

Easy Metrics for Cost to Serve

Easy Metrics enables Operations teams to use activity-based labor costs to optimize spend and drive out waste quickly

Get a handle on the cost of operational labor

Globalization and the digital era have radically shifted customer expectations. They expect: fast delivery of products and services that vary in type and volume, customization suited to their needs, and competitive pricing. Globally, warehouse operations spend \$350B, and that amount is growing as complexity and demand grows.








Operations leaders are faced with pressure to optimize and lower costs, while complexity drives costs higher. Although operations teams would like to lower costs, most do not know what their true costs should be, and fewer still understand their cost to serve for individual product types or customers.

The keys to understanding those costs are in an operation's data. But the data is locked in multiple, unrelated systems. There is so much data that feeds into accurate cost to serve calculations, that spreadsheets can't handle them. Attempts to pull partial cost to serve data into spreadsheets is a frustrating experience for operations analysts, is too slow and manual, inaccurate, and quickly becomes obsolete.

Operations leaders are facing a massive upheaval that is fundamentally changing how decisions about labor and facility investments are being made. Costs are spiralling due to: high turnover of employees, a tight labor market where demand outweighs supply, and facility and equipment investments that produce negative ROI.

What's needed is a clear understanding of cost to serve, so that operations leaders can make confident data-backed decisions, tackling their biggest cost savings initiatives by order of magnitude.

Benefits of Cost to Serve

-  Reveal your labor cost by product type, process, and customer
-  Identify & reprice unprofitable customers
-  Drive a culture of accountability for labor costs
-  Empower facilities, shifts, and supervisors to eliminate waste
-  Improve processes based on labor cost
-  Compare equipment types to their labor costs
-  Reinvest cost savings into facility innovation





Customer

- Expose customer cost to serve down to individual product types
- Compare costs to serve of one customer vs. another
- Accurately quote and re-price services and products based on cost to serve
- Know your most profitable customers and give them the attention they deserve
- Identify unprofitable product types and service types and re-price existing customers



People

- Compare cost to serve from one employee to another, and establish performance targets
- Use data to find employees with outstanding cost to serve metrics and learn from their best habits
- Quantify utilization as the amount it costs to serve a customer, by process, or at a facility. Understand the cost of underutilization in dollars—to communicate with the team to reduce it
- Find and pull funding from underutilized cost centers, and reallocate funds to support high performing employee pools



Equipment and facility

- Secure budget and quantify ROI for new facility or equipment based on calculated labor savings
- Identify which processes require improvement with better or different equipment
- Calculate travel time with cost to serve to plan facility layout changes
- Discover, through cost metrics, which areas of the operation would be improved with technology investments such as: wearable technology, collaboration tools, AI, or process automation



Process

- Understand and communicate what it costs to perform every process in the operation.
- Generate new performance standards with cost to serve data
- Find, fix, or replace inefficient processes by comparing process costs to their benchmarks



Operations leaders lack visibility and a holistic approach to knowing their true costs and knowing what they should be. In order to serve customers well and ensure profitability, operations execs must link the metrics of their labor to their costs across all aspects of their operations.

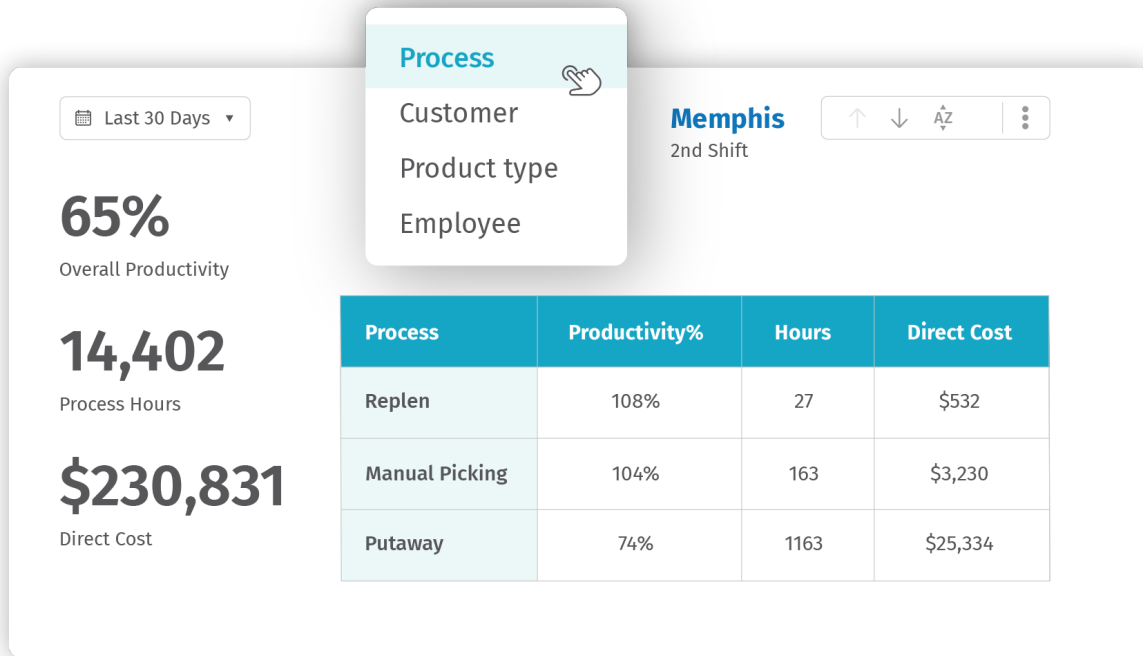
Cost to Serve in Practice

In today's rapidly changing operational environment, operations leaders need to focus on getting a crystal clear view of what influences their labor costs and make people, process improvement, pricing and vendor decisions quickly.

The true cost of labor by customer, process, or product type is a critical financial metric, previously invisible to operations. Data integration and analytics makes it possible now.

Combat labor cost-overruns and unprofitable labor spend by these steps:

1. Review your labor cost by customer and product type and compare them to what you are charging for those services. Identify which customer and product types are unprofitable or could be improved.
2. Identify gaps and opportunities for additional investment in facility equipment or layout that will drive better operational profitability in your processes where labor cost is too high and needs to be made more efficient.
3. Monitor progress to ensure new investments and projects are producing and performing.
4. Monitor employee, shift, supervisor, and facility labor costs. Compare labor costs to internal benchmarks and KPIs, and continually cascade cost information to teams for visibility and continuous improvement.



Adopt a Proven Solution to Gain Full Transparency into Exact Labor Costs of Your Products and Services

There are a lot of things you can't control: the market, the labor supply, changes in demand, and customer requirements. But you can control who you accept as a customer, how you price your products and services, and the efficiencies of your own operations. You can leverage Cost to Serve data analytics and management tools to visualize and act on your labor costs against established cost targets. Easy Metrics Cost to Serve functionality will give you a pane of glass view into what influences your labor costs. [Get started](#) with a demo to learn more.

About Easy Metrics

Easy Metrics fuels operational excellence in distribution operations.

Operations and finance leaders use Easy Metrics' API integration platform and machine learning to analyze, plan, and forecast their labor spend so they can drive operational speed and efficiency, price their products and services profitably, and drive employee engagement.

With Easy Metrics, they translate raw operations data from multiple data sources into their costs by: activity, process, facility, people, and equipment. They use actionable reports across their network to optimize labor spend, cut waste, plan facility investments, and drive labor strategies that ultimately fuel the growth of their business. Find out more at www.easymetrics.com.