

2020 IARW North American Warehouse

Employee Turnover Survey

Measuring 2019 Employee Retention





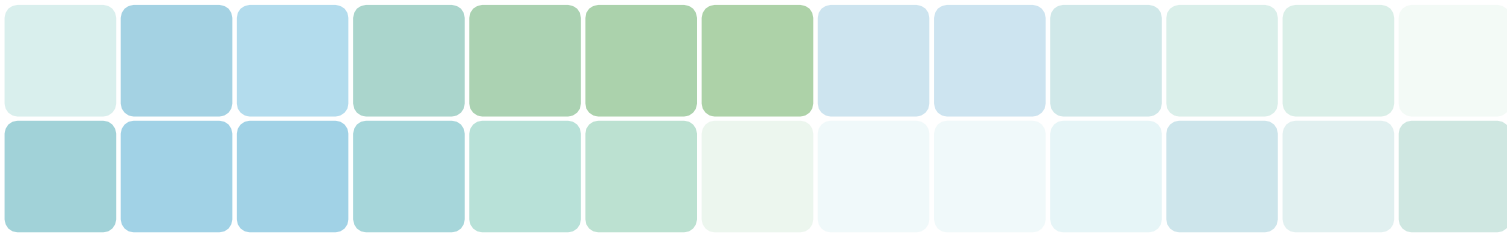
Author

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North American Warehouse Employee Turnover in 2019

For the year ending December 2019, the labor turnover rate averaged 32.6% in 2019, nearly unchanged from the average in 2018. While the average employee retention was stable, fewer facilities reported very low turnover. Managers of only 29 facilities (15% of respondents) indicated turnover of 10% or less, half as many as the prior year. At the other extreme, labor turnover was greater than 100% at six facilities or approximately 3% of the responding facilities.

The Western/Mountain and Heartland regions had the largest average turnover rates at 38.0%. Although turnover in the Western/Mountain region was higher than the national average, the situation in 2019 improved from 52.7% in 2018. Retention of workers was the strongest in the Northeast region (22.7%) where Massachusetts and New Jersey reported below-average turnover rates.

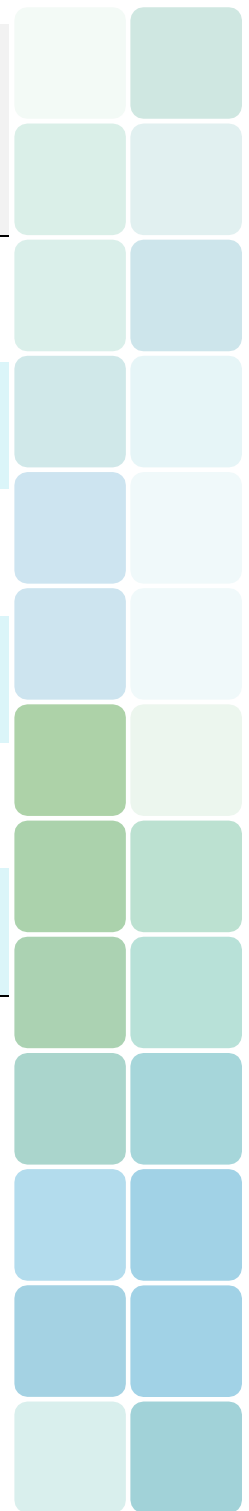
Raising pay and/or benefits was the most mentioned counter-measure used to reduce turnover in the labor force. Other changes that respondents considered helpful in retention included a new onboarding process, reward/recognition programs, and direct hiring.

Table 1. Labor Turnover Rate, Industry-wide and by Region

		Average Turnover Rate,			
	Number of Respondents	Trailing 12 Months	Standard Deviation	Minimum	Maximum
All regions					
2018	212	0.325		0	
2019	195	0.326	0.260	0	1.29
Northeast					
2018	16	0.18	0.205	0	0.71
2019	23	0.227	0.192	0	0.76
Southeast					
2018	52	0.322	0.366	0	1.95
2019	46	0.362	0.289	0	1.28
Heartland					
2018	38	0.328	0.324	0	1.23
2019	38	0.380	0.254	0.12	1.10
West - Mountain					
2018	22	0.527	0.568	0	2.00
2019	21	0.380	0.288	0	1.28
Pacific					
2018	81	0.300	0.684	0	6.1
2019	67	0.287	0.243	0	1.02

Source: Labor Turnover Survey, Global Cold Chain Alliance and calculations by the author.

The table reports Trailing Twelve Months (TTM) labor turnover rate for a facility, in decimal form. The metric is calculated as: The total terminations in the last 12 months, divided by average ending monthly headcount.



Regions

Northeast

Connecticut, Delaware, Maine, Maryland, Massachusetts, New Brunswick, New Hampshire, New Jersey, New York, Newfoundland, Nova Scotia, Ontario, Pennsylvania, Quebec, and Vermont.

Southeast

Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

Heartland

Illinois, Indiana, Iowa, Kansas, Kentucky, Manitoba, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Saskatchewan, South Dakota, West Virginia, Wisconsin, and Wyoming.

