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2022 LOGISTICS FUTURE OF WORK REPORT

Meaningful Change for Measurable
Results

OUR STORY

FutureSolve is founded by senior CHROs of companies like Comcast, Hostess Brands, Suntrust Bank, Unisys, and more. Providing a wide array of technology and strategic CHRO advisory services, FutureSolve helps Organizations prepare and position for the Future of Work.





6 TRENDS:

1. OPERATIONAL RESILIENCE
 2. SHORTAGE IN TALENT
 3. HIGH TURNOVER
 4. UPSKILLING
 5. DIVERSITY & INCLUSION
 6. LEADERSHIP & SUCCESSION PLANNING
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OPERATIONAL RESILIENCE

Operational resilience is an emergent phenomenon wherein businesses and organizations adopt processes and characteristics to a rapidly changing environment. Thus, it is an organizational trait that enables a commercial venture to continue its mission despite stress and disruption. In a layperson's language, operational resilience is the ability of a business to handle, manage, and tackle any external factor that may prohibit its functioning. The underlying assumption of operation resilience is that things will go wrong in the future, and preemptive planning is the key for any organization to recover from possible turmoil.

It is noteworthy to mention that resilience is a mindset that compels businesses to recover from probable malfunctions through anticipatory preparation. Instead of trying to control disruptions, the resilience approach concentrates on recovery to the state of normalcy. Likewise, another integral aspect of operational resilience is focusing on external factors. Rather than centralizing all resources on internal factors and what could happen to the firm, the resilience approach co-opts a comprehensive perspective wherein the entire ecosystem, ranging from market reputation, vendors, customers, counterparty, etc., are taken into account.



IMPORTANCE OF OPERATIONAL RESILIENCE

With the Covid19 pandemic entering into its third, the significance of operational resilience is at an unprecedented high. Resilience, indeed, has become an instrument of galvanizing a business and its customer base not only during crisis hours but also during relatively 'normal' times and operative phases. The survival and sustainability of all companies depend upon sustainability premised upon resilience. It will not be erroneous to assert that the trick to pulling through in the ultimate game of survival depends upon a business's resilience and ability to keep up with future trends. Thus, there is no other choice but to 'be ahead of one's times.' Some of the critical benefits of operational resilience are –

- Increase in customer retention
- Acceleration of customer base as the demand for a resilient organization is high.
- Effective prioritization of investment decisions
- Efficacious allocation of resources vis-à-vis the business's requirements
- Higher productivity
- Increased ability to focus on innovation rather than constantly dealing with security glitches and remediation.





OPERATIONAL RESILIENCE IN LOGISTICS AND SUPPLY CHAIN

When we come to the logistics and supply chain sector, its growth has been phenomenal in the last few years, and however, they have faced significant downward trends in recent times. A report by McKinsey reveals that the transportation and logistics sector suffers on average more than the economy itself during recessions. A complementary study illustrates that a group of 'resilient' T&L businesses could navigate rough waters. They outperformed their peers by 267 percent in terms of falling prey to recession cycles and overall improvement during the recovery period.

The lingering question is whether a logistics and supply chain venture can be more resilient. Some of the key drivers of a company's operational resilience are –

- **Leadership** – An executive team that understands the nitty-gritty of sound leadership is the key to a resilient company. Authentic, trustworthy, and understanding leaders create an ambiance of trust that can help all organizations, including logistics companies, achieve sustainability and effectively handle any untoward situation in the future.
 - **Responsibility** – In the domain of business, responsibility is a two-way road wherein both employees and employers are accountable to one another. Creating an environment of responsibility through the building of trust and reliance means that in ever-changing times, you can count on your employees to engage in novel tasks-
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Likewise, the employees will also be more than willing to go the extra mile, thereby accelerating their performance in crucial times. The importance of responsibility-building is at its peak. In the contemporary world of restrictive mobility measures, vaccination mandates, and much more, an ecosystem of responsibility conditioned by trust is the critical solution for T&L companies to stay afloat.

