

Build vs. Buy: Choosing Your LMS Solution

What you need to know before you commit to building a custom labor management system in house

Labor Management Systems (LMS) have revolutionized the way operations leaders manage their teams. At scale, they are a mandatory investment. Being able to track your operational data is what allows operations managers and supervisors to make informed decisions about budgeting, costs, process improvements, and more.

Your IT department might be willing to build an LMS from scratch. So do you buy one from an existing vendor, or do you dedicate your own resources to homebrew a solution?

We've worked with hundreds of businesses and seen an equal number of LMS deployments. When a customer asks us if building a homegrown LMS is a good idea, We advise them to be aware of the pitfalls of building an LMS so they know what they are getting into before it's too late.

Analyzing costs, security & maintenance, development, opportunity costs, features, and training is a good place to start.

Topic	Build	Buy
Costs	<ul style="list-style-type: none"> ▸ Increased up-front cost 	<ul style="list-style-type: none"> ▸ Reduced up-front costs
Security and Maintenance	<ul style="list-style-type: none"> ▸ Proprietary control of the system is kept in-house ▸ Bug fixes would be handled by internal department in addition to their existing duties 	<ul style="list-style-type: none"> ▸ Dedicated team for implementation and ongoing support ▸ Bug fixes would be handled by the dedicated team.
Development and Design	<ul style="list-style-type: none"> ▸ Development time and responsibilities put on internal IT team ▸ Scope would be determined independently 	<ul style="list-style-type: none"> ▸ Product will receive regular updates and is scalable ▸ Scope would be determined with assistance from an expert team
Opportunity costs	<ul style="list-style-type: none"> ▸ Potential savings lost during R&D time 	<ul style="list-style-type: none"> ▸ Savings opportunities can be located immediately upon implementation—no opportunity cost
Features	<ul style="list-style-type: none"> ▸ Limited budget and experience limits scalability and flexibility 	<ul style="list-style-type: none"> ▸ System will have a comprehensive suite of metrics, reports, and analytics
Training	<ul style="list-style-type: none"> ▸ Training and account/password setup is handled in-house 	<ul style="list-style-type: none"> ▸ Practiced support team will assist in account setup and provide training materials.

On the face of things, it's clear that there are a significant number of disadvantages to building your own homegrown LMS.

But the real trouble begins during development, where bad decisions are made or shortcuts are taken. Certain features are necessary but either difficult to program, or deemed unnecessary by the developer.

Biggest mistakes when developing LMS feature set:

- They underestimate the difficulty of tracking 100% of every employee's time.
- They underestimate the difficulty of correctly assigning timeclock hours to billable and non-billable processes.
- They assume a single metric, or a limited set of metrics, will be sufficient for their needs.
- They set single performance standards for processes without regard for process-level variance.
- They underestimate the difficulty of successfully tracking indirect processes (meetings, maintenance, etc.) and how those processes will affect performance metrics.

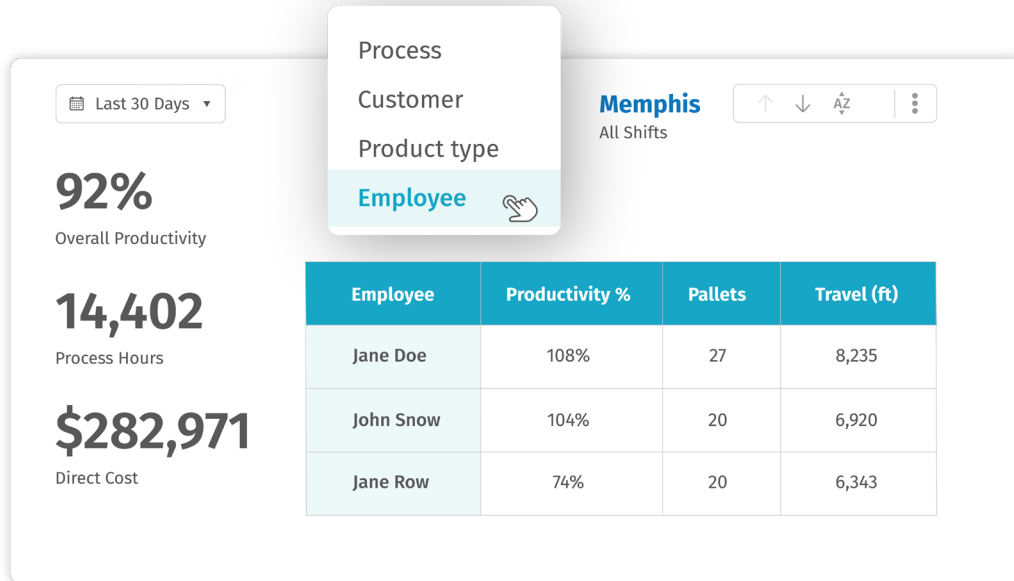
This list is not exhaustive, but it is indicative of the kinds of oversights that plague attempts at homebrewing a labor management system.

In addition to these pitfalls, there are an array of risks associated with building an LMS that aren't within the scope of the system itself. Chief among these risks is the mandatory and strict reliance upon the company's internal IT department. There are two major problems with this:

1. Internal IT departments are famously understaffed and spread thin, which makes the addition of LMS development a direct burden on their existing systems administration and IT support duties.
2. Because the internal IT department will be the only person/group of people to understand the software structure of the LMS, any firings, resignations, or medical emergencies affecting that department's membership could lead to unsalvageable lockout, shutdown, or collapse of the entire labor management system.

Easy Metrics can take these burdens and risks off of your shoulders. Allowing us to provide your LMS grants you long-term cost savings, ongoing support, and the opportunity to integrate with our other solutions to further grow your business. Our cloud-based solution is designed to minimize costs and maximize your cost savings; you only need to save 1% of your labor costs on average to break even, and we regularly see 10%, or more, savings for our customers.

Analyze Productivity by Employee



Easy Metrics for Choosing Your LMS Solution

If you're in the market for an LMS for your warehouse operation, or if you're interested in Easy Metrics' other cost-saving and visibility solutions, please contact us today for a demo.

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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.

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to learn how a labor management solution can help you.