

WORKSTEP

eBook

6 Key Warehouse Employee Retention Strategies



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In this post-pandemic world, supply chain bottlenecks continue unabated while new disruptions further exasperate already fraught conditions. Meanwhile, the market remains erratic, recession is looming, and [inflation is at or near 40-year highs](#).

We may finally be transitioning to a post-pandemic world, but the reality is that labor market and overall volatility will continue, likely long into the future. The wisest amongst us will parlay the lessons learned during the pandemic into a long-term strategy because if Covid has taught us anything, it's that the future can be unpredictable and catastrophic shocks can appear quickly with little or no warning. For supply chain companies, retaining warehouse workers is as important now as ever because it provides a cushion against market fluctuations and labor shifts. Focusing on human capital ensures that your organization remains flexible and responsive no matter which unexpected twists and turns lay ahead.

We encourage you to see our past eBooks on [how to calculate your true cost of turnover](#), [the most important workforce retention KPIs](#), and [building a frontline employee retention plan](#), while here we focus on the most pressing retention strategies to consider this year that align with current market factors and people operations best practices.



1. PAY IS — AND ALWAYS WILL BE — A FACTOR



Let's get the elephant in the room out of the way first. Perhaps counterintuitively, WorkStep research shows, quite consistently, that pay isn't the #1 factor employees cite for turnover. It's not that pay isn't important — pay is and always has been important — but increasingly the market has moved closer to employee compensation expectations and so if you're not paying competitively, you're not even in the running for retaining employees because they'll have taken jobs elsewhere. Pay is the baseline that puts you in the game and it's everything else you do that determines the game's outcome.

With all that said, in our most recent analysis, we did see that pay jumped from #7 to #4 over just one quarter. With inflation at stratospheric levels, it's understandable that there would be a renewed focus on compensation. Supply chain employees are working just as hard as ever but seeing the value of their earnings diminish, so companies who aren't paying competitively are seeing increased quit events.



Wages Continue to Climb

In addition to inflation, regulatory pressure is also contributing to pay as a turnover driver. Since the start of 2022, [minimum wage for hourly workers increased](#) in nearly half of the U.S. and at least a dozen states will boost wages in 2023. Salary increase budgets have [risen to an average of 4.1%](#) this year — their highest in nearly 20 years — and are predicted to remain at that high. So, for one reason or another, your competitors are increasing pay and it's incumbent upon you to do the same and include market pay, at minimum, as a key factor in your employee retention strategy.

The good news is that wage increases ultimately cost companies less than it would to hire and train new staff, they tend to attract more skilled workers, and they boost employee morale and workplace loyalty.

Creative Compensation Packages

In such a competitive job market, companies need to think beyond pay alone. A baseline hourly rate that aligns with or beats the market is the minimum, and including sign-on bonuses, retention incentives, additional monetary incentives, workplace flexibility, rewards, and more frequent opportunities for salary increases will all help drive retention.

Yes, compensation is important, but you can't pay your way to retention. In the long term, you must also focus on a holistic approach to create the type of organization and culture that employees want to work for.

2. CAREER GROWTH



If pay isn't the top turnover driver despite inflation and employee incentive wars, what is? For the fifth quarter in a row, career growth remained steady at #1 in WorkStep's workforce turnover study.

Your warehouse and frontline workers are ambitious and want to advance their careers, and they absolutely will seek out companies that support and uplift them in their mission. [More than 70%](#) of frontline employees have applied for career advancement opportunities, yet many struggle to overcome barriers that include a disconnect between what employees want and what employers think they want, and a lack of resources and support to kick-start their career growth.

Companies that prioritize employee growth and promote from within will find themselves at a key competitive advantage versus their competitors. Leverage workforce planning and people analytics to identify promotion opportunities that best align with a worker's skill set and where they are most likely to find success.

