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Chapter 8: Talent Management in Logistics Planning

Objectives

- Understand the importance of human resource in logistics planning.
- Examine management styles using Blake & Mouton managerial grid and how each style is used in certain circumstance.
- Understand the learning process and why barriers to change exist.
- Understand HR policies in logistics planning.

1. Introduction

Today, human resource is considered one of the critical areas of development compared to years ago when human resource was just an ordinary function of organizations.

It is understood that it is people who create value and people who compete, not companies.

A definition of human resource development is organized learning activities to improve performance and personal growth for the purpose of improving the job, the individual, and the organization.

Currently, human resource has been given another push and we are discussing the management of talent. Talent management implies that companies are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization.

In logistics planning, talent remains a very important resource to oil the logistics flow. How effective managers make use of their human talent is a major concern.

2. Management Style

The managerial grid is a concept developed by Robert Blake and Jane Mouton in the 1960s. It provides information on leadership and focuses on two behavioral dimensions--concern for people and concern for production.

The managerial grid model (1964) is a situational leadership model developed by Robert R. Blake and Jane Mouton.

In the managerial grid model, the management style can be categorized into 5 types:

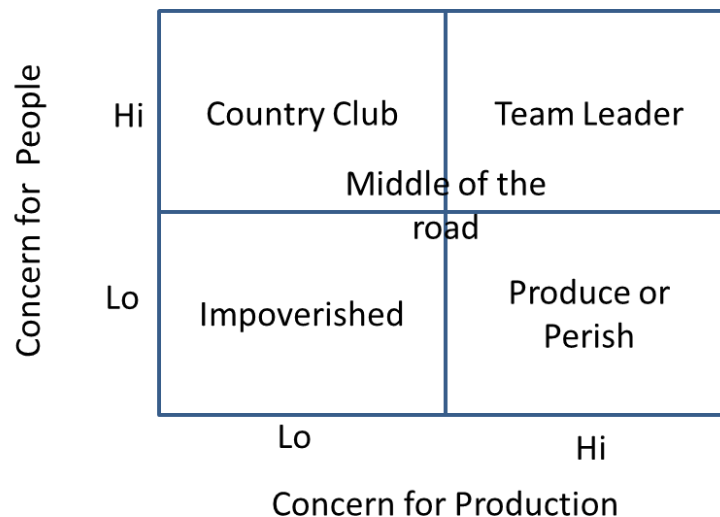


Figure 8-1: Blake & Mouton Managerial Grid
(after Blake & Mouton, 1964)

The Managerial Grid is based on two behavioral dimensions:

- **Concern for People** – This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task.
- **Concern for Production** – This is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish a task.

From these two dimensions, the managerial styles can be broken down into:

Country Club Style

This style is most concerned about the needs and feelings of members of his or her team.

These people operate under the assumption that as long as team members are happy and secure then they will work hard. What can go wrong is the possibility that work environment that is very relaxed and fun but where production can suffer due to lack of direction and control.

Team Leader Style

According to the Blake Mouton model, this is the best managerial style. They stress production needs and the needs of the people equally highly.

The model assumes that employees understand the organizations purpose and are involved in determining production needs. When employees are committed to, and have a stake in the organization's success, their needs and production needs coincide.

This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

Impoverished Style

This leader is mostly ineffective. He or she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating.

The work is unorganized and the people are dissatisfied.

Produce or Perish Style

The manager is an authoritarian. People are considered as a production factor. The manager has strict work rules, policies, and procedures, and views punishment as the most effective means to motivate employees.

Middle of the Road Style

This managerial style is the balance of concern for people and concern for production. This can result in not fully meeting the production needs and the needs of employees. Managers often settle for average performance.

Summary of Managerial Grid

It must be noted that in logistics, there is no such thing as a managerial style that is best for all situations for all times.

The idea of styles of management may be shown briefly by considering a small number of contrasting characteristics. A starting point is to compare autocratic versus democratic style. The autocratic manager relies on position of power to instruct.

A democratic manager provides opportunities for employees to participate in decision making, allowing innovation and creativity to flourish.

It is important to recognize that the Team Leadership style is not always the most effective approach in every situation. While the benefits of democratic and participative management are widely accepted, there are times that call for more attention in one area than another.

If your company is in the midst of a merger or some other significant change, it can be acceptable to place a higher emphasis on people than on production.

Likewise, when faced with an economic hardship or physical risk, people concerns may be placed on the back burner, for the short-term at least, to achieve high productivity and efficiency.

3. Learning & Change

The importance of learning should be highly valued, particularly in times of rapidly changing environment. Logistics planning become more complex. Ideas concerning the management of human resources need to include ways of ensuring learning take place.

Changes such as greater customer awareness, shorter PLC and new emerging technologies make it necessary for staff to keep abreast of changes and stay ahead.

Learning is picking up a new skill or new knowledge. Even if it is similar to something you already can do, learn what makes it different. All of us repeat things that worked in the past, even when they do not apply to the now.

Repeating is not always a bad strategy, but when there is a significant difference, the old approach holds you back.

4. Staff Recruitment, Selection, Training & Development

As mentioned briefly, logistics planning is a complex process and staff needs to be trained to be able to plan and manage the logistic activities. The competent staff begins with the process of recruitment, selection, training and development.

Staff retention is equally important since the loss of trained employees will impact logistic planning.

4.1 Staff Recruitment & Staffing

Staffing allows for arrivals and departures, for the development of the labor market, promotions and the transfer to another job while taking into account the strategic objectives of the organization.

People with the desired competency can either be recruited from outside the organization or alternatively be cultivated within the firm through training and development.

