

## **What does labor truly cost in order fulfillment operations?**

**The case for automation and equipment upgrades becomes more compelling every year**

By Len DeWeerdt

**A Swelling Headcount is Much More than Just a Swelling Headache. it's about containing costs in a world that doesn't lend itself easily to cost containment.**

What do you do when headcount rises, and profits sink? What about those times when business is good and you just can't keep up?

Labor is expensive—the most expensive thing in most businesses—and in this age of skin-of-your-teeth profit margins, a swelling headcount can become more than just a swelling headache. Especially in the food industry, it can be the prime threat to profitability. Even given an upswing in business, there comes a point where adding labor to match it becomes a game of disproportionate costs to the benefits. After all, labor is a fixed cost that can only grow. Clearly, there are times when automation and modernization will pay for many distribution operations.

Does your headcount grow while profits falter? Do you train so many people that it sometimes feels like you're running a school, not a distribution center? These costs and burdens have to be considered at many points during an operational lifetime. When it comes down to it, you have to decide: when does making an investment in automation pay off for you?

Order fulfillment in the food industry is unforgiving. Product has to be tracked and turn frequently. Customers constantly ratchet up the complexity for order fulfillment, with highly rigorous demands for delivery, packaging, and configuration...with 100% order accuracy.

The solution is not more people, but the right people in the right material handling system. It's all about getting more done automatically in a system that can cope with your needs today, tomorrow, or in a decade.

Flexible, powerful, and highly functional material handling solutions that replace labor and are driven by your business needs can make sense for many companies facing the squeeze of labor costs and operational demands.

Applying the right products to your business requirements, especially those that meet the material flows and rates that service your clients, is the key to running more of a DC, and less of a revolving door for more personnel.

Process improvements can also drive the situation. There are times when you have the ability to make dramatic operational improvements without new people or extensive new equipment.

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