Keep in mind also that while employees may prioritize their career growth, they're not always clear on how to accomplish the growth they seek. In fact, as many as [65% of frontline employees](#) are unsure of how they can advance their careers, and this percentage is even higher for women, younger workers, and those with no high school degree. When creating an employee career growth plan, don't underestimate the importance of awareness, communication, and strong managerial support.



Career Growth Action Plan

A traditional approach could be to wait for an employee to inquire, and then communicate an open role's benefits and requirements, and how an employee's strengths might be a good fit. Consider a more proactive approach by offering diverse career paths that are appropriate for employees of all skill sets and then sharing these career opportunities directly with employees, along with examples of how they might follow these career paths.

Once a frontline or warehouse employee expresses interest in an opportunity, have a plan in place to quickly map out a clear route that helps them secure the role. Make sure they understand which skills they should focus on, which training they might need (and be sure to offer this training), how much time it will realistically take for them to prepare, the resources available to them, their point of contact, and what their options are once they're ready to move forward.

Don't forget about seasonal or temporary employees. If your company has options for keeping them on long-term, communicate the opportunities to them and encourage them to apply, preferably via SMS or email. You've already trained them, why let them go elsewhere and waste the onboarding effort?

3. HUMAN-CENTRIC LEADERSHIP

There's a significant gap between the 90% percent of HR leaders who believe human-centric leadership is essential for success in today's workplace and the 29% percent of employees who report that their leaders take a human-centric approach. While management might recognize the importance of a more human focused leadership style, employees clearly don't feel this is being reflected in their day-to-day experience.

Warehouse workers today look for and thrive under leadership that promotes self-expression, addresses their workplace and personal needs, and offers flexible workflows tailored to each individual employee.

Reasonable Job Expectations

Organizations should strive for adaptive, compassionate management that encourages empathy towards and between employees, and prioritizes employee success by communicating clear and reasonable expectations.

In WorkStep's Q3 analysis, job expectations trailed only career growth as the #2 turnover driver. Empower your warehouse supervisors and managers with the directive and authority to set reasonable job expectations for their team members. They should communicate roles and responsibilities clearly, provide ongoing training that evolves with each employee's skill set, and encourage employees so they know how they're contributing as both an individual and part of the larger team.



4. STABILITY & SECURITY

Between the pandemic, inflation, overall economic uncertainty, war in Europe, and political tension, people everywhere are exhausted emotionally and weary of change. In many cases, your employees are likely just looking to catch their breath and long for a sense of stability.

Change fatigue is real and organizations would do well to create an environment in which employees feel secure that there won't be drastic shifts from one day to the next. Only [43% of employees](#) who experience above-average change fatigue plan on staying with their employer. Rather than relying on top-down change management strategies owned by leadership, aim for open-source strategies through which you invite employees to actively participate in making and shaping change decisions. Encourage open dialogue and foster a sense of ownership so that employees are kept in the loop, feel they have agency in determining future direction, and thus feel secure in any organizational changes that do occur.

Safety and Wellness

When an employee is overextended or stressed about their job, the negative impact certainly affects their work performance but often also spills into their personal life. In addition to adhering to strict safety precautions and offering comprehensive health insurance, consider other ways to address wellness in the workplace. Provide PTO, offer access to counseling, remove any stigma surrounding mental health, encourage employees to seek assistance without being penalized or looked down upon for doing so, and offer fringe benefits like a meditation area or quiet room, on-site massages, yoga, and stretch breaks.

[OSHA recommends](#) that for frontline workers in particular, employers can help reduce workplace stress by setting reasonable employee expectations and encouraging workers to prioritize self-care, being aware of the signs and symptoms of stress, and ensuring employees know where they can get the help they need.

Frontline supervisors should leverage a human-centric approach as we discussed in the previous section and check in with their direct reports to see if they need help, consider redistributing tasks when appropriate, monitor their own stress levels, be mindful of how they speak and listen to employees, and follow up with any concerns that are raised. [OSHA publishes a useful guide](#) that provides more detail around this topic.

