

Improving productivity depends on people knowing what the goals are and what is expected of them.

Material Handling

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Productivity Starts and Ends with People

Jon Petticrew, *v.p. operations, ODW Logistics Inc. (Columbus, Ohio)* has more words of advice for improving productivity than a travel guide has lists of restaurants.

By Clyde E. Witt

Regarding the need for measuring productivity, one of his favorite sayings is that if you don't know where you're headed, any direction you take will get you there. "Productivity results from a couple major things," says Petticrew in his rapid-fire manner of speaking. "Measure where you are, then tell people what you expect of them."

Before the third-party logistics provider launches any new program, it first makes sure employees on the floor know the objectives. "We do a lot of education here," says Petticrew. "People have to understand the expectations of management if they're to succeed."

While a 3PL performs many activities specific to its industry, much of what ODW (www.odwlogistics.com) is doing translates to other industries and businesses. A first step toward improving productivity is knowing what matters most to the customer. In ODW's case, knowing what

more than 60 customers expect can be challenging.

"Our operations managers and people on the floor pay attention to three things regardless of who the customer is," says Petticrew. "We manage what we can control: space [on the floor], equipment and labor."

Begin at the beginning

In Petticrew's world, productivity depends on people knowing, thoroughly, what the goals are and what is expected of them. He psychologically divides the workforce into three groups: the 10% who will get the job done regardless of any obstacle; the 10% who will do the opposite of whatever you ask, regardless; and the 80% in the middle.

"Your productivity will come from that 80% majority," he says. "Don't waste time trying to fix the 10% at the bottom. They'll never change. You have to win over the 80% to show improvement."

He cites one example of how he was able to achieve terrific productivity gains without spending a penny. For a starting point Petticrew chose to measure order fulfillment. He determined how well the average order filler



boards in their areas.

Start the day with education

ODW has a complex of buildings in an area it refers to as its campus. Depending on workloads, employees might be asked to shift from one building or area to another. And while the metrics for the various customers may differ, the internal metrics for productivity remain the same.

“Wherever the employee is working,” says Peticrew, “he has to be safe, take care of the customer, operate with integrity, take care of the people around him and execute. Those things don’t change.”

Managers of each department begin each shift with a brief, five-minute “Toolbox Meeting.” The meeting, regardless of department, follows the same “SCOPE” format. First up is the Safety tip of the day. Next is Customer issues from the day before, followed by Operations, or internal metrics discussions. People issues, primarily praise for jobs well done, are always a highlight. Last is Execution, or how they’re doing overall.

“If we’re meeting everything in the SCOPE program were being productive,” says Peticrew. “And in this game, safe plus accurate plus productive equals a win.”

Rewards and incentives play a major role in achieving productivity at ODW. If one employee is not achieving his goals or is new to a job, another employee is assigned to educate that person. For working with that person, he is compensated. There are bonuses to be earned and profit sharing at the end of the year. Peticrew says one thing employees must know is that management and warehouse associates are all in this game together, sharing the same treasure.

“People work with each other because we know that what we all achieve is what we share.” Company owner Bob Ness and John Ness, president, have

did his job. He then asked all employees to shoot for a score equal to 85% of that average number.

“I was asking them to be ‘D’ students,” he says. Then he posted daily picking results. No one likes to see his name at the bottom of any list. Consequently, those at the bottom started to work more productively to rise in the eyes of their peers. “Pull a little harder on the rope,” is Peticrew’s expression.

People at the top of the list saw the bottom catching up and improved their efforts to remain on top. Total productivity for the DC increased as a consequence. And those continually at the bottom? Try to educate and help them, or explain that maybe this type of work is not for them and cut them loose.

“It all begins with seeing where you currently are on the continuum,” says Peticrew. “Then measure, or project,

how the change you propose will impact the productivity that you’re after.”

That change might be an order profile change, stock layout change or increased labor component. The change might impact one area of the DC negatively while having a positive impact elsewhere. Don’t expect that making any single change will improve productivity in all areas.

“You have to listen to what people on the floor are telling you,” says Peticrew. “They’re the ones doing the job, everyday, and they have great ideas.”

And listening to the people means being accessible. Peticrew walks every aisle of more than a million square feet of warehouse space every week. He greets employees by name. As the floor crews grew to more than 300 people, he instituted taking pictures of all employees in each area where they worked and posted the pictures on bulletin

reputations for recognizing and rewarding the people who put the money on the table, says Petticrew.

Walking through this cavernous distribution center located southeast of downtown Columbus, talking with employees, it's tough to determine what motivates employees more, financial or non-financial rewards. The SCOPE Trophy, a replica of hockey's Stanley Cup that's awarded every month, is coveted among the departments. Winners build special stands to display the trophy and pepper Petticrew with questions when they lose it.



