



Key to Driving Higher Throughput in Manufacturing: Fix the HR - Operations Divide

UKG People Operations
ADAPT ALIGN FOSTER



The manufacturing sector faces unprecedented risks

Like their global counterparts, European manufacturers are struggling to increase or, in some cases, even maintain production throughputs. Three major current obstacles drive these:

EXTERNAL THREATS: Geo-political factors, including regional conflicts and events such as Brexit, are fuelling existing pandemic-driven uncertainty. Supply chain disruptions are blocking production globally, meanwhile, recession and inflation are making raw materials, energy, and workforce more expensive for manufacturers.

SKILLED TALENT SHORTAGE: Low unemployment and high demand for skilled manufacturing talent further hinder businesses from achieving required throughputs. Retention now requires employers to provide better employee experience and look after the 360o life-work needs of the talent.

NEW WORKFORCE DYNAMICS: Employee expectations are evolving from the need for greater flexibility and a higher sense of purpose to more trust and transparency. Manufacturers must think differently about the hourly and salaried workforce and provide the right motivation factors that are most important to them.

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The path to mitigating these risks can be found by answering an internal question facing most manufacturers. **How to drive the operational performance needed for higher production throughput while also delivering a positive employee experience that helps retain the skilled talent necessary for success?**

Finding qualified manufacturing talent with the right skills now is

1.4x harder

than in 2018 – Deloitte



Do manufacturers really need to choose between **OPERATIONS and EFFICIENCY - OR - PEOPLE and POSITIVE EXPERIENCE?** It should not be a question of either/or but when the two areas work against each other, it can be challenging:

Operations + Efficiency

Invest in operational systems such as hourly timekeeping, labour scheduling, absence management, etc., to drive cost control and productivity.

BUT

If technology is deployed without consideration of employee needs, the experience can suffer, and staff turnover will start to increase.

People + Positive Experience

Invest in new HR transformation initiatives that boost retention by empowering employees with support and information during key life events.

BUT

If these initiatives overburden operations managers with new tasks and processes, productivity can go down, and distrust towards HR can set in.

Businesses need to find ‘a better way forward’ instead of choosing this or that to be successful. Let us explore the scenarios manufacturers are facing and potential solutions they can implement.

Finding a better way forward: Manufacturers need to overcome these challenges

1

THE FUTURE OF MANUFACTURING IS IN A STATE OF CHAOS. Manufacturers face unprecedented and unpredictable challenges driven by external market forces and internal upheavals from M&A to reorganisations.

2

A DISCONNECT BETWEEN OPERATIONAL CHALLENGES AND PEOPLE NEEDS. Managers on the production lines focus on operational excellence, while HR is tasked with finding and training the right people to replace turnover and cultivating a better overall experience. The traditional approaches to balance the two areas are often disconnected.

3

THE BATTLE TO BE AN EMPLOYER OF CHOICE IS GETTING MORE INTENSE. Every day the “War for Talent” is getting harder as employee expectations change. 76% of global workers have higher expectations from an employer than three years ago. They are looking for alternative models like blending full-time, part-time, or resource-sharing. And they have a desire for meaning and transparency.



It is possible to embrace getting the best from people and business performance at the same time. To achieve this, manufacturers must:

ADAPT

Adapt now to the **future of manufacturing workplace**. Business agility is a necessary tool for periods of uncertainty. Being able to change flexibly to newer operating models and processes can help solve multiple challenges - crises, disruptions, or compliance issues.

ALIGN

Align **business objectives, customer demands, and employee needs**. When these factors are coordinated, it is much easier for manufacturers to transform positive employee experience into operational excellence and meet production goals at lower costs

FOSTER

Foster a culture of **trust, inclusion, and transparency**. When people trust their employer, it boosts productivity and creates advocates everywhere, from breakout rooms to production lines. This goes a long way to making the business an employer of choice.

Manufacturers can embrace both OPERATIONS and PEOPLE by adapting to new dynamics, aligning the organisation towards a common goal, and fostering a culture of trust and inclusion. This allows them to build a deeper human connection with their workforce, eventually placing them in the best position of control even when facing unprecedented risks.

Let us look deeper into how these steps can help manufacturing organisations overcome the challenges facing them.



A partnership by European Commission and EFFRA on Made in Europe calls for a **"Human-Centred"** and **"Human-Driven"** innovation across Manufacturing operations.