5. DE&I



[A recent study](#) revealed that nearly a quarter of women and a third of Black/African American frontline workers report discrimination based on gender or race/ethnicity, and just half of Black/African American and Hispanic/Latinx workers surveyed say they have not been the victim of discrimination.

The need for DE&I initiatives within any organization remains as acute as ever, but a top-down strategy is only the first step, and must be met with a shared responsibility among all departments so every employee feels like they are welcome at work, treated fairly, and offered the same opportunities as their peers.

Trust in Leadership

Warehouse employees need trust in leadership to believe that DE&I initiatives will result in a better work environment. Involve your frontline by considering their specific needs and engaging them in the strategy planning process. Make sure field managers have the tools they need to execute DE&I strategies at regional levels and that the strategies are appropriate for the region.



Measurable Goals

Companies who take ownership of their DE&I strategies, involve leadership, and set measurable goals are more likely to find success. Monitor DE&I efforts and outcomes every step of the way and act when something isn't working. Supervisors need to have clarity on the steps they should be taking to foster DE&I amongst their frontlines and how they should measure results. If execution falls short, they must understand that DE&I is not a "nice-to-have" but a requirement that demands necessary adjustments be made to improve performance.

Weave DE&I Into Your Cultural Fabric

Make DE&I a part of your core values by executing at every level and infusing into your company culture. Pay workers equally and promote career growth paths to everyone at your organization. When workers feel discriminated against, empower them to share their experiences without repercussion and act on their reports. Host DE&I training sessions, hire a DE&I director, and make DE&I as integral as you would any other key business objective.

6. THE IMPORTANCE OF FEEDBACK AND THE 90-DAY GOAL

The 90-day rule suggests that if you're able to secure an employee for 90 days, they are likely to stay much longer. [WorkStep research](#) shows that the first 30 days are especially crucial for new hire turnover, impacting 30% of production roles, 22% of warehouse roles, 21% of frontline managers, 13% of technicians, and 13% of drivers. Bottom line is that your retention efforts need to start right away.

Onboarding should be thorough, inclusive, and useful. Having an employee fill out paperwork and watch a training video isn't enough. Consider increasing touchpoints between leadership and warehouse workers to build trust and transparency from day one, and encourage new hires to meet with peers who have been at the company for longer than 90 days.

Immediately set clear expectations, offer appropriate training, and promote open communication lines so employees are encouraged to ask for guidance, have the tools they need to succeed, are in the best possible role at the company, and are being treated fairly.



Engage Early On

Most employees want the chance to provide feedback at least once a month. Check in with them early on and continue to do so at regular intervals throughout their employment journey. You might even keep a line of employee feedback open so they can proactively share any issues the moment they come up.

Soliciting feedback without follow-up action is to fight only half the battle and can make matters even worse if employees feel their voices aren't being heard. Leadership should monitor feedback regularly, implement changes when needed, and track their progress.

Easy Participation

If employee check-ins are cumbersome and time consuming, no one will want to participate or will only do so reluctantly. Make sure your check-ins are quick, simple, delivered via SMS or in a format that speaks to your warehouse workers, and are available in their native language.

When employees do leave, they're not always fully forthcoming in their exit surveys or do not indicate all the reasons why they are moving on. By leveraging technology that enables you to analyze and compare historic feedback between the employees who are leaving versus those who have stayed, you can discern proactive drivers that departing employees might not call out explicitly.



A RETENTION PLATFORM THAT DOES MORE

Reduce your warehouse worker turnover by up to 36% with WorkStep, an employee engagement platform whose user-friendly interface, milestone-based check-ins, HRIS integration, industry benchmarks, suggested actions, and retention-tracking abilities empower organizations to close the feedback loop with employees in real-time and monitor retention initiatives.

Available via email, SMS, QR code, or onsite kiosk and delivered in employees' native languages, WorkStep is easy to use and engages distributed employees at scale.

Ready to make WorkStep a part of your employee retention plan?

Learn more at workstep.com





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