

Transition to a Workforce Management Solution



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Transitioning From a Traditional Staffing Model to a Workforce Management Program

The following case study exhibits the project as it was designed and executed through the DMAIC (define, measure, analyze, improve, control) principles of Six Sigma.

Backstory: Some minor seasonality was experienced through a six-plus-year relationship with our client. Then came a 24-plus month run rate of sustained peak production due to customer demand. Our client had always used Landrum as a temporary staffing agent, even though it typically converted only a small number of Landrum workers to its core team. Prior to the peak ramp-up, the workforce was approximately 67% contingent and 33% client. After ramping up it moved to 80% contingent and 20% client.

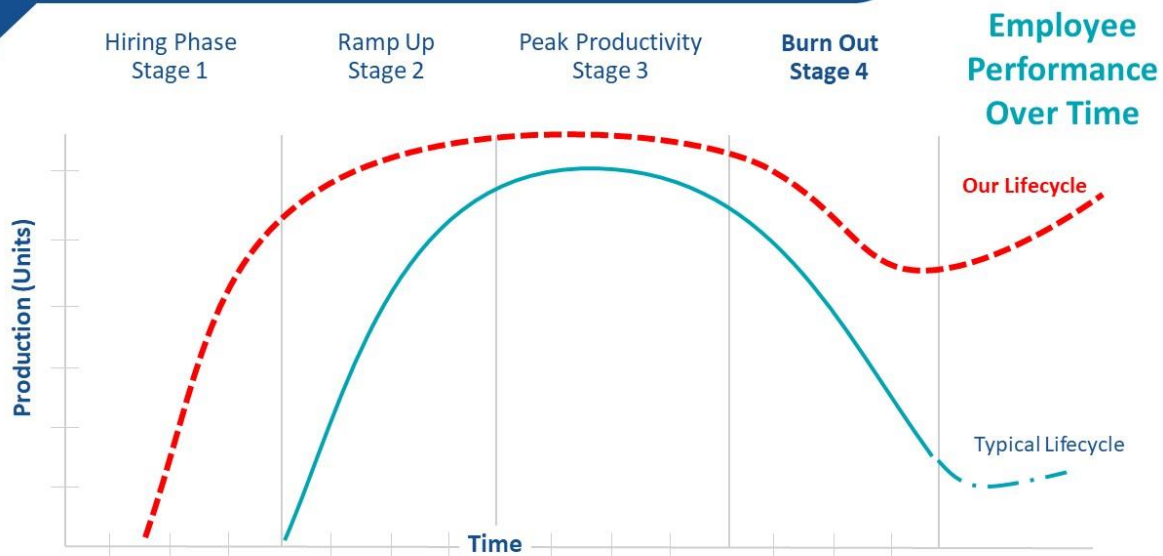


Issues / Challenges Identified: The client was embedded in a production forecast unlike anything it had experienced before, causing it to add nearly 100 more employees without additional leadership. The client's work environment was also not climate-controlled, which made it very warm in the summer and cooler in the winter. The client manufactured large fiberglass panels, which created a lot of fine dust particles, so many employees were required to wear respirators and Tyvek suits for environmental health and safety reasons. Lamination positions were very manual, causing employees to work from their hands and knees for extended periods of time. The environment alone was the leading cause of turnover in the first 30 days, and it made the attraction around these jobs low. Additionally, because of the unique skills and mindset required for many of the jobs, a continual flow of inexperienced workers into the workforce led to quality defects and missed daily production goals. That resulted in extended daily work hours, typically 10-hour days, mandatory weekend work and a significant amount of overtime.

Goal: Transition from a traditional temporary staffing model of just providing people and implement a customized workforce management program that focused on all four stages of the Employee Lifecycle (see the following graphic) to create greater workforce stability:



Employee Lifecycle



By attaining a level of worker stability, training could be layered and not focused solely on new hires, which would drive higher quality and fewer defects. Additionally, more workers would reach a level of peak performance based on experience and time worked, which would improve productivity and help the plant meet daily and weekly production targets without a significant amount of overtime being worked. The result would be a more efficient operation with a lower labor cost per unit produced.

Key Performance Indicators (KPIs) Tracked: Landrum developed a scorecard that was tracked weekly and reviewed internally with the on-site team and Landrum leadership. Key metrics tracked included daily and weekly safety incidents and occurrences, including first aid and near misses, as well as proactive safety measures conducted. Actual daily production totals, which were measured against the forecast, were also captured to evaluate performance gains. A nonconformance report (NCR) was included to track quality defects. Staffing levels were monitored against projected/needed headcount and the status of open positions was reported three times weekly to the client and Landrum leadership. Additionally, daily attendance rates and employee turnover were measured to help identify potential burnout and to improve elements of the hiring and ramp-up phases of the lifecycle model. Lastly, overtime hours worked as a percentage of total hours worked were included to monitor efficiency gains.