Solving the challenges in manufacturing: ADAPT

1. NAVIGATING THE CHAOTIC STATE OF THE FUTURE OF BUSINESS

A business relying on the production throughput of its assets needs to ensure the maximum possible uptime. External forces, such as supply chain restrictions due to geo-political challenges, evolving safety regulations, and changing workforce dynamics, make this challenging. Organisations apply new tactics to ensure productivity, from investments into new factory technology to strategic mergers, acquisitions, and partnerships. Further, they may implement cost control methods from vendor reforms to organisational changes such as right-sizing.

Amid these challenges, 'people' cannot be deprioritised. On the contrary, investments in modern technology require manufacturers to invest in their people to run new equipment. Therefore, it is more important than ever to train and retain the best employees and attract new talent to maximise the return on new investments (ROI). Manufacturers need to innovate to drive this objective in such a chaotic environment.

> SOLUTION: ADAPT NOW TO THE WORKPLACE OF THE FUTURE

- **By providing technology that works best for the business and employees:** While Industry 4.0 digital transformation projects have changed production systems in factories, there is a lag in the adoption of innovative technologies for people processes. Companies can adapt to changing workforce requirements by adopting

solutions that provide visibility and democratised control over processes. Such systems enable your team to modify HR workflows as required at a global scale, making them adaptable to the location of your plant operations. As project management and visualisation processes move away from analog to digital, manufacturers must offer a similar user-friendly digital experience to employees to manage their life-work events.

- **By providing one entry point to essential systems that humanise people's journey:** A system to apply for leave, another to manage a roster and select shifts, another to clock-in entry to the factory, and a manual process to understand overtime policy. A survey estimates companies use over 16 different HR-related systems. This complexity creates inefficient processes, which frustrate both the hourly workers and the managers.

Manufacturers can increase productivity across the organisation by consolidating these systems and pointing employees to a single source for their needs. Further, automation of repetitive manual processes, such as access to information, can go a long way in boosting employee engagement. Cloud-based workforce management solutions can offer consistent processes and experience to employees globally.

Engagement rate among employees with productivity-boosting technology is **91%**

while without the technology is **24%**

Source: Qualtrics 2022 Employee Experience Trends Report

- **By enabling auditable compliance by design:** With increased regulation comes risk. For example, recently, The Federal Labour Court in Erfurt, Germany, ruled it mandatory for organisations to measure hourly time tracking accurately to ensure compliance in payroll. Compliance regulations can be a significant threat. For example, a GDPR (General Data Protection Regulation) breach can cost up to 2% of a business's global turnover, while HR and health and safety non-compliance can cause fines, prosecution, brand reputation, and even prison.

Technology can be a boon for compliance. Embedded compliance checks and reporting into workforce systems can reduce the burden and costs associated with audits and the risk of non-compliance. Automated systems for timekeeping can reduce the burden on the manual processes for time calculations and can ensure compliance in labour pay.



UKG People Operations Solutions for manufacturing combine workforce, document, and process management and have in-built and configurable compliance rules that deliver proactive notifications and a flexible compliance dashboard.

At PP Control and Automation, HR received upwards of 50 pay queries every month and completed back payments monthly to correct these errors. Recognising the impact of these issues on employees, the company decided to update its workforce solution with UKG.

“Ensuring that employees are paid correctly was a top priority in selecting a new solution. Other selection criteria included a cloud-based platform that supports remote timekeeping and solution access, HR functionality, and scalability that could handle future growth.”

Malcolm Condon, HR People Partner



Control & Automation

Complete manufacturing solutions

Solving the challenges in manufacturing: ALIGN

UKG offers user-friendly self-service tools to empower your employees and managers to build optimal schedules

