

How the Logistics Industry Can Conquer the Generation Gap

Dispatches from two companies that are winning the battle to attract, train and retain great employees from Generations Y and Z.

How do you solve a problem like Maria (or Mike) the Millennial? There's no need to elaborate here on the well-publicized complaints about employees from Generation Y, the term commonly used to refer to those born between 1984 and 1996. A quick explore on Google will uncover a treasure trove of generation-gap-inspired bellyaching. Generation Z (born after 1997), just beginning to enter the workforce, is now facing its own list of complaints.

More worthy of discussion is what are the potential consequences of failing to solve the problems associated with hiring, training and retaining Gen Xers and Zers, and how we actually go about fixing those problems, especially in the logistics industry.

Overall unemployment in the US currently stands at 3.9 percent, and the Bureau of Labor Statistics typically records an even lower rate in the transportation and warehousing sector. Every day brings more news of the truck driver shortage, as well as short-handedness in the warehouse. Worse, there's a growing need for new skills across the board in the logistics industry as customer demands for faster, more visible supply chain operations are served by increasingly sophisticated technological solutions.

In other words, shaking your head and opting for a strategy of employing retirees is just not going to work. (Although it's clear that many factors mean we're all likely to work far later in life than ever before.)

The truth is, we're not doing a good job of adapting to the new reality. This recent study by Allegis Group, cited by Hunt Scanlon Leadership Intelligence, shows 49 percent of the more than 1,000 senior-level human resources decision-makers surveyed said they are concerned with their organizations' ability to attract and retain the current and coming generational groups. And 62 percent believe that issues with attracting and retaining them may lead to negative business impact.



Love them or hate them, there's no getting around it; in order to be competitive, you'd better learn how to make your company attractive to people born after 1984. We talked to two companies at the coal-face of this challenge for insights and tips, in the hopes their experience might help guide your ongoing HR strategies.

Yes, the differences are real

It's not just hype. These youngsters (if you can include folks who are now pushing 35) have profound differences compared to Baby Boomers and Generation X in terms of skill-sets and – perhaps more importantly – attitudes to authority, along with fundamental expectations of how a job fits in with their lives.

Let's focus on the skills first. "In school they're just not learning the same skills my generation did," laments one vice president of engineering at a multibillion-dollar global apparel company. The VP, responsible for tactical and strategic distribution center and transportation optimization in the US, is looking to Millennials to fill supervisor roles these days, but is finding it's tough to hire ones with the right capabilities. "The engineers, particularly industrial engineers, are not learning basic skills like time studies, or the way we go out and measure a process," she says. "These things are not taught in school any longer – it's been retitled 'human engineering', and we're having to teach them the basics."

What they are bringing to the table, however, is technology. And how!

"That's where they're much stronger than us; they're really quick to pick up on new devices, analyze data, and learn new IT systems," says the VP. "We're so reliant on technology now. As an industry, we have such a pressing labor shortage, we're going to have to adopt more and more technology. And that's where they're stronger. The older generations don't adapt as quickly to new technology."

You're not the boss of me!

One of the more sticky problems that occurs when you bring Generations Y and Z into the workforce to be supervised by Generation X (1965-1983) or Baby Boomers (1945-1964), is a clash over ideas about hierarchy.

"They're coming out of school thinking they should be at supervisor level. They don't want to go back to grunt level," observes the VP. "The way I learned leadership was watching others, respectfully. Younger people don't come with that attitude to leadership. They're not willing to take a step back and learn from someone else. A lot of people are coming out of college with project management skills, sure, but no substance behind them."

Our other commentator, an operations manager at a global industrial equipment parts distributor, and with oversight of personnel for logistics in the US, agrees attitudes have changed, and that management has to flex to accommodate them. "In the past, the manager had all the power and there were ten



people waiting to take that lower person's job if they didn't like it," he says. But labor shortages have profoundly changed that equation. "It's just not the case anymore," the operations manager observes.