The desired capabilities which reflect both knowledge and skills first need to be identified. The task of the logistics manager is to fill the gap between the knowledge and skills needed by the organization and the knowledge and skills possessed by staff.

If knowledge and skills are lacking in newly recruited staff due to industrial shortage, logistics managers have to make a decision to hire these persons whom they think have the attitude and aptitude to reach the top of their career in logistics.

4.2 Developing Knowledge & Skills

There are two capabilities required to operate logistics processes. We will discuss each one:

- Knowledge
 - General knowledge about logistics
 - Specific knowledge about logistics and logistics processes within the firm
 - Technical knowledge of logistics eg material handling equipment, products

Knowledge is important because it allows them to interpret and build perceptions of their work place. It allows them to identify causes of problems and find solutions and make informed decisions.

Knowledge by itself is insufficient. Logisticians need to use the knowledge and apply it. They have to learn to use it in their work.

Skills are the next capability that staff need to acquire.

- Skills

A list of skills includes:

- a. Communication
- b. Working in teams
- c. Numeracy
- d. Data gathering
- e. Information processing
- f. Problem solving

Logisticians require the ability to think and plan in order to ensure that the logistics chain is operating optimally.

Prior to actual operations it is desirable to simulate the work that each group performs. Such simulation provides hands-on experience doing work without the risk of creating operational problems.

When initial warehouse stocking begins, the workforce receives actual experience in merchandise handling.

Normally, the manufacturer supplying the basic materials handling system and equipment provides instruction regarding operations under both simulated and initial stocking conditions.

Once the initial inventory is on hand, it is good practice to simulate fulfilling customer orders. Simulated orders can be selected and loaded into delivery trucks, and the merchandise may then be treated as a new arrival and transferred back into stock.

Once hired, personnel then must be properly trained to ensure desired system results. The full workforce should be available for test operations prior to the arrival of merchandise.

Personnel hired for specific assignments should be fully trained to perform job requirements and to understand the role of their contribution to total

system performance.

After orientation, all employees should be given specific training. Personnel hired to operate a warehouse may be grouped in the following categories: administrators, supervisors, pickers, equipment operators, laborers, material handlers, and support workers such as maintenance.

For example, Personnel working in shipping must have knowledge of trailer loading practices. In specific types of operations, particularly when merchandise changes ownership, items must be checked during loading.

4.3 Continuous Development

The continuous development of staff rests squarely on the shoulders of both employer and employee.

There are ways in which firms can plan development which takes place via many types of learning experiences. These can be formal, by attending an organized training event or workshop, studying for a formal qualification or being taught to acquire a new skill by internal staff of the organization.

The development ensures that staff is equipped with the necessary skills and knowledge not only to perform their current role, but also to prepare them for future opportunities and changes required in order to support the continued success of the firm.

4.4 Staff Retention

Key employee retention is critical to the long term health and success of your business. Management agrees that retaining their best employees ensures customer satisfaction, satisfied coworkers and reporting staff, effective succession planning and deeply embedded organizational knowledge and learning.

Some of the strategies include:

- **Communication**

There are many ways to make sure your employees know how satisfied you are with their work. Understand that communication is a two-way street.

You want your employees to feel they can come to you with their problems. This includes not just work issues but personal problems.

- **Perks**

Depending on the size of your company, consider giving your employees small rewards. Such staff retention strategies cost little but are always appreciated by staff. Possible perks paid training to encourage staff advancement.

- **Treatment**

Staff need to feel that they are treated fairly without prejudice, including the assignment of tasks.

- **Work-Life Balance**

While employers expect their workers to work hard and productively, they should not demand that they work beyond their normal working hours too frequently.

- **Remuneration**

Employees expect to be paid market rate depending on the health of the industry and the firm itself.

- **Non-financial Benefits**

These include insurance, performance bonuses and so forth.

4.5 Staff Deployment

The purpose of the deployment and staffing is to continually ensure optimal performance of the entire organization.

Staff deployment is a HR activity to ensure that the manpower of the organization would be continuously in an optimal relation to the jobs and organizational structure.

It has both qualitative and quantitative side - ie the aim is to match both, the number, qualification and personality structure of human resources to current organizational structure and current needs of the organization.

In contrast, that the current operations of the organization and its structure optimally reflect the state of its human resources.

4.6 Staff Termination

There are three general types of staff termination:

- Voluntary termination

The employee requests to leave the company. An exit interview may reveal the reason for his or her departure. However, it is difficult to assess the real reason for termination.

Some terminations occur as a result of mutual agreement between the employer and employee. In many of these cases, it was originally the employer's wish for the employee to depart, but the employer offered the mutual termination agreement in order to soften the firing.

- Involuntary termination

The staff is terminated either through 'layoff' or 'dismissal'. A *layoff* is usually not strictly related to personal performance, but instead due to economic cycles or the company's need to restructure itself, the firm itself going out of business or a change in the function of the firm.

- Retirement

Staff who have acquired years of knowledge and skills retire. These staff are used to coach younger workers and be role models. Their departure can be planned if management knows how to manage this group of experienced workers.

5. Conclusion

Logistics planning like all management functions require knowledgeable and skilled people. For too long HR function has been considered a supporting activity. It is often underrated. Organizations are run by people. Recruiting the best people is mandatory to ensure that the organization is running effectively and efficiently.

Organizations exist because of customers. Logistics planning is the mechanism to ensure customers get the service level they asked for. Employees are the people who will execute customers' requirements. At the heart of this mission is the concept of customer service. We will cover this in the next chapter.

References

1. Blake, R and Mouton, J. (1964) *The Managerial Grid: The Key to Leadership Excellence*, Houston Gulf, Publishing Co.