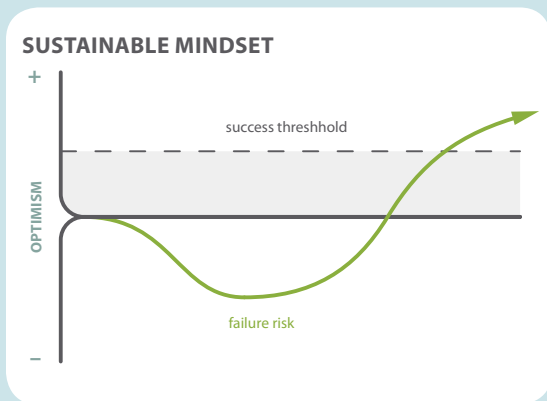


XCD: Workforce motivation is going green.

Businesses make strides toward sustainable supply-chains through labor management programs

Walking through a new distribution or manufacturing facility, you can't help but notice the low-level lighting or the motion-activated conveyors. Perhaps you have to wipe grass from your shoe, having walked across a former parking lot now covered with grass-plugged blocks to absorb rainwater. It's easy to marvel at these latest green innovations in new buildings. But what about the rest of us, with supply chains grown over time, interlaced with a network of facilities, technologies and operating tactics? How can businesses make strides toward sustainable supply-chain improvements without building anew?

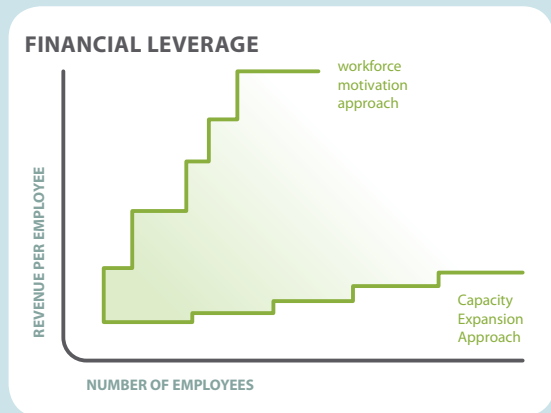


Do You Really Want to Go Green?

Seventy-three percent of respondents to a recent McKinsey & Co. study claimed that climate change considerations in supply chain were important or very important to their company. Yet, we find few corporate strategies aligned with this reality. For some, it's timing; for others, it's competition for resources. Often, it's just not clear how financially compelling a sustainability strategy will be; nor is there a comprehensive and readily adoptable initiative to lead the way.

Re-Invention of Workforce Motivation

Traditionally, engineering-based productivity programs, also described as pay-for-performance programs, have been frustratingly difficult to implement and a nuisance to keep fresh and relevant. But these programs are becoming more accessible, thanks to sophisticated management strategies and new technologies such as performance reporting linked to both supply-chain systems and time/attendance systems, mobile computing, and online training and compliance. These create a performance-focused culture for employees in labor-intense functions such as distribution, customer care, field service and store operations. Benefits are surprisingly expansive and push far more output from fewer inputs and people.



Beyond Cost Savings

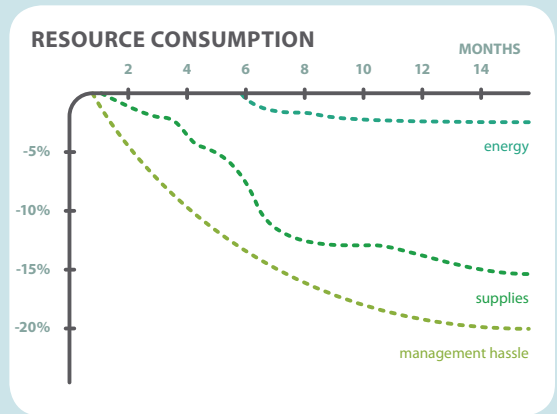
While most organizations pursue workforce motivation as a tactic to increase profits via lower labor costs and overtime, leaders more often point out the lasting green effects:

- **20-30 percent fewer headcount-related assets:** From powered-lift equipment to PCs, anything tied directly to employee headcount achieves higher output, thus allowing excesses to be sold off.

- **Lower operating inputs:** Weekend, overtime and entire shifts (plus energy to run them) can be eliminated, as output is absorbed during normal hours.
- **Extended facility life:** When processing capacity increases, the supply chain supports more business growth, while deferring new bricks and mortar.
- **Technology utilization:** Previously underused or unnoticed technology capabilities are re-discovered as staff are keen to further improve performance, avoiding wasteful software, hardware and customization spending.
- **Changes that stick:** While pay for performance rewards good behaviors, it acts as glue to make organizational and process changes sticky; investments, resources and improvements don't fade.
- **Less human resource waste:** When employee engagement builds, turnover drops, thus reducing environmental costs of commuting, recruiting and even drug screening.
- **Mindfulness:** Labor management software tools enable objective reporting on a range of topics that define "good performance." Leading firms expand these tools to recognize and reward other behaviors important to green, ethical and profitable business practices.
- **Funding engine:** In the past, financial benefits of workforce motivation paid for entire new supply-chain systems. Now, as it heightens associates' awareness of both productivity and green performance, workforce motivation serves not just as the ROI catalyst for bundling a portfolio of green initiatives, but as a means of accelerating the rate at which these initiatives pay for themselves.

initiatives where the cash flow curve is positive in three to five months.

We all sit eagerly interested in global climate change and await futuristic technologies to magically transform our lives. As leaders responsible for launching sustainability strategies, we can look to these programs to hitch a ride.



XCD Performance Consulting is a professional services firm focused on organizations having complex supply-chains and intense labor challenges. XCD provides supply chain, sustainability and performance improvement consulting services and devotes continual research and thought-leadership toward making workforce motivation an indelible part of clients' performance-focused cultures.

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No Need to Wait for the Budget Cycle

Workforce motivation programs are surging with new software offerings, engineering tools and management training. Add to that more ways to measure and push forward green improvements, making them even more powerful business tools. Unlike most capital- or technology-intensive initiatives, labor management programs get funded out of immediate savings. This is one of the rare