That doesn't mean simply caving to Millennial entitlement is a good solution, though. "In my last company, we were afraid of losing people, so we were promoting them prematurely," says the VP at the apparel company. That presented plenty of problems, including incidents where struggling Millennials tried to take credit for achievements of colleagues, fostering resentment. Another result was older colleagues seeing sterling proof their prejudices were justified. "We brought in young people at a supervisory level and they just weren't staying, because the more experienced people were walking all over them," laments the VP.

"A lot of getting this right is dependent on the culture of company," she continues. "If we foster the right culture, and take the time to train and develop younger people, and let them know they don't have to excel straight away, you get a much better result."

One way around both skills shortage and a squirrely attitude to formal power structures is to introduce more cooperative mentoring or partnering programs across the generations, both the VP and operations manager agree.

The global apparel company, for example, makes the effort to partner with local technical colleges to identify and pull in good people with a college degree in any subject, then support them with an operations assistant who has years of experience. Often, this involves pairing a younger person, paid hourly, with a salaried supervisor who provides on-the-job training, but in a collaborative atmosphere that encourages them to figure out how to do the job better together.

Better benefits really help

But perhaps the most effective strategies come from rethinking the whole contract between employer and employee – that all-important "culture" the VP mentions.

Younger employees have remarkably different ideas than their predecessors about how work fits in with their lives. On the one hand, most would think nothing of receiving an email or text from work out of hours; on the other, most expect their private life to be better acknowledged and catered for within the workplace.

"Millennials assign much more value to a work-life balance," says the VP. "They see that working from home without getting stuck in traffic makes you more productive. They want flexibility in the hours they work, better maternity policies, things like that. And, since they gave that feedback to management, those things have been implemented because we wanted to retain the younger workers, but now these policies are benefitting everyone."

At the global industrial manufacturing company, a need to attract and retain younger employees has translated into providing a huge and growing range of benefits, explains the operations manager. "Yes, there's a lot of 'what's in it for me?'" he says. Responding to that, rather than shying away from it, has brought transformational changes to the company, and has driven retention rates to a far more satisfactory level.

"We've dedicated ourselves as an or-



ganization to consciously managing the employee experience," the operations manager says. "We have a committee that meets and discusses what are our employee touchpoints, and how to make them as easy and pleasant as possible."

Employees (of all ages) at the industrial manufacturer can expect 100 percent matching, up to 6 percent, of their 401K contributions, more generous paid sick-day allowances, paid days off to volunteer for local charities, and an on-site, free medical clinic. The company recently set up a "Nudge Center", designed to nudge employees into a healthier lifestyle. The operations manager describes it as an adult playground, with a full-size gym, ping-pong, fuss ball, yoga and Zumba classes, and a full-time wellness coach available for one-on-one sessions. The company regularly brings in experts such as dieticians to deliver health seminars. Soon, the company will also offer free on-site day care.

Dare to be different

"It's very different than what a lot of companies are doing, but we see the value of having these benefits," says the operations manager. "Not everyone uses every benefit, of course, but we want our employees to feel good, and some of these benefits mean a whole lot to some people. One woman who just started has four children and was very excited about the free day care. Others like the gym, and the fact they can take a shower afterwards. Others like that they can typically get an appointment at the clinic within an hour. We like to think it's Management 1.1 -- an advance on Management 1.0."

Sure, it's expensive to lavish this care on your employees, but the operations manager explains the company's philosophy is that it's much more expensive to be constantly losing and hiring (and training) workers. There are already some losses that can't be ameliorated. "Baby boomers stay a long time, but now they're retiring in droves, and we're losing an immense amount of industry knowledge, because of the decades of experience that goes with them," he says. "You don't see employees stick around with a company like that anymore, so we're changing the culture to make it more likely that these younger employees will stay."

Lastly, it helps to make the work more interesting, too. "Nobody in my management team grew up saying: 'I want to work in a warehouse.' So, we're trying to make those jobs less of 'just a warehousing job' and more of a logistics job," the operations manager explains. "And that's not just terminology. We make the effort to add in a bit more technology, and provide mobility --they could get a front-office job, or at least move around the warehouse so they're not in the same position for the rest of their lives. We want to show there are growth opportunities. We've taken this tack precisely because of the Millennials and Generation Z. They want to be moving. They don't want to be stuck doing the same thing."

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