"The way you can tell if a [recognition] program is working," says Petticrew, "is not from the people on the daily rewards list, but from the people not on the list. A big part of productiv-

ity is just recognition of people for things they do inside, or outside, the building. Happy people create good results."

Petticrew admits not everyone gets all excited about a trophy or having their name mentioned over the loudspeaker. It takes time to instill enthusiasm. He likens the process to the wave in the football stadium (What else would you expect in this hotbed of college football?)

when the wave starts. "At first, it appears that only the oddballs are standing with arms in the air. Then, after a few minutes, it's the oddballs who are still in their seats."

When striving to increase productivity, managers must never lose sight of the fact that people are people, cautions Petticrew. There's always the what's-in-it-for-me factor. Money motivates and ODW has performance-based bonuses. It has good healthcare insurance and employer-contributed 401k programs. It uses these monetary reward programs in its recruiting efforts and looks for employees who are thinking long-term, not just for a warehouse job.

Hiring the right people

Productivity is something that has to be planned for and built. It doesn't just happen at the flip of a switch. A critical part of ODW's plan is hiring the right person. Petticrew tries to hire people for where he thinks they should be two positions above the current opening. The leadership training his managers receive focuses on how to hire the right person. The company's recruiting programs and above average benefits package attract a lot of candidates, says Petticrew.

"We look for a candidate's skill set," he says. "We want that person to know it's an honor to be on this team. Plus, we're all in this together, so we ask ourselves, 'Do we want to share our money

Productivity Starts With "A"

If a company wants to improve productivity, it should start by hiring managers that will be productive, says Dan Charney, managing partner and director of material handling, Direct Recruiters Inc. (Cleveland, www.directrecruiters.com). Those managers are what Charney calls "A" players.

"A players are the 20% who do 80% of the work or sales," says Charney. "They provide a performance premium to their employers through sales closed, customer service and internal morale."

Finding these better-than-average performers, the most productive workers, requires understanding of what makes them special, he says. As a seasoned recruiter, here's Charney's top-five list of things hiring managers should look for:

- **Self starters.** "A" players are low maintenance employees and can complete their work with little supervision.
- **Culture fit.** The best of the best are able to work well within the company structure and environment.
- **Well-liked.** "A" players often serve as motivators for co-workers and staff. They have a positive effect on the internal morale.
- **Super resourceful.** Star performers are creative and seek new ways to achieve positive results.
- **Go the extra mile.** "A"-level professionals do not settle for mediocrity. They strive for excellence.

And how does a company attract these kinds of people? It's not easy, says Charney. "Company management has to sell the company just as it would its products."

Executives have to position the company as *the* employer of choice, and gear the infrastructure to help "A" players continue to succeed. They need to show top performers that management is flexible and open to new ideas and business practices that yield positive results. They must also convey and demonstrate how the company acknowledges and shows appreciation for a job well done. Executives should focus on lifestyle issues, money is rarely all that attracts the attention of "A" players.

So here's the point: Selling a job to the "A" player is core to your business success and productivity. This is not hyperbole but reality. Accomplish this, and you may win the war for the best talent.

with this person?”

He suggests that hiring managers listen for key phrases. Is the person interested in the current hourly rate, or the company's contribution to the 401k program? If the candidate is thinking about 401k, they are probably more mature and thinking long term, thus they will be more productive.

The primary attribute Petticrew looks for is an intangible, however. He looks at the candidate's spirit. Asked to define the term, he says it encompasses things like energy, excitement and enthusiasm. "The person with those attributes is going to be a productive employee," he says.

Outside the box

Productivity doesn't just happen inside the building. Working with the customer can improve productivity and save that customer money in the long run. Petticrew says one reason 3PLs exist is to relieve someone's pain and add value to



Jason Wicker, warehouse associate, uses ODW's newly acquired voice-directed picking system for less-than-full truckload order picking.

the logistics proposition.

"We're the middle man in the bargain," he explains, "so if the customer's vendor is not consolidating orders, or not sending electronic ASNs [advance shipping notices], it takes up our time and money."

The process then includes going back to the customer and explaining the situation with metrics showing how long it takes to process an order and

how that can be improved. He notes that you have to look at the whole supply chain to find ways to improve productivity within your own building. "Sometimes we have to educate the customer to be sure we're getting the right data to do our planning and scheduling with greater accuracy."

In the end, says Petticrew, numbers can tell you a lot. As a former accountant he jokes that the numbers can also tell you what you *want* to know. "The lesson you have to learn is that you have to be

sure to measure the right thing. You don't know what you don't measure."

He adds that productivity improvement numbers can also be a sales tool. "We know what's important to the customer. When we show them we're improving on those numbers important to them, their confidence in us grows." **MHM**

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Jeff Clark

Vice President, Sales and Marketing

jclark@odwlogistics.com

614-497-1660, ext.7904

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