



## WHITEPAPER

# Labor Management System (LMS) Implementation: Six Critical Success Factors

*Presented by Kurt Salmon Associates and GoalPost™*

The overwhelming benefits of implementing a labor management solution (LMS) as the foundation to a healthy performance culture have been proven time and time again. Significant increases in workforce productivity (30% to 50% or more) and associated reductions in operating costs (often as high as 35%) result in rapid savings that can be used to fund other long-term supply chain investments such as warehouse management systems and material handling equipment. The speed-to-benefit and return on investment (ROI) of those initiatives can be accelerated by implementing the LMS first. But like all major supply chain initiatives, the transition to an effective performance-based culture has unique challenges.

Over the past three decades, KSA has mastered the art and science of LMS implementation with close to 200 implementations of GoalPost™ — KSA's best-of-breed workforce performance management and incentive pay software solution — and its predecessors, as well as numerous implementations of other LMS vendors' solutions. Seasoned KSA installation teams cite the following six critical success factors for a fast, successful LMS implementation.

### **1. Clearly Define the Project Scope and Measures of Success**

Prior to beginning an LMS implementation, it is critical for a company to have a clear understanding of and ability to articulate the scope of the project and what defines its success. For example:

- Is the plan to pay incentives from the start, or to take a phased approach and start only with performance