operations at John Lewis' highly automated national distribution centre in Magna Park, Milton Keynes, believes that the transition from a manual warehouse to an automated operation creates better jobs. "We have a strategy 'Better jobs and better performing partners on better pay' and we are bringing that to life in our automated world," he says. "Automation demands a different mind-set from people on the shop floor. We have quite successfully moved a number of people from the shop floor to quite important technical roles, helping capable people to find niche positions. In a manual environment you tend not to need that level of expertise, but in an automated operation there is a real requirement for people with more analytical skills and a bias to understanding systems – how material flows through a system."

Clearly, automation brings significant operational advantages. Munnely describes the positive outcome of John Lewis' investment into automated systems: "We employ around 700 people here. If we had continued with our manual operations, against today's current demand, we would have needed ten times that number of full time equivalents. So automation has certainly had a huge beneficial impact on the number of people."

He adds, "We still have a requirement for the traditional shop floor partner that is prepared to come in and give us a good day's work for a good day's pay, but increasingly, there is a growing demand for more technical jobs – such as stock management, maintenance, control room operators, and team leaders."

Leigh Anderson, Managing Director of Bis Henderson Recruitment believes that recruiting people that have worked in manufacturing is a better fit for the new roles needed in highly automated 'fulfilment factories' and explains that Bis Henderson is now more actively involved in seeking new recruits from outside the warehousing sector.

However, motivating staff that are working in isolation, in static positions, requires management with highly developed personal skills that are more in-tune with the needs of the individual. These are skills more commonly acquired by managers experienced in running factories.

As Mark Botham, COO at Bis Henderson Recruitment points out, "There is a different management skill required for managing people in an automated warehouse as opposed to a manual warehouse. In a conventional setting there is more interaction between people as they travel through the warehouse. In an automated environment individuals work in a fixed area, which could be a 15ft pick-face. So motivating people that are working in isolation is very difficult and requires a different management style."

Tackling this issue at Connect Books, a leading book distributor with a number of channels to market, is Supply Chain Director, Ian Sheppard. He says, “While we have recognised that people are performing well in certain roles, we have implemented a rotation system so that people are not performing the same function for more than an hour at a time. By introducing a variety of tasks over a shift we are working to reduce isolation and improve interaction amongst colleagues – and based on feedback from our operators, it’s been received very positively. Importantly, they say that they are comfortable within the roles they are performing.”

Neil Adcock of Bis Henderson Consulting, believes that in many cases, moving individuals between tasks has been made easier through the adoption of automation technology, such as pick-to-light systems that de-skill tasks, making training less of an issue in moving people from task to task.

But what of the skills needed by team leaders in an automated e-fulfilment facility?

John Munnelly believes that the first line manager role in an automated environment is very different to that of a manual operation. “There is definitely much more of a technical requirement for first line managers in understanding their piece in the jigsaw puzzle and how it’s intrinsically linked to the next piece. So whatever goes on in an area will have a knock-on-effect upstream or downstream.” He adds, “We no longer act in silos, it’s one big machine.”

When it comes to listing the key attributes and skills required of a senior manager controlling an automated facility, Munnelly places commercial acumen, analytical skills and a keen focus on the customer as core qualities. He says, “We need someone who understands what the customer wants and who understands the capability of the equipment, how it can adapt to constant changes in customer propositions – whether that’s speed of delivery, order consolidation, or premium services such as gift wrapping.”

John Munnelly understands that an automated environment may introduce somewhat boring tasks but he maintains that the role of team leadership is to make sure that opportunities for colleagues to multi-skill are available, and that there is a process in place that allows individuals the chance to rise through the ranks.

But it is in the control room where considerable skill is necessary. Adcock outlines how those managing the flow of goods and processes in an automated facility have to pay close attention to the orders flowing into the order-well, how people are deployed and how efficiently the various processes are performing. A keen eye needs to be kept on potential blockages and the smooth flowing of the system critically depends upon their ability to monitor events closely and make adjustments where necessary to ensure optimum output.

Adcock point out, “You have this central function which requires a completely different set of skills to ensure that the warehouse runs in the most effective way – you need highly skilled individuals.”

Importantly, automated systems need maintenance, so maintenance engineers are in demand. Not just mechanical and electrical engineers, but systems engineers for managing the numerous processors and computers deployed to control all the moving parts.

Botham sees a growing demand for automation engineers to run these highly-automated ecommerce facilities. Teams of 20 to 30 engineers can be employed with salaries between £40 - £60,000 in large installations. “Systems integrators have been providing these engineers at a significant premium, but now ecommerce companies are getting wise to this and are hiring their own engineers which they send to the integrators for training,” he explains.

Kaye highlights a growing skills gap. “It’s not easy getting the people with the skills needed to be a systems engineer and those that have the training and ability are on premium salaries – they’re in high demand as a growing number of sectors are turning to automation.”

But, does running an automated warehouse increase complexity? Ian Sheppard thinks automation shifts the focus of complexity. He says, “Automation enables my team to be more strategic in the way that the warehouse operates. We can think more clearly about how to produce greater efficiency in the warehouse, but organisationally, the structure of the warehouse team changes as, for example, we now employ engineers to maintain the system. The team structure and workflow planning processes become more complex, but executing the plan becomes more straightforward.”

He goes on to explain, “So whereas, previously, I would look at an increase in volume moving into a peak period, and I would have to think about quite a large number of component areas that would allow me to meet that peak volume, today I have fewer areas to consider. For example, we have a smaller requirement in increased staff to move into peak because I can increase volume through the automated processes that we have put in place. That gives me greater resilience as we move into the peak period, but equally it gives me less concern about taking on an increased percentage of staff – I still have to increase the workforce but not to the same extent.”

Sheppard highlights that there is a further area where complexity increases. He says, “Automation presents greater complexity in the event of a failure. Business continuity planning needs to be to a greater level of detail and is more complex than it would have been prior to automation. So if a machine fails we immediately face a challenge. Which means business continuity planning has to be at a higher level.”

The traditional skills of running a distribution centre – the ability to plan, manage process and people – are still very relevant, explains Andy Kaye. But planning is even more difficult in an ecommerce

environment, where forecasting consumer demand is hard to predict. Consumers are so reactive to promotional activity that can be effected at the flick of a switch.

“If a big fashion brand promotes a 60% discount, which they can do very quickly, then that action can immediately create a spike in e-fulfilment requirement in a distribution centre by 40 – 50%. The uplift can be massive – and that takes some managing,” says Kaye.

The skill set demanded of a general manager in charge of a highly-automated ecommerce fulfilment operation is considered by Mark Botham to be significantly different than that required for a conventional distribution centre and consequently, those holding the skills and experience are in short supply.

He says, “At senior management level we find our clients are increasingly specifying that candidates must have automated DC experience. However, there are only a finite number of logistics professionals who have this experience and so we need to work with our clients to identify candidates with the aptitude to develop their skills in this area of automation.

Botham goes on to explain that, “Managers need to develop an understanding of how the automation works, how the warehouse control software interfaces with the warehouse management system and if a new automated facility is being specified, how it will perform and match the expectations of the board. They also need to consider the needs of their colleagues and how to optimise the productivity of the automated environment.”

Andy Kaye adds, “When we are recruiting for ecommerce businesses, these organisations not only want all of the technical skills around how to run an automated distribution centre, but they want people who are completely customer centric and focused on what the delivery proposition and returns proposition is going to be.”

John Munnelly sees the importance of ensuring that everyone in the organisation is customer focused. “With online being as demanding as it is, and with the level and volume of business that goes directly to the customer – 40% of our business now – those operating on the shop floor are closer to the customer than ever before. But within the DC they can still feel quite remote, so it’s critical that managers have the leadership capability to ensure that the people on the shop floor have an appreciation of just how close they are to the customer.”

Andy Kaye concludes: “We are recruiting a lot of people in this space. But we are finding that we have to go outside of the logistics sector to find the talent and the skills needed for the job. We require people who have high intellects and great technical capability – and these individuals are very, very highly sought after and are now being highly rewarded.”

Clearly, those ecommerce organisations looking to meet rising demand by adopting automated technology will need to consider very carefully the necessary commitments to the human side of the

operation. Automation may reduce the total number of people required to run an e-fulfilment centre, but it does not remove the need for skilled individuals – far from it. From sourcing operatives suited to production environments and finding those with the skills to run a control room, to training and up-skilling systems engineers or recruiting senior managers right up to Managing Director level, Bis Henderson Recruitment has the capability and resources to deliver. Everyone you need to make an automated warehouse investment more productive.

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