- **Diversity** – Hiring people from diverse backgrounds means possessing various vantage points. Giving importance to variety is crucial for any organization to improve its overall sustainability.
 - **Technology at the Frontline** – Needless to say, frontline workers, are the heart and soul of any organization, especially ones related to logistics. Thus, it is imperative to invest in frontline workers by equipping them with technologies. The key to a resilient organizational structure is by starting from the ones who are at the front and ensuring that they have adequate instruments to work smoothly.
 - **Digitalization** – Utilizing data from diverse sources like advanced analytics, artificial intelligence, and likewise are factors that set a company a class apart from those who have not yet made use of these technologies. The cooption of digital tools can garner actionable insights and produce concrete results.
 - **Sustainability** – One of the secrets to prolonged operational resilience is to focus on creating sustainable value. Bringing value to people, products, processes, and services is essential for the success of any company.
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- **Eco-sensitivity** – With climate change and the world at the brink of environmental catastrophe, organizations must take responsibility and venture into the eco-sensitivity trajectory. Logistics and supply chain organizations are at the helm of this movement as their carbon footprint is massive. Thus, innovative solutions coupled with forward-thinking are the routes companies should follow to improve their overall resilience across all operations.

Now that we talked about the drivers of operational resilience, it is essential to keep in mind that there is no one-size-fits-all for successfully formulating sustainability propaganda. The resilience of the logistics industry is at a fault line, courtesy of several factors such as a surge in demand, the race to be agile, operation constraints, and so forth. The challenges are similar throughout, but their magnitude is different, and the way they contort and collide with T&L companies also varies. Thus, the looming question is how should a company judge itself and its resilience and take measures to deal with the loophole?





THE SOLUTION OPERATIONAL RESILIENCE

An Excellent and groundbreaking technology for a company to monitor its operational resilience is through the [Performance Index solution](#) by Future Solve. The mechanism entails identifying 12 unique business areas, assessing them, and relating them to the company's productivity and talent. After the assessment is complete, the Performance Index tool benchmarks the results against industry data to paint a clear picture of the company's resilience in each domain. The solution uses AI to deliver powerful insights and actions that could save your company anywhere from USD 1 Million to 10 Million. Some of the key drivers that the Performance Index considers are -

- People Indicators such as retention, engagement, diversity
- Talent assessment
- Benefits analysis
- Revenue and growth assessment
- Cost of services and much more

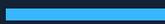
Thus, in undulating times of the 21st century where change is the only constant, building operational resilience is a daunting task. However, AI-driven tools like the Performance Index by Future Solve can help streamline the process and minimize the burden from companies.

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SHORTAGE IN TALENT

The manufacturing and supply chain sector has witnessed unprecedented growth in recent times. However, the industry is facing a looming challenge that threatens to mitigate its development – that is, the shortage of talent. The supply chain sector is a people-oriented arena wherein human resources are its primary assets. However, several factors such as a spike in retirements and a reduction in analytical pioneers entering the field have created a massive gap in demand and supply within the sector. A recent study reveals that the talent gap is prevalent at every phase within the supply chain, from entry-level to mid-level and top-most leadership positions. As such, the supply chain and manufacturing face a unique challenge as it strives to find individuals interested in the opening, assess their qualifications, and finally prepare them for viable careers in the supply chain. The pandemic has further galvanized this gap and made matters worse.

A research paper illustrates that the talent shortage in the supply chain is expected to be at 2.4 million unfilled positions between 2018 to 2029. It is a catastrophic figure that will potentially cause an economic turmoil of USD 2.5 trillion. Even in contemporary times, the global supply chain leaders struggle to attract people with good employability skills. Moreover, there is a direct correlation between the malfunction of the procurement team and overall productivity, retention rate, employee satisfaction, and customer satisfaction of a supply chain company. Therefore, the hour's need is for companies to focus on providing incentives and co-opting innovative technologies to steer clear of the talent gap mayhem.





