

Körber Supply Chain

Master Class Series

Today's Class:
Labor Recruitment Challenges in Cold
Storage



Speakers



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Professor

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Supply Chain Master Class: Cold Storage Trends



Why are we here? What are we trying to accomplish?

Cold Storage Trends - Class Schedule:

- June 9: Cold storage and e-grocers: Changing environments (*On-Demand*)
- June 11: Traceability and food safety in cold storage (*On-Demand*)
- June 16: Labor recruitment challenges in cold storage
- June 18: Improve energy efficiency in cold storage warehouses
- June 23: How does automation drive cold storage efficiencies

Housekeeping

All phone lines are muted

Recording of today's class and slides will be email to you within 48 hours

Questions:

- Ask questions during today's class in the GoToWebinar Questions window
- Questions will be addressed at the end of today's class or we will follow up with questions via email after class

Handout:

In from the cold - Using innovative technology to improve working conditions for cold storage teams

Poll Question: What trends do you think present the greatest challenges for the cold chain industry?

What are the key levers?

People

- Recruiting/Selecting
- Onboarding & Training
- Retaining & Rewarding
- Dependent on labor availability

Process

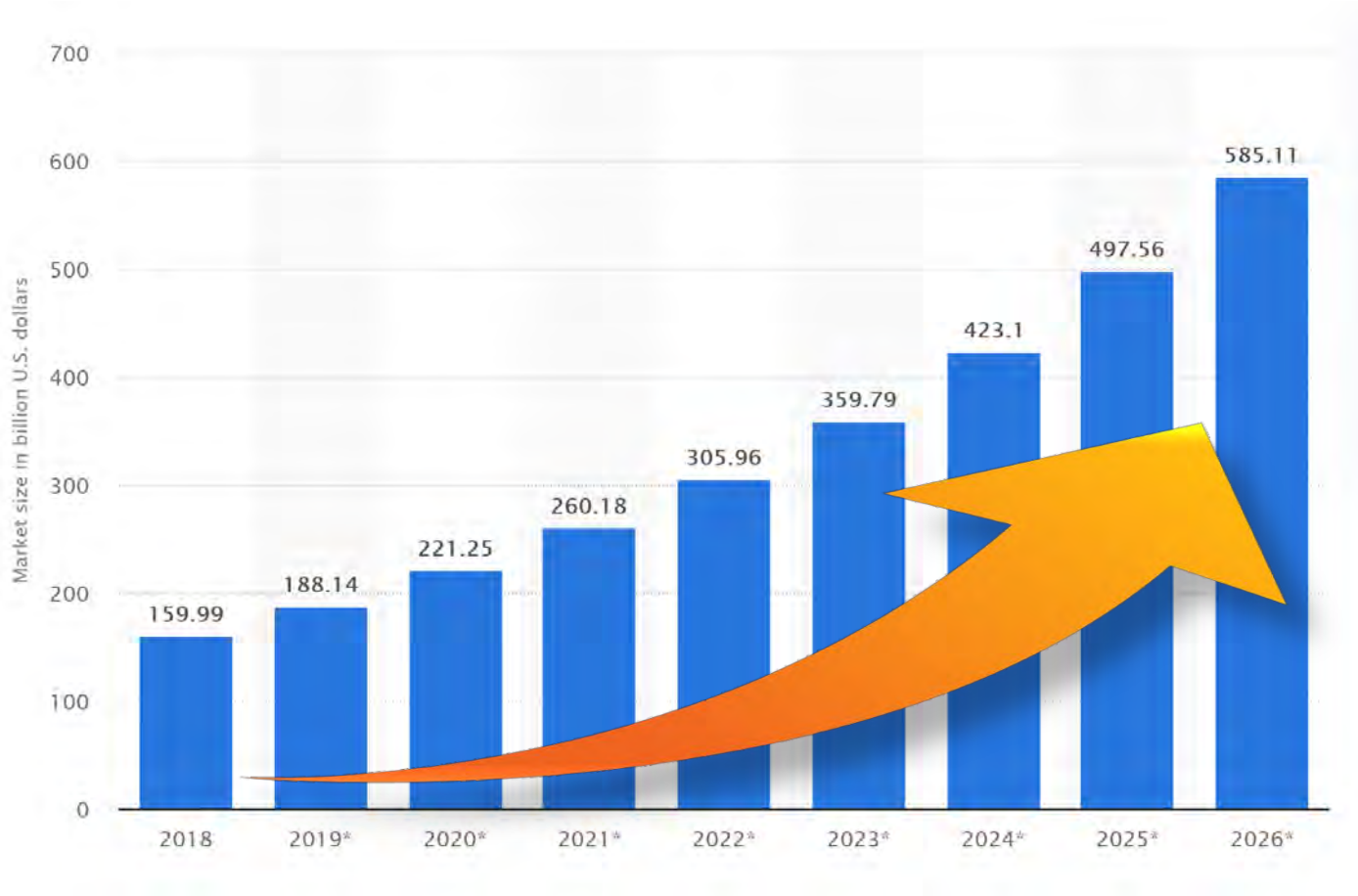
- Blend of People + Technology
- Make vs. Buy (Insource vs. Outsource)
- Process Capability vs. Takt

