

## 10 Tips for Managing Warehouse Labor Costs

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Ask any warehouse manager, "what is the most difficult cost to control?" and the answer will invariably be labor. Labor costs comprise the largest part of a warehouse's operating expenses. The ongoing challenge is managing those costs without jeopardizing customer service and reducing productivity.

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1. **Conduct a thorough examination of your facility.** Put a team together and start measuring worker performance and warehouse layout. Identify who is doing what and in what time frame. Start with order picking operations, which represent a good portion of the labor tab. Then check packing, receiving, and replenishment. You may be able to pinpoint problems immediately.

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  2. **Analyze each operation and results.** Identify areas where your organization is slow. Physically watch the overall flow of a packing process, then a picking process. Are products organized properly? Twenty percent of the total products account for 80 percent of all picking activity. Make sure these products are in the most ergonomically sound locations and are given ample storage space.

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  3. **Seek professional help.** Work with a systems integrator to identify a plan of action for providing solutions, which may include software purchases and procedural changes. Make sure you look at your current needs as well as the future picture and plan for any potential changes in operations such as growth or increased capabilities. This will prevent you from opting for software that provides too little or choosing technology that will not fit your expected needs.

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  4. **Do real-time troubleshooting.** Non-functioning or poorly performing data-gathering devices can disrupt warehouse operations and make workers less efficient. They also force you to keep expensive spare parts or devices sitting on the shelf. It is now possible to remotely take control of data-gathering devices, run them through diagnostic procedures in real time, and determine if they can be fixed immediately or need to be shipped off for further repairs. This can help ensure that warehouse personnel are always equipped to operate efficiently.

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5. **Consider automating your paper-based and manual processes.** It may seem obvious, but many operations still use manual, paper-driven methods for putaway, picking, and gathering shipping information. Manual methods are time consuming and involve a higher risk of error. In addition, the data has to become electronic at some point in the process. Automated data-gathering extends the electronic environment out onto the warehouse floor, with information-gathering tools such as handheld scanners, bar-code readers, and other remote devices. These tools are proven to improve accuracy, make personnel more efficient, and help operations run smoothly.

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6. **Consider voice solutions.** Voice logistics has moved from an emerging, niche technology to a real-world application. It uses the most natural form of communication -- voice -- to make applications such as picking, receiving, putaway, replenishment, and order checking faster, easier, and more instinctive. This can reduce training costs, put new or replacement personnel on the job faster, and potentially improve accuracy and workflow.

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7. **Take the work out of the labeling process.** Automating label application in the warehouse reduces or eliminates the need for manual labeling and the costs associated with dedicating resources to perform that task. Automating labeling processes enables organizations to reallocate resources to higher-value tasks. It also reduces the risk of improperly placed labels that can cause supply chain bottlenecks or automated product rejections that lead to manual intervention and costly work-around or downtime.

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8. **Reduce warehouse labor turnover.** It costs money to train employees, so you want to keep the ones you have. That means you need to motivate employees to keep them satisfied. This can involve monetary incentives, employee recognition, or special perks for great performance. Employee retention leads to a reduction in costs associated with hiring replacement workers, managing downtime for missing staff, or retraining of warehouse employees.

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9. **Optimize your wireless system.** Evaluate the applications you have automated, the ones you intend to, and the information they capture. Then look for opportunities to leverage that information to further streamline activities and

increase productivity in other areas of your operation. It may be possible to simplify routine tasks such as goods restock or management activities including maintenance scheduling because you are already capturing inventory information or equipment status for other purposes.

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10. **Centralize software updating and training.** Workers standing around with nothing to do are the worst kind of labor cost. Updated and in-sync remote and handheld devices can prevent this. Use remote device management to make certain all devices, in every location, load the latest software automatically when placed in their charging racks. You can even use a device management platform to remotely train users on new software, walking them through simulations of new features and applications without having to schedule special training.