SOLUTIONS FOR TALENT SHORTAGE

- **Pepelwork** – The talent acquisition branch at supply chain companies can use Pepelwork, a platform to hire and upskill young talent from colleges and high schools. Pepelwork is an enterprise that allows companies and hiring personnel to find the right fit for the relevant openings. Likewise, now is the time to make concerted efforts to bring individuals onto the payroll and back to jobs. Therefore, devising certificate courses designed for entry-level or mid-level positions is one way to pool more talent and the labor demand-supply gap. In addition to being a recruiter's haven, Pepelwork is also a platform where companies can put out programs and bring the youth closer to the job market. The strategy is part of a larger picture that can bring holistic change within the supply chain sector and turn the talent shortage problem to a considerable extent.
 - **Cliquify** – It is an AI-powered content marketing platform that supply chain recruiters can utilize to attract a relevant and diverse talent pool. The contemporary times are fraught with such challenges that imply accelerating the recruiting mission is not enough. It is imperative to adopt an approach wherein the requirements of the entry-level and mid-level positions in the supply chain are altered to cater to the expectations of the youth. Recent research studies illustrate that American workers are anticipating the continuation of work-from-home. Thus, supply chain procurement should be flexible as it is the key to filling the talent gap. Cliquify is the ideal tool for recruiters to develop market strategies to cater to youth calls. Aligning supply chain job openings with the needs of the young population is essential, and Cliquify can assist in dealing with the problem.
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- **AI Talent Sourcing** – FutureSolve's AI Talent Sourcing tool is a technological innovation that supply chain procurement can benefit from. The platform enables companies to source competent candidates based on skills, experience, location, and so forth. It utilizes web crawlers and extends recruiters with a holistic profile of the candidate, their publications, and previous roles vis-à-vis their LinkedIn claims or resumes. The platform provides companies with the opportunity to find unique talent from all across the globe, which, as we all know, is a boon for the supply chain industry.
- **A.I Powered Applicant Tracking System** – Having a way to quickly find talent on job boards, filter through your database for the right talent, and making the application process an easy and simple process are all key to having more applicants and a better hiring / onboarding experience for them. Oorwin brings a ton of functionality and is also designed for front line hiring.

In conclusion, technology is a weapon that the supply chain industry possesses to tackle the unique problem of talent shortage. Moreover, striving to make the hiring process more 'inclusive' and cater to the former sidelined cohort such as women, disabled people, and so forth is also an excellent way to handle the crisis.



3

HIGH TURNOVER

In recent years, turnover rates in the logistics and supply chain industry have skyrocketed. It is becoming increasingly demanding for companies to hold onto their warehouse employees. The US Bureau of Labor Division reports suggests that the turnover rate for the transportation, warehousing, and utility industries stand at a whopping 46 percent. The phenomenon of the Great Resignation fueled by the covid19 pandemic is further accelerating the problem. The Great Resignation is an unbeknownst occurrence where a record number of Americans quit their job from April 2021 to September 2021. A few of the causes of increased turnover rates in the supply chain and logistics sector are –

- 1.The hegemony of Amazon
- 2.The concentration of distribution centers in specific regions
- 3.Retirement of senior citizens from the employment roll
- 4.Mid-level employees switching their jobs

IMPACT OF INCREASED TURNOVER RATES IN SUPPLY CHAIN AND LOGISTICS

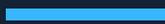
- **Monetary Loss** – It costs Third-Party Logistics at least USD 7000 to replace a single warehouse worker. The money is spent on recruitment drives, background checks, training, hiring temporary workers, and so forth.





- **Decrease in Productivity** – Warehouse associates take months to be fully productive. Thus, to make up for the productivity gap, more staff must be added to meet the daily requirements. Therefore, there is a direct link between high employee turnover and reduced productivity. More daily callouts hinder a Third-party logistics' ability to process day-to-day orders.
- **Dip in repute** – Poor productivity implies a dip in the company's competency to load trucks on time. Carriers may levy detention charges in such a context of slowed work processes, costing the company more money. In due course of time, if a company becomes known as slow-loaders among truckers, carriers may refuse to service that location. As such, the entire business can go into a vicious cycle of low productivity, loss, and high turnover.
- **Dip in Customer Satisfaction and Customer Retention** – Newer recruits make more mistakes in a logistics company. Recurring errors imply that the on-time, in full (OTIF) percentages decline and fail, thereby hampering the scorecard ratings with retailers. In B2C distribution, an inaccurate order can manifest as additional costs incurred in customer service and returns and cause the loss of customers.

To deal with the detriments of high turnover, manufacturing and supply chain houses should take precautionary measures by co-opting technological innovations.





SOLUTIONS FOR HIGH TURNOVER

- **Infeedo** – It is an AI-driven platform that uses innovative technology to gauge which employees are more likely to leave their jobs. The tool allows recruiters to retain top talent, increase employee engagement in work-from-home setup, and prevent the adverse effects of surcharged resignation. The platform helps recruiters retain 82 percent of employees who are on the brink of leaving. It uses robust metrics and analysis to give an in-depth and accurate result. With its massive turnover rates, the supply chain industry can fully utilize this groundbreaking technology and avoid the ripple effects of turnover.
 - **Verimos** – It is a superior technology to retain warehouse employees by providing them additional benefits for less than USD 20 per month. It is a platform that offers frontline workers health access, discounts, and information to get the best health care. The supply chain procurement team can extract maximum benefit from Verimos and use it to retain employees. The tool reminds all employees of their regular benefits that they can directly from an app. Verimos, thus, is great to increase employer satisfaction through tangible and direct means.
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4

UPSKILLING

In recent years, the supply chain sector has experienced accelerated growth due to ushering in the automation of logistics activities. Moreover, recent technological advances such as the proliferation of the Internet of Things, AI, Machine Learning, and Robotics are gradually creeping into the supply chain sector. Notably, the supply chain sector is fast-moving in electric vehicles, autonomous vehicles, and robotics in the warehouse direction. Thus, Upskilling the current workforce becomes crucial.