Technology

- IT and/or Materials Handling Equipment
- Mechanization vs. Automation
- Human directed or Computer controlled
- Off-the-shelf vs. Customized
- Traditionally, a “Big Splash” Investment

- Finding labor has been *really* difficult
- Productivity can be impaired
- Tech must be hardy, yet easy to use
- The stakes are high

Global Cold Storage Market Growth



- Global Cold Chain in 2018 nearly \$160 BN
- Expected growth in excess of 17% CAGR through 2026
- Forecast to reach over \$585 BN by 2026

Drivers of Cold Storage Growth

- **Increased demand for online ordering of grocery:**
 - Expected to reach 13% of total grocery sales by 2022¹
- **Changing customer preference**
 - Increasing demand for perishable foods, and specifically increased demand for animal based proteins
 - Increased demand for frozen foods and ready to eat meals
- **Population Growth**
 - Growing populations with increased urbanization
 - Increasing income levels

Unemployment Rates By Country

Unemployment in the U.S., the largest economy, was at 3.5% at the end of February in 2020 – The lowest rate in the past 50 years

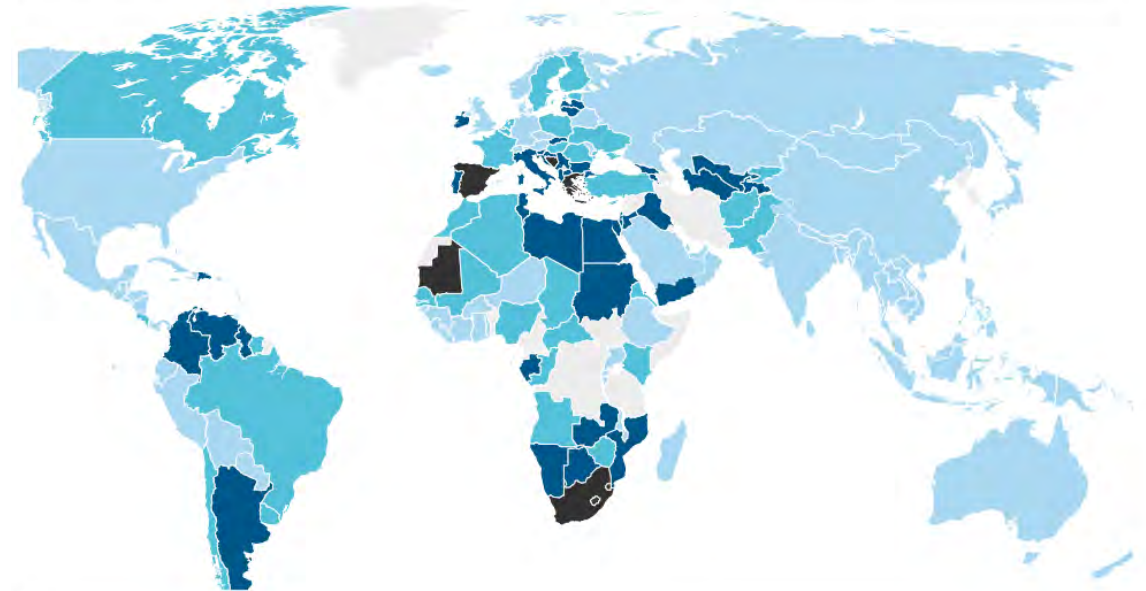
In the United States, there were approximately 7.4 million open jobs in Jan 2019, but less than 6 million people looking for jobs

1.34 million of these open jobs are in the industry segment: Trade, Transportation, and Utilities

Unemployment rate per country

Percent, 2015

Key | 0-5% 6-10% 11-15% 16-31% No data available



GUARDIAN GRAPHIC

SOURCES: ILO

United States Unemployment – Last 25 Years



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Top Challenges in Material Handling Identified by MHI Survey



