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Labor Management System (LMS): Is one right for you?

Labor is the largest variable cost in any operation, and the highest cost in any operation that requires a workforce to produce or distribute product . . . and the lowest in supply . . . and the situation is going to get worse. Effective labor management requires constant focus on finding ways to find and retain skilled workers, keep labor-related costs to a minimum and increase productivity while maintaining good customer service levels.

Labor Management Systems have been around for quite a while, but some managers have either not heard of them, don't understand what they can do, or don't think their operation could benefit from using one. Let's clarify what a Labor Measurement System is and answer some questions to determine if your operation could benefit from having an LMS.

A Labor Management System is designed to capture times and workload information at the individual level and measure that data (their performance/productivity) against fair and accurate productivity goals. It should track 100% of an employee's time and all functions performed by an employee. Various measurements can be used to determine productivity, utilization and effectiveness based on the workload completed within a given amount of time. This information can be used to identify operational obstacles and assist management in helping individuals improve their performance through more effective training and coaching.

An effective LMS can be used in many different types of operations. Labor management systems have been successfully implemented in distribution centers, laboratories, field service operations, customer service call centers, and manufacturing operations.

Would your operation benefit from a Labor Management System? To help make that decision, answer the following questions:

1. Are there individuals or groups working in your operation who perform manual-paced tasks daily (warehouse associates, laboratory personnel, customer service agents)?
2. Do these individuals perform their daily work at their own pace (no mechanical devices keep them on a pre-determined pace)?
3. Is information available that provides individual work quantities completed and their associated time?
4. Is there consistent feedback provided to the individuals working in the operation on how they performed their job compared to expectations?

If the answers to questions 1 & 2 were YES, and 3 & 4 were NO, the operation is a prime candidate for a Labor Management System.

Author: Tom Dooner, General Manager
12101 N. Meridian Avenue
Oklahoma City, OK 73120
(405) 848-1682
info@argentglobal.com