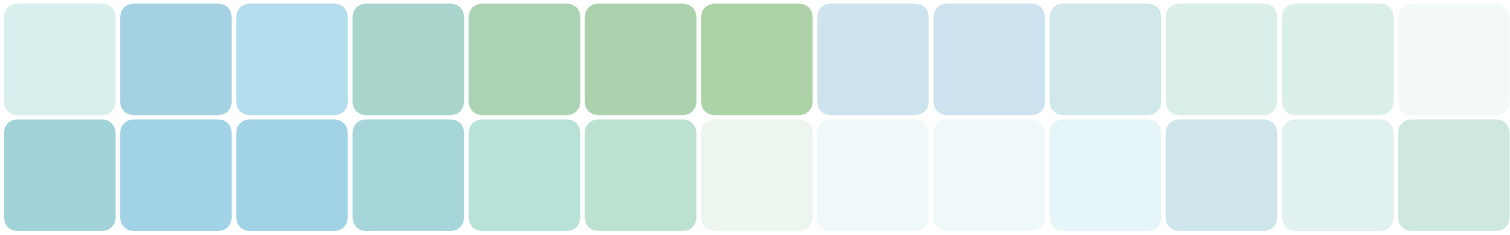
West-Mountain

Arizona, Colorado, New Mexico, Oklahoma, Texas, and Utah.

Pacific

Alaska, Alberta, British Columbia, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington.





Reducing Employee Turnover

While quantitative survey data provides an overall picture of the state of retention throughout the industry, examples of successful retention strategies by some companies provide practical, innovative approaches that work. A few examples include:

1. Make sure the job candidate understands the job.

No matter how clearly a job description outlines the work required, there are always new employees who show up and work one or two days before quitting.

“This is not easy work – it’s hard and it’s cold – so I decided to change the way I interviewed potential employees to make sure they understand the work environment,” says Hollie Kerr, Human Resource Manager at Ontario Refrigerated Services. “I no longer interview people in our corporate offices, instead the interview takes place at the warehouse and the supervisor or assistant supervisor joins us.”

Following a discussion of the job, the three of them tour the warehouse, and the candidate sees exactly where the job is located and what tasks are required. “I have had candidates call me after the interview to thank me and tell me that they’ve decided the job is not right for them,” she says. “This saves everyone a lot of time and has eliminated the constant hiring of people who only stay a day or two.”

2. Keep new employees on the job past the 90-day mark.

Reaching the magical 90-day retention point often means retaining the employee long term, points out Ashley Albers, Human Resource Manager for Nor-Am Cold Storage. With an onboarding process that includes meeting with an HR representative and other new employees for the first half of the first day on the job, then being introduced to the supervisor, Albers and her team make sure that the employee feels welcomed.

On a tour of the warehouse, new employees see important details about the workspace such as how to operate the warming tray in the break room and where to go to get equipment and check in for work each day. “These are things that people are hesitant to ask about when they are new but give them more confidence when they show up to work the next day,” Albers adds.

Nor-Am also changed its pay policy for the first 90 days. Rather than giving a new employee a pay increase at the 90-day mark, smaller increases are given at the 30-, 60- and 90-day points.

The new policy has a positive effect on retention for two reasons, says Albers. “Three months seems like a long time to wait for a pay increase, but 30 days is not so far away that a new employee can see the benefit of sticking with the job,” she says.

At each 30-day point, supervisors conduct a mini-evaluation and counsel employees if there are opportunities to improve – much more effective than a lengthy 90-day review, Albers adds. While the pay increase amount over three months is the same as it was for the one 90-day increase, the results have been impressive at the warehouse at which the pilot program was implemented. “The warehouse had experienced a 12 to 15 percent monthly turnover rate that has now dropped to 5 percent,” she says. “The difference was taking steps to make new

team from the first day, check in with them often to see how things are going, and recognize their efforts with pay increases throughout the first 90 days.”

3. Create a social, family-oriented culture.

Florida Freezer has an impressive list of benefits for employees, including educational opportunities, career pathways, a full range of insurance benefits and flexible schedules. The family-owned company is always looking for ways to strengthen the family-oriented culture with social outings, movie nights and holiday parties.

“This past year, we surprised our team with a tour of the Red Sox Spring Training Facility in Fort Myers, Florida, as well as a recent Florida Everglades Hockey Game at Hertz Arena,” says Laura Fay, Vice President. “We also conducted a waterway clean up in Pine Island Sound while paddling in kayaks to promote community service as well as team-building.”

4. Ask employees for feedback on how to improve.

Operating a warehouse 24 hours a day, seven days a week is tough on employees, but it is even harder when employees leave or are routinely absent on some days.

“Our traditional shift schedule had employees working four 10-hour days one week and three 12-hour days the next,” says Kerr. “This is a brutal schedule that was hard on employees and their families.” After receiving feedback from employees, Kerr and the leadership team presented employees with three shift schedule options and asked them to vote.

Now, Ontario employees work one of two shifts: 10-hour shifts on Monday, Tuesday, Wednesday and Thursday with three consecutive days off or 12-hour shifts on Friday, Saturday and Sunday with four consecutive days off.

“The vote was unanimous,” says Kerr. “We allowed employees to submit their requests for the shift they wanted by listing several choices in order of preference, then we assigned people based on seniority.”

Not everyone got their first choice, but no employees left after the change, and it might actually act as a recruitment tool, she says. “We implemented the new schedule in November, and I had a few young men contact me after Christmas about working here because they heard about the schedule.”

Thank you to Ontario Refrigerated Services, Nor-Am Cold Storage, and Florida Freezer for sharing their strategies to reduce turnover.

Resources

Visit the Human Resource & Talent Development hub on the GCCA website for ideas on how to reduce turnover by increasing the effectiveness of recruitment, retention, onboarding, and employee engagement activities: [\[https://www.gcca.org/resources/industry-topics/human-resource-talent-development\]](https://www.gcca.org/resources/industry-topics/human-resource-talent-development)