Therefore, the 21st century is the era of change for supply chain management companies, and it is imperative to be upgraded with relevant skills to stay afloat. There is a massive upsurge of technology in the logistics and supply chain domain. This trend implies migrating supply chain activities from manual, transactional tasks to more strategic and dynamic ones. Therefore, the hour's need is to upskill the supply chain labor force so that the future is not as bleak as today regarding turnover rates and shortage in skills. Likewise, supply chain employees must understand the nitty-gritty of all facets of the supply chain process, from planning, procurement, and supplier relationships to quality and inventory management. The possession of basic knowledge is vital because supply chain experts are the ones who will define, design, and shape the direction of the technology related to the sector.





TOP SIX SKILLS FOR THE FUTURE OF SUPPLY CHAIN

- **Strategic Planning and Big Thinking** – It entails including technological advancements via the Internet of Things and Artificial Intelligence.
 - **Expertise** – The supply chain sector should be able to churn out workers who are adept in applied real-time end-to-end supply chain management processes such as collaboration, networking, technical expertise, relationship management, and so forth.
 - **Technological Competency** - Fluency in crucial areas of AI, Analytics, Robotics, and IoT to skillfully imagine their usage and application to bring positive changes in the supply chain sector.
 - **Global Leadership** – The ability to work seamlessly within and across companies, cultures, functions, and geographies to galvanize change and actions
 - **Risk Management Ability** – The critical skills to examine, analyze, and breakdown data and information to come to faster, better, and more feasible decisions
 - **Best Practices Knowledge** – The ability to absorb knowledge from within and across industries and its consequent translation into the application for the supply chain sector
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The hour's need is to upskill workers, as companies should not have to lose valued employees in the pretext of technological progress. The critical identifier of forward-thinking companies is their decision to upskill and reskill existing employees rather than depend on layoffs and new hires. We are all aware of the dire consequences of hiring and firing in the supply chain sector, especially when it comes to warehouse employees.

Amazon, for example, recently announced that it would invest USD 700 million to train 100000 workers for higher-skilled jobs. Thus, bridging the skill requirement through training, education, support, and placement are paramount.

SOLUTION FOR UPSKILLING IN SUPPLY CHAIN

ICOG AI Learning- It is an AI-driven platform that brings intelligence and cognition to create a proactive and competency-based learning environment catered to the needs of each individual. It uses artificial intelligence so that users can enjoy an undeterred learning experience. It is a tool that can be used in supply chain management to upskill workers and make them future-ready. Rather than looking at fragments, the device takes a holistic view of a worker's learning journey rather than looking at fragments. In simple words, ICOG is the one-stop shop for supply chain companies as it aggregates competency-based training, tracks Upskilling, and recommends the training to employees based on their journeys.

Thus, in an environment of social change, and technological upgradation, the current workforce needs to be upskilled for the massive changes.



5

DIVERSITY AND INCLUSION

The supply chain sector is at a threshold of massive change. Its unprecedented growth in recent times coupled with unique challenges mean that the industry should be amenable to new trends. The significance of diversity and inclusivity is at an all-time high in the global corporate supply chain sector. The phenomenon has many advantages and is crucial to maneuver a supply chain company's overall resilience, and thereby sustainability

IMPORTANCE OF DIVERSITY AND INCLUSION IN SUPPLY CHAIN MANAGEMENT

- **Competitive Edge** – Diversity in terms of employment helps supply chain companies build a robust portfolio that encompasses a broader spectrum of supplier segments. Thus, the ultimate consequence is that companies can increase spending with diverse suppliers, drive higher procurement cost savings, and optimize the overall supply chain value.
 - **Innovation** – A diverse workforce implies the snowballing of unique viewpoints, which drive the innovation area of a company.
 - **Accessibility** – Diverse suppliers get better access to new market customers. Increased investment in diversity and inclusivity ushers in significant routes of revenue opportunity for companies via partnership.
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HOW CAN THE SUPPLY CHAIN SECTOR BE MORE INCLUSIVE?