COMPANY CHALLENGES

The top 6 company challenges - rated extremely or very challenging

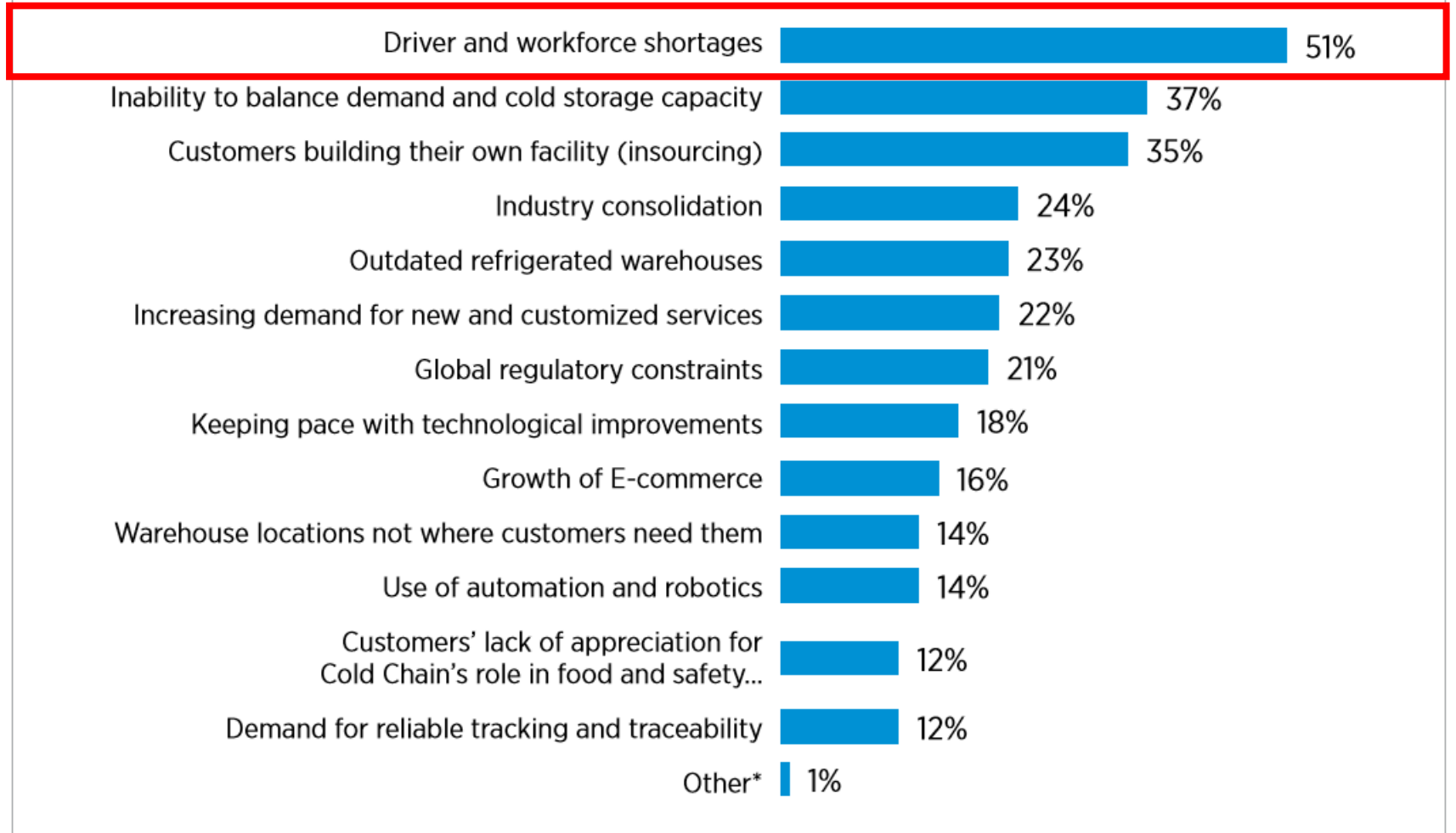


73% of respondents report that it takes more than 30 days to fill an open job position.

Labor Represents the Top Challenge for Cold Chain



Figure 8. What trends do you think present the greatest challenges for the cold chain industry?



“While respondents are optimistic that advanced technology may mitigate labor shortages in the future, finding front-line workers remains the most pressing challenge today.”

Harsh Working Conditions



- Its cold!
- Have to wear appropriate PPE due to the cold
- Must have technology that minimizes the need to remove PPE

GCCA's 2019 Employee Turnover study showed turnover rates for the industry averaged **32.6%**.

Overcoming the Labor Recruitment Challenge in Cold Storage



- **Look to salary and benefits**
 - Pay rates and benefits above average to attract new talent
- **Employee recognition**
 - Create a workplace that employees want to be a part of
- **Invest in technology**
 - Look for technologies that improve working conditions
 - Allow workers to keep PPE on while still executing the work
 - Voice, Automation, and Robotics

Questions & Discussion

Next Supply Chain Master Class



June 18:

Improve energy efficiency in cold storage warehouses

Energy efficiency not only has an impact on the environmental sustainability of your business; but in Cold Storage it is often a major differentiator on your bottom line. Optimizing energy efficiency in your operation can increase profits, competitiveness and client-facing capabilities.

Learn about how you can utilize technology to optimize your Cold Storage Facilities

Contributor:

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Vice President, Supply Chain Consulting

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SEED QUESTIONS



- It looks like we have a wild ride ahead of us. Is it possible that technologies can help us to scale up/down as the situation dictates?
- That turnover figure (32.6%) is alarming. What steps can be taken to bring that down? What are best practices for keeping that in check? (Actually, you largely address this in your final slide)
- You mentioned that voice can help to maintain productivity while worker maintains PPE. What are the impacts on accuracy of voice pick?
- Any sense for how robotics can enhance productivity, accuracy, or safety in the cold store?