



Total Logistics Solutions, Inc.

Selecting and Keeping Warehouse Personnel

First of all, I'd like to begin by stating that what we will discuss here today can be used for more than just warehouse personnel. And with that said I would like to ask some basic questions:

- How important is hiring good people to your personal success as well as to the success of the company?
- Would you rank it number one or number two in overall importance?
- How accurate would you say the typical one on one employment interview is in predicting performance?
 - Study was performed at Michigan State by Professor John Hunter. It says that with all positions from entry level to chairman, the typical employment interview is somewhere between seven and eleven percent more accurate than flipping a coin.

Let's think about that, we have the most important thing we do, which is hiring good people for our teams and it relies fundamentally on a random process. Do you have any process in your organization that produces 43% scrap? If you did would you continue to use it? "OF COURSE NOT"! Then why do we continue to use the traditional hiring methodology? We have proven to ourselves time and time again that it does not work so why do we continue to use it?

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Let's flip scripts here for a second. Having a warehouse, this is something I want you all to think about. How important is your warehouse to your overall process? Would you agree that your warehouse is the one of the few tools you have to retain your existing level of business?

- Outside Sales/Catalogs/Websites/Marketing Material/Yellow Pages etc. are designed to get you new business.

Your Customers See You By:

Your customers see you by your Product guide/newsletter, your receptionist, inside sales, outside sales, and visiting your facility, which they do the least. **But the most important way they see you, is by the package that is prepared and shipped to them by your warehouse personnel.** This means, that your warehouse is vitally important to your company's success. Now back to my original question, we have proven to ourselves time and time again that the traditional hiring methodology does not work so why do we continue to use it, with one of our most important processes in the organization?

Our Question Is

**The traditional hiring methodology does not work, so
Why do we continue to use it,
With one of our most important processes in the organization?**

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Let me walk you through the process we use today.

1. We place the ad(s)
2. We review the résumé's
3. We interview the candidates
4. We flip the coin
5. Then almost half of the time we wonder what the hell were we thinking!

We have to change our mindset and begin by focusing more on what a person needs to do, rather than what they have.

1. **The Ad (Show Typical Classified Ads for warehouse Personnel).**

Do they tell any potential candidates what they need to do to be successful with your company?

They say what the candidate needs to have to get yelled at for not doing a good job. What we have to understand is that, if we want to hire top performers we must first define top performance. What is top performance for your warehouse personnel?

- Is it getting to work on time?
- Is it keeping the warehouse clean?
- Is it having an accurate inventory?

If it is a supervisor/manager position will it be getting the employees to work on time:

- Less Shipping Errors
- Is it doing a days work in a day.
- Or maybe it is reducing your warehousing cost.

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With all of the warehouses I have visited and board rooms I have sat in and talked with upper management about the performance of the warehouse, less than 20% of the time I receive quantifiable and more importantly achievable goals for the warehouse. I have heard all of the items mentioned above but when I ask well how many shipping errors do you have now, the answer I receive is, “A Lot!” When I ask well how accurate is your inventory now, I have heard: about 60% accurate, I have heard it is not that bad we just need to improve it, and my all time favorite, “We do not know because we don’t perform physical inventories”. With all of the above answers, how do we expect to hire someone and legitimately tell them they are doing a good job or a bad job at meeting your expectations? Is this the way your sales personnel are measured? See I learned some time ago, “We measure what we value!” Every company I have ever visited measures its sales staff. Every company I have ever visited has goals for its sales personnel. Every company I have ever visited pays for performance when it comes to sales people. But what I did not understand is why this was not happening in the warehouse. But as I mentioned earlier, “We measure what we value”! Therefore since a large majority of the Upper management personnel I have spoken to came up through selling, it only made since that the emphasis was placed on the sales personnel. But as we have learned, your warehouse is selling as well. That package that leaves your dock and arrives at your customers dock, office, jobsite is a sales call. What do you think your customers perceive when that box is dropped?

So, by knowing what top performance is we have the ability to identify top performers. This allows candidates the opportunity to trade short term compensation for long term growth.

2. Reviewing Résumé’s ([Show Résumé’s](#))

What do we look for, spelling errors, salary history, experience, no gaps in employment. Let’s touch on that thing called “Experience” for a second. If someone has ten years of experience with running warehouses is that good or bad? In other words, does that candidate have ten years of experience or one of repeated nine times? When I was in the military I received a position as a

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trainer with a so called elite unit in the Air Force. This was only after I had been in the service for three years. When I asked my superior why they did not hire right out of Basic Training, he told me, "The best people are already working". I did not know what that meant at the time but in my business career it makes nothing but sense. Top performers have been top performers for some time. The key is they are usually looking to better themselves. So why would they respond to an ad that is doing the exact same thing they are doing in their current position. Therefore, when we are viewing Résumé's we need to look for someone that is growing, with a bright future and not someone that has the best past. Think about this It took man 1200 years from the birth of Christ to double our knowledge. Now it happens in less than 18 months. That means what your warehouse supervisor or candidate knew 18 months ago is now obsolete. Unless they are keeping up the industry by reading the periodicals, attending training classes, going to seminars, etc. How many seminars have you sent your warehouse supervisor to? Better yet, how many has he or she asked you to attend in the past 18 months. How often do you see the Logistics Management Report, The Distribution Challenge, or LogisticSociety News on their desk? How much knowledge has that candidate acquired since getting their last job? So I ask again, when a person says they have 10 years of experience is that good or bad?

