

LABOR STRATEGY

Labor Is Probably Your Number One Controllable Cost



In a world where organizational performance drives financial results, having the right labor strategy is critical. In fact, every company has a labor strategy. The problem is that they may not know what it is. The difference between active and passive strategies represents for most companies the difference between millions of dollars in profit or loss.

SOLUTIONS

HIDDEN COSTS

Traditionally, our clients have hidden costs associated with labor. Many of these categories may represent 1 to 2 percent of direct hourly labor costs individually, but together, they may reach 11 to 17 percent.

- High overtime
- High level of unplanned absences
- Inability to staff efficiently for seasonal, monthly, weekly, or daily demand
- No full-time/part-time/temporary employee strategy
- Uneven skills across shifts
- Idle labor time (overall or pockets)
- Hard to recruit and retain good employees; high turnover
- Outdated HR policies
- Past changes have not achieved long-term results
- Lack of consolidation or blending opportunities
- Not maximizing current capital
- Poor forecasting tools
- Not meeting productivity potential/goals
- Continued/increasing health and safety problems
- Hourly employees have morale issues
- "Us vs. them" employee/management mind-set
- Problems communicating to evening and night shifts
- Inefficient vacation, lunch, or break staffing

CAPTURING THE VALUE

Identifying the opportunity is only one part of this process. Ankura offers an Operations and Labor Strategy Review, where we help create solutions that allow company leadership to capture opportunities. The outcome is a management team better equipped to understand the amount of effort required to make changes and achieve goals.

HOW WE HELP

We can help you differentiate yourself from your competition and improve your ability to hire and retain great employees in competitive job markets.

Absenteeism is a plague afflicting companies all around the globe. With labor strategies that make sense for the business and employees, we can dramatically reduce this culture and profit killer.

We engage the workforce in a real and meaningful way to drive discretionary effort—something that differentiates companies with the highest performance.

We improve flexibility with labor strategies that correlate to your demand curve.

Culture counts. We pinpoint opportunities where culture needs attention and act.

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NEXT STEPS

Identifying opportunities and creating strategies to capture them is only part of the process. To narrow down the variety of potential solutions, it is critical to engage the workforce in a real and meaningful way. Ankura's Employee Engagement Survey is the logical next step to understanding how to drive a higher level of engagement while achieving cost savings. The survey is a focused exercise to analytically understand how different labor strategies may work better based on employee preferences.

REPRESENTATIVE ENGAGEMENTS

- A global food processor achieved a \$5.3 million in labor savings across just two of their more than 70 facilities around the world. A lack of visibility into labor spend was the culprit. Everything from overstaffing to overtime abuse was an area of waste. After working with Ankura and dissecting the information, the management team were empowered to make better decisions faster, driving costs down.
- A Canadian call-center operation cut turnover by more than half by offering 12-hour shifts to 24 percent of their workforce. Although not right for everyone, the different shift length allowed the team to better match the workforce to the ever-changing call volume. This saved millions while also catering to the needs of the almost one-quarter of the population that wanted more days off. The new schedules gave this group 78 more days off a year for the same pay. This came at no cost to the company.
- A global company specializing in paper products learned through the Ankura Operations and Labor Strategy Review that 12-hour shifts would increase their costs by 2.3 percent. With almost 700 employees, this equated to the cost of 16 additional headcount with no additional value (for them, about \$1.4 million). Although they still implemented the new shift schedules, largely driven by employee preference, they found other areas to capture cost savings to offset this large, previously unknown expense.
- A mining operation wanted to increase production without increasing safety concerns. They turned to the human capital team at Ankura to understand the cost of several scheduling options to make sure they didn't lose money while driving additional revenue.
- A global auto manufacturer deferred capital expenditures and increase throughput by 20 percent by understanding how specific labor strategies could drive volume. With over 4,000 employees on one campus, they were concerned that any change could upset production and damage quarterly results. With guidance from the leaders of the human capital team, they could make the change, achieve volume goals, and improve employee satisfaction.

ABOUT US

Ankura is an expert services firm defined by *HOW* we solve challenges. Whether a client is facing an immediate business challenge, trying to increase the value of their company or protect against future risks, Ankura designs, develops, and executes tailored solutions by assembling the right combination of expertise. We build on this experience with every case, client, and situation, collaborating to create innovative, customized solutions, and strategies designed for today's ever-changing business environment. This gives our clients unparalleled insight and experience across a wide range of economic, governance, and regulatory challenges. At Ankura, we know that **collaboration drives results.**

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THE ANKURA DIFFERENCE

The Ankura human capital team designs and implements operations and labor strategies for companies requiring rapid and sustainable improvements. We work closely with the management team, as well as hourly employees and unions (if applicable), using a hands-on approach to capture savings most firms miss. Using our proprietary and proven process, our team of experts consistently delivers our clients opportunities to reduce annual direct costs by 11 to 17 percent, starting eight to 16 weeks from the beginning of the engagement. We work with manufacturing, healthcare, distribution, mining, utility, retail, and call-center facilities, as well as other service organizations.

GET IN TOUCH

John Frehse
john.frehse@ankura.com
+1.212.534.0539 Direct

Ethan Franklin
ethan.franklin@ankura.com
+1.312.255.1646 Direct