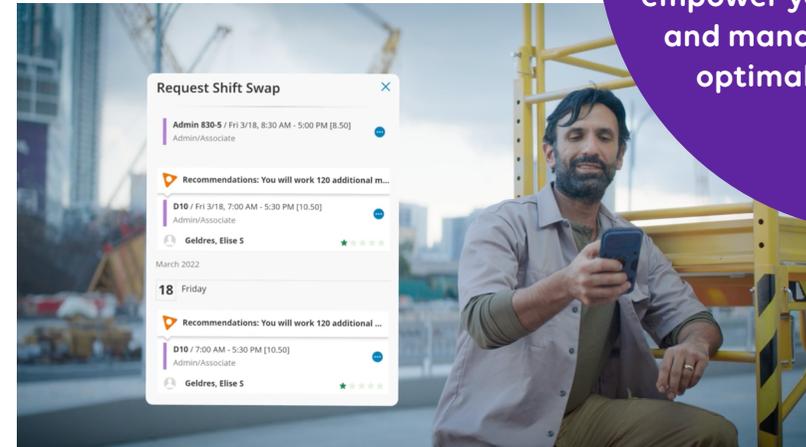
2. RESOLVING THE DISCONNECT BETWEEN OPERATIONAL CHALLENGES AND PEOPLE NEEDS

The top priority for operations leaders is to drive maximum throughput with efficiency to boost profits. Meanwhile, the objective of HR leadership is to find and develop skilled talent to backfill the departing employees while providing the best experience to retain the workforce. Certain software technologies can be employed to run plant operations, while other software assists in hiring, onboarding, training, and managing payroll. And more systems support several tasks, from employee case management to document management.

Same employee but disconnected systems require HR and functional managers across the organisation to act as glue that manually connects information across systems, wasting time, money, and energy. Relying on individuals for action tasks where they have minimal knowledge can risk non-compliance and inefficiency. Also, due to this disconnect, operations managers cannot deliver the required throughput, with their time wasted on additional HR admin tasks. Further, hourly employees scheduled to take shifts or tasks without consideration for personal needs can become disengaged.

> SOLUTION: ALIGN BUSINESS OBJECTIVES, EMPLOYEE NEEDS, AND CUSTOMER DEMANDS

- **Offloading managerial headaches:** With the pressure to do more (and more quickly) with less, people managers do not have the bandwidth or knowledge to respond to the benefits, scheduling, policy, and procedure questions they face daily. Additional focus on 'people' initiatives can overburden the managers with admin tasks, causing them to lose focus on what matters, including meeting targets and supporting employees. However, they can offload the hassles and headaches of questions they cannot answer. For example, by using automated systems such as a knowledge base to answer commonly asked questions, employees can easily self-serve and find information without approaching their managers. AI-based systems can further simplify scheduling by managing and approving holiday requests based on pre-configured constraints set up by the managers.



- **Reconciling personal requests with workplace effectiveness:** When you consider employee preferences while planning your activities, operations can thrive. Like management, workers want to maximise performance, but the inability to manage work choices around life events works against this. Manufacturers can leverage smart technology that automatically builds sophisticated schedules around employee requests, from swapping shifts with colleagues to requesting more shifts for additional pay or booking holidays to gaining access to HR documents.
- **Better problem-fixing with hardest-to-reach personnel:** According to Forbes, 80% of employees globally are deskless. It is common for the hourly manufacturing workforce not to have access to company email or computer access at work. This can result in delayed communications with employees and reduced visibility into their needs leaving a disengaged workforce. Workforce management solutions with in-built analytics can deliver predictive insights into workers who may be struggling, ranging from absence rates to late/early clock-outs or from reduced performance to low engagement. Also, pulse surveys and attestation via mobile devices and smart clocking terminals can help identify sentiments and any safety incidents. For supervisors, a quick view of employee requests and early signs of under/over-staffing can ensure the right skilled personnel is scheduled at the correct times for essential tasks.

Solving the challenges in manufacturing: FOSTER

3. WINNING THE INTENSE BATTLE TO BECOME AN EMPLOYER OF CHOICE

The great-resignation saw millions of employees across the globe leaving their roles to search for better opportunities. Job seekers have higher expectations from employers in areas ranging from higher pay and flexible schedules to more meaningful work and inclusive culture. Some look for alternate employment models that blend full-time, part-time, or resource-sharing. Manufacturers have a tough time accommodating flexible job-environment requests as the nature of work requires physical presence in a factory.

The workforce expects the sector to build a work environment where they can achieve higher levels on the hierarchy of needs beyond the basic requirements of fair pay. They are demanding meaning and transparency, inclusion and belonging, and a culture where they feel safe. Not just internally, but an organisation's culture can impact how they are viewed in the job market with honest feedback available on social and review platforms. How can manufacturers increase their selection chances in this war for talent?