Supply chain diversity has transitioned from a compliance-driven move to a corporate strategic mandate for pioneering corporations to bring economic change within diverse communities. Three ways via which supply chain companies can accelerate their diversity and inclusivity are –

- **Determining the Direction of Procurement Investment** – It is crucial to develop a rudimentary understanding of where procurement investments are made and whom to bring to build a more inclusive supply chain. Various data classification and enrichment technologies can aid the process of sieving but suppliers by diversity status such as minority, women, and so forth.
- **Recognizing Diverse Suppliers Aligned with Key Spending** – After understanding the significant spending categories, companies can begin broadening their understanding of potential suppliers with each category. Supplier diversity certification and advocacy organizations such as National Minority Supplier Development Council and Women's Business National Enterprise Council are excellent platforms to be acquainted with diverse suppliers.
- **Formulating Inclusive Procurement Policies** – It is the hour's need to implement policies that mandate the roping in of at least one diverse supplier in competitive supplier selection processes





SOLUTION FOR DIVERSITY & INCLUSIVITY IN SUPPLY CHAIN MANAGEMENT

Kanarys – It is a platform that supply chain procurement can utilize to foster a more diverse and inclusive workplace. They transform Diversity, Equity, and Inclusivity (DEI) work through technology and data. It is a platform that can help supply chain companies to build on their DE initiatives and take the organization to the next level. Kanaris provides an organization with tools and instruments for various DEI challenges by a data-driven approach.



6

LEADERSHIP & SUCCESSION PLANNING

Succession planning is planning the transition of leadership positions in a company. It entails hiring new talents or training existing employees to successfully evolve into more unique positions once a top-most place becomes vacant.

Succession planning in leadership is a fundamental pillar within the supply chain and logistics sector to ensure that the operational resilience and sustainability of the industry are up to the mark. With unique challenges confronting supply chain management, it is too risky to await the mitigation of disruptions after the exit of a key player from the company.

TOP 5 BENEFITS OF SUCCESSION PLANNING

- **Premium Anticipatory Safeguard** – The inability to prioritize succession planning can leave companies vulnerable. It is a step in the senior leadership ladder to protect the company even in the abject absence of one or many key players. It acts as a business continuity insurance that entails training and educating employees.
- **Cost-effectiveness** – Succession Planning is an excellent way for companies to cut costs of recruitment drives, and it allows organizations to opt for in-house recruitment. In the current context of the skill gap and massive turnover rates plaguing the supply chain sector, when recruiting entry-level and mid-level positions is challenging, companies cannot wait for people to fill in leadership openings .





Likewise, succession management becomes crucial with the senior on the threshold of retirement. Studies show that people in leadership roles planning to retire in the next five years are higher than the number entering the workforce. Thus, preparing for such unique challenges is vital for companies to stay afloat.

- **Identification of Key Future Leaders** – A formal succession plan involves identifying positions most crucial for the company's success, identifying in-house candidates with the right skills, talents, and desires to take on critical jobs, and conversing with potential candidates about their interests and career plans. These three primary pillars of succession planning come with several benefits, the first being that the company can gauge out talents and future leaders. Most importantly, succession planning assures ambitious and less-experienced internal candidates that their hard work and skills are noticed and appreciated enough to be considered for advancements. Thus, succession planning is also a phenomenal employee retention tool. Moreover, it also ushers in the sense of urgency to cross-training key employees in specific positions.
 - **Maintenance of Brand Identity** – The veritable benefit of succession planning is that it helps companies avoid the disasters of hiring an outsider in leadership positions. By recognizing and training an internal successor, a company ensures that someone who has an in-depth understanding of the company's brand promise, its customers, and employees will take it forward.
 - **Long-term Benefits** – Making succession planning a part of a company's overall growth by creating a path for retiring employees to hand off their years of experience and knowledge before they leave is a crucial part of the prolonged merits of a company.
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SOLUTIONS FOR LEADERSHIP AND SUCCESSION PLANNING

- **TalentGuard** – It is a platform that predicts the company's future talent requirements and chooses the best candidates for the most critical roles. The tool takes a holistic view of an organization's collective talent pool.
 - **Leadership Support** – It is a high-performance tool devised by FutureSolve to help leaders be better at what they do. Companies can use an excellent tool and training for Leadership Development to help the organization grow and succeed.
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