Trend Data: Before formally changing anything along the Employee Lifecycle model, it was essential to reevaluate the skill sets of our on-site team. The original on-site model included an HR Manager and HR Assistant that focused almost exclusively on time and attendance, basic onboarding, employee coaching and counseling as well as employee conflict resolution. To effect change along the employee lifecycle, the new on-site team would include a Site Performance Leader whose role was to be a liaison to our client’s plant leadership team and our workers on the production floor. This individual would have a strong manufacturing operations background and would be focused on the Ramp Up, Peak Performance and Burnout Stages of the employee lifecycle. Additionally, a Safety Lead was added to recalibrate our onboarding and training program while also looking to create a safety culture through proactive measures to minimize employee-related incidents. Finally, an Employee Relations Manager was added to drive engagement and retention, and a dedicated recruiter was hired to focus solely on making sure headcount targets were met. Data trends prior to conversion:



- 335 New Hires were hired in the 12 months prior to the transition
 - Less than 50% of new hires were still active at the start of the baseline period
- 29 total safety incidents occurred, including 8 recordable injuries
- Average monthly turnover was about 10.5%
- 75% of turnover was voluntary
 - Job abandonment, another job, and the environment were the leading causes of turnover
 - Job abandonment occurred around 100 days worked on average
 - People leaving because of the environment occurred within 14 days of starting on average
- Attendance was the leading cause of involuntary turnover and occurred on average at 120 days

Execution Efforts: Kaizens were conducted on each of the four phases of the employee lifecycle. Defined processes were added for each phase to drive better results and create transparency around our efforts so that we could ultimately create a continuous improvement roadmap.



Hiring Phase:

- Built a structured recruitment plan that included Search Engine Optimization, Social Media, Community Outreach, Trade Schools/Community Colleges, Job Fairs, and Job Boards. The enhanced recruiting program was kicked off with an aggressive four-week



internal employee referral program that offered weekly prizes and a grand prize of a 70" LED TV.

- Implemented a pre-hire tour for interested candidates, allowing them to see the work environment and the physical requirements of the jobs up close. Basic skill assessments were also performed on each candidate to better match the skillset to open positions.
- Worked with our client to establish a labor forecast, by position, that aligned with production increases and decreases, and set an expectation for backfilling positions based on turnover.
- Introduced standard behavioral-based interview questions for prospective new hires to better understand cultural fit and future work commitment.
- Created a pipeline tracking tool to always know how many available and interested candidates we had, by skillset, should production spike or we have unforeseen turnover.

Ramp Up Phase:

- Safety Lead expanded the initial onboarding program from three days to five by adding shadow days and classroom discussion. Eliminated many of the video components of the onboarding and made it more interactive and engaging. Also added a "hands-on" segment in a non-production setting so new hires could learn how to operate specific on-the-job tools they would use as well as to learn specific techniques for their job.
- Added a new employee onboarding checklist to track a new hire's progress at 15, 45 and 90 days on the job – the most critical stage to long-term success.
- Implemented On-the-Job Trainers to recognize top performers, create leadership development opportunities, give new hires more individualized training and support, and improve overall work quality with new employees.
- Standard work instructions were updated and visual management components were incorporated to reduce the amount of text and provide greater clarity around what was expected in each job.

Peak Performance Phase:

- Implemented daily leader small group start-up meetings to discuss safety, quality and performance results and expectations.
- Landrum Site Performance Leader participated in the client's daily Gemba walk as well as daily production meetings.
- A formal employee engagement program was launched that provided "Landrum Bucks" to employees for perfect weekly attendance, quality catches, See Something Say Something safety observations, going above and beyond, and special recognition from management for performance. Bucks could be traded in for prizes, swag, and snacks.
- Monthly Leader training was initiated to help on-the-job trainers and 1st-level leads communicate more effectively, handle employee issues, and understand the facility's goals around safety, quality, and performance.
- Monthly employee appreciation and recognition events were hosted to drive morale and employee participation.

Burn Out Phase:

- Implemented weekly turnover tracker to identify when and why turnover was occurring. Data was used to develop future engagement efforts and to apply lessons learned to our



hiring and onboarding phases. A texting campaign was also initiated to reach employees that stopped coming to work in hopes of understanding more root causes for attrition.

- Implemented additional employee recognition efforts around key events like anniversary date, birth date, promotions, conversion to our client’s payroll and meeting safety milestones or quality or production goals.
- Created departmental cross-training program for employees to learn new skills and to increase bandwidth of the workforce.

Follow-Up Efforts: Weekly Scorecard meetings were held to review the prior week’s performance, identify off-track areas, brainstorm improvement opportunities and strategies and make sure the on-site leadership team was focused on process and driving the right behaviors. The Scorecard measured and tracked performance relative to goal/standard for safety, quality, performance, people, and cost.