> SOLUTION: FOSTER A CULTURE OF TRANSPARENCY, INCLUSION, AND TRUST

- **Listening, analysing, and acting on your people's interests:** The importance of listening to employees and acting on their feedback needs to take centre stage

if manufacturing leadership wants to grow engagement, respect personal and professional lives, and ultimately plant operations productivity. Mobile technology can enable a diverse and distributed workforce to communicate instantly. Anecdotal intelligent analytics and timely surveys can further create a foundation for an inclusive culture favouring higher business performance.

Platforms such as UKG Talk can help you connect with employees on a deeper level by listening and gathering feedback, celebrating key achievements, and collecting ideas on select topics. Communication with employees beyond work themes, such as their areas of interest and hobbies, can help build communities that bring people together and help discover the talent that can be nurtured in different business segments

- **By providing one entry point to essential systems that humanise people's journey:** A system to apply for leave, another to manage a roster and select shifts, another to clock-in entry to the factory, and a manual process to understand overtime policy. A survey estimates companies use over 16 different HR-related systems. This complexity creates inefficient processes, which frustrate both the hourly workers and the managers.

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86%

of employees feel they are not heard fairly or equally

Reported by The Workforce Institute at UKG

UKG

- Strengthening a sense of belonging:** A 2020 Mercer study found that 81% of global organisations prioritise diversity, equity, inclusion, and belonging (DEI&B). The manufacturing sector should pay attention to this as they are infamous for their lack of inclusivity, making them less attractive to jobseekers. By hiring from diverse pools and providing equal opportunities in every area of the business, whether it is determining schedules, assigning available overtime hours, or awarding time off, it is possible to strengthen that sense of belonging. Modern workforce management technology can remove potential favouritism from these processes to ensure equal and fair treatment. Additionally, investing in training for all can promote equal growth opportunities and remove hurdles to the feeling of belonging while upskilling the workforce to combat the skills shortage. Further, with UKG Life-work technology, you can serve people and not just the process by providing consistent communication and information from pre-hire to retire, making people feel valued.
- Knowing the right questions and answers to effect change:** Your workforce is your best resource and the best informed as well about the day-to-day operational challenges at a granular level. However, to uncover insights that truly can make a positive impact on manufacturing performance, you need to know and ask the right questions. UKG's culture development playbook and Great Place to Work global data insight provide a proven roadmap for enriching the business culture with communication. With several decades of experience in Human Capital Management globally and culture benchmarks across industries and geographies, you have a trusted partner to help you meet your culture, ESG (Environment, Social, and Governance), and DEIB (Diversity, Equity, Inclusion, and Belonging) goals and objectives. Organisations are more likely to perform well financially when the company's culture makes their employees feel heard, engaged, and have a sense of belonging.

83%

of Gen Z candidates believe that a company's commitment to DEI&B is important when deciding where they want to work

What's next?

You can invest in your people and improve operations efficiency simultaneously. In fact, as we discovered, taking a people-centred approach can really boost throughput for manufacturers if implemented properly with tools that help navigate the associated challenges. "Companies that invest in employee experience outperform those that don't. They're four times more profitable, according to an analysis of 250 'top' organisations." – Jacob Morgan, Harvard Business Review.

People Operations technology can help you bridge the historical disconnect between people and operations. This allows you to:

Adapt to the future of manufacturing workplace to flexibly navigate around the challenges posed by the industry

Align customer demand, business needs, and employee needs to achieve production goals at higher profits

Foster a culture of trust, inclusion, and transparency which promotes you as an employer of choice in the market

These three pillars allow manufacturers to achieve key business and strategic objectives with an engaged workforce behind them, ready to support their organisation with their best abilities.

UKG People Operations provides a single-entry point to workforce management, HR service delivery and HR tools and processes your team use daily to drive performance. This provides comprehensive visibility into and access to people data at a granular level to all those involved, from operations directors and senior leadership to the hourly workforce and from production line managers to HR professionals. Visibility can reshape decisions from forecasting to scheduling, and accessible information and tools can make internal processes faster and seamless. This enables your organisation to achieve operational excellence through an engaged workforce that drives cost control, productivity, and compliance.

About UKG

At UKG, our purpose is people. We strongly believe that culture and belonging are the secret to success. By championing great workplaces and building lifelong partnerships with our customers, together we demonstrate what's possible when organisations invest in their people. Our Life-work Technology approach to HR, payroll, and workforce management solutions is enabling more than 75,000 organisations across every industry around the globe to anticipate and adapt to their employees' needs beyond just work.

To learn more about one of the world's leading HCM cloud companies, visit www.ukg.co.uk.



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