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3. **The Interview**, this is my favorite part. The reason why is because we have warehouse supervisors and managers interviewing people to work in our most critical area of the business and they have no training on how to perform a successful interview or labor laws. Or we have Human Resource personnel who do not know anything about the processes in our warehouse, other than they receive and ship merchandise, selecting our warehouse personnel. Let me get you to think about this for a second. Is there any relationship between the first interview and subsequent performance? Of course not! Because there are too many factors that play a major role in the interviewing process. First impressions, our personal biases, some interviewers are more competent than others, and, how each person measures competency is different. And most of the time what is being measured is not even relevant. I heard someone say once, "That we use a clock during the interview to determine competency but a calendar when the person starts on the job"? Another reason the first interview can't determine subsequent performance is because we over value presentation with performance. Here is one last thing to think about: How often are you hiring warehouse personnel? What is your turnover rate? If it is anything like the rest of the country its time to make a change.

So, the focal point of my presentation with hiring warehouse personnel is again, **"In order to identify top performers in our warehouses, we have to first identify top performance within our warehouse."** Because, if we don't know the job then we will substitute our personal biases, perceptions, emotions and frustrations depending on how long we have been searching.

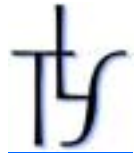
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Now, once you get them how do you keep them?

This is the million dollar question. Everyone wants to know how do we reduce our turnover in the warehouse? I can tell you it all starts at the top. With, your warehouse supervisor! Let me say that again, “It starts with your warehouse supervisor”. He or she determines the fate of your warehouse. He or she determines how organized your warehouse will be. He or she determines whether you have good or bad processes. He or she determines whether your warehouse personnel will like coming to work or not. If your warehouse supervisor is not competent, then how many shipping errors do you think you will have? How accurate do you think your inventory will be? Do you think your warehouse will perform a day’s work in a day? What does that mean! “A Days Work In a Day”. That means if it comes in today it gets received today. If the order is placed today, it gets shipped today. If it is returned today; the credit is processed and put into stock today. All while the warehouse remains clean. Does your company practice this philosophy of a days work in a day and stick to it on a daily basis? If you do, you need to give yourself a pat on the back. If you do not, it is time to talk to your supervisor.

Your warehouse supervisor is the one that makes a statistic out of your warehouse personnel. The statistic says warehouse people will leave for less than a dollar. That’s a forty dollar a week increase. Again I ask, how much turnover do you have in your warehouse? Is you company really that bad? Of course not! But how long can you continue to hire, train, loose people in the most critical area of your business?

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How do you Keep Them? (Continued)

See keeping them, also means paying them! If you go to our website, <http://www.logisticsociety.com> you will see an article there titled, **“When You Pay Peanuts You get Monkeys”**. As humorous as that may sound how many times have you thought how the hell did we make that mistake? How did we ship a piece of pipe but the customer ordered a tank? How did we ship an elbow but the customer ordered T’s? How did we ship ¾” but the customer ordered 1”. And your customer is constantly saying to your sales people, “you must have a bunch of monkeys working there”. Well, if you are paying peanuts then you probably do. According to WERC the average order picker earns \$11.43 an hour. The average supervisor earns \$39,212 with a bonus amount of around \$3000. Ask yourself, “Are you paying peanuts?”

The climate is changing. It’s no longer sales force against sales force. It’s no longer who gets the best tickets to the best games. It’s who’s gonna deliver, what I ordered, on the date I was promised at a competitive price. If you can not do that, on a consistent basis then your industry might be a little smaller next year.

The “Hygiene” factor (Management Theorist Fredrick Herzberg)

A fair salary is something everyone needs to do the job they are paid to do. Such factors include adequate work space, light and heat, a telephone-if you do not have any of these items, you will be demotivated and unable to do the job you are hired to do. If you have all of these items, you will be able to do your job, but having them will do nothing to help you to do the best job possible. Getting people to do their best job is more a function of what “Herzberg call “motivators” including praise and recognition, challenging work, and growth and development opportunities.

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Total Logistics Solutions, Inc. is a consulting firm for improving warehousing operations through people, material handling, inventory, and technology.

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