Safety:

- Lagging indicator areas of recordables, first aid, near miss, and property damage were tracked daily. Additionally, proactive safety measures around small talks, PPE audits, and See Something Say Something were reported. Lastly, a “safety issues” list was created for more complex safety initiatives and long-term safety projects.
 - 1st year saw a 31% reduction in overall safety incidents with an 11:1 ratio of proactive safety measures to lagging indicators.

Quality:

- Weekly nonconformance report (NCR) created and tracked through weekly scorecard. NCR’s decreased by over 50% from baseline period and averaged less than one per week.

Performance:

- Key performance elements tracked included units completed versus forecasted units, and employee attendance rates by work group. It was identified that because much of the production process was people-dependent, in addition to overall employee headcount, employee attendance was a key contributor to meeting daily and weekly production goals.
 - Production ended the year at 91% to plan while overall attendance was at 93%. These results represented, respectively, a 15% and 5 percentage point increase over the baseline period.

People:

- The first areas of transparency and awareness that we identified were reporting on open positions versus forecasted headcount, and tracking order fulfillment versus new requests and replacement needs. To bring our client closer to the tight labor market and forecast better for them when new/replacement personnel would be starting, Landrum initiated a staffing update three times weekly that listed each open position by department and skill set. We identified the date of the requested headcount and the expected start date (to coordinate with our weekly onboarding classes), and we clearly noted if a labor request was beyond its expected fulfillment date. In addition, a simple people pipeline was added to show candidates in process and in consideration.



- Our people pipeline was also a metric we tracked internally, which helped to guide external recruitment efforts and referral initiatives.
- After catching up on an initial backlog of open positions and cycling through some previous bad hires, by 120 days into the Workforce Management program, we were able to have sustained weekly order fulfillment at 95%+. Additionally, as production began to scale back to normal levels, we consistently had a surplus of quality candidates available in the event of attrition.
- For the last six months, turnover levels averaged around 5%/month with the yearend average being about 7.5%/month, nearly a 30% reduction from the baseline period.

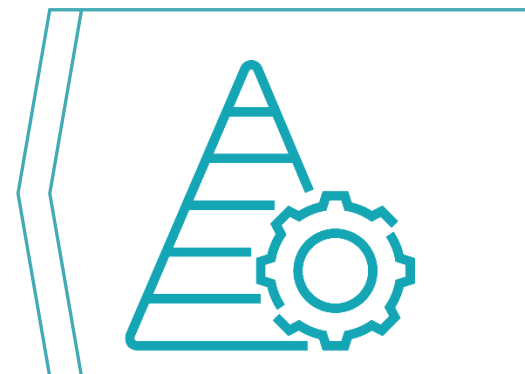
Cost:

- With a new program install, cost reduction is typically centered around cost avoidance and efficiency gains by the workforce. Metrics tracked to help quantify cost savings included OT hours as a percent of total hours worked, actual staffing levels to forecasted headcount, increased production levels, increased attendance rates and a reduction in attrition.
 - Compared to the baseline period, Landrum achieved positive results in each area above. OT hours worked decreased by almost 35% from 13% to 8% while increasing total units produced, but it was the 30% reduction in turnover that provided the largest single efficiency gain. Minimizing turnover helped to keep headcount balanced to production, reduced the strain of continual onboarding and training new associates (at one time during the baseline nearly 60% of the total workforce was in some phase of training), quality defects diminished, and more workers reached peak performance as a result of completing all required training and doing the job enough to get efficient. Lastly, the OJT team, leadership development programs and cross-training initiatives implemented helped to address the needs of employees experiencing burnout or looking for a new challenge. As a result, we were able to hold on to workers longer and reduce costly attrition.

CONCLUSION

Key Takeaways

- Each phase of the Employee Lifecycle is essential to create workforce stabilization.
- Safety performance, first pass yield and production goals can be difficult to consistently attain or maintain without stabilization.
- Operational inefficiencies translate to extra cost. Whether that’s through needing more than forecasted to meet demand, not having enough and missing demand, or producing poor quality which causes rework, scrap, or customer loyalty concerns.



COMPANY OVERVIEW

Workforce Management Solutions

Landrum's Workforce Management program began with the vision to have our clients operate safer and more efficiently because of our focus on process improvement and employee stabilization. Our mission was to apply lean principles to each stage of the employee lifecycle and to positively impact the attainment of our client's safety, quality, performance, and cost goals.

For over 50 years, Landrum has been solving complex issues for our clients around people, safety, quality, performance, and cost. Today, our gap analysis is used early in the evaluation process to identify inefficiencies, redundancies, and opportunities to create stabilization in the workforce or in an area or department that lacks leadership, bandwidth, or that may be underperforming. After our report out and analysis, a roadmap is created in alignment with our client's core business goals, to improve overall efficiency and drive labor cost per unit down.

Landrum accomplishes this through our team of operational experts who have spent significant time in manufacturing and logistics operations, and who understand how to apply process to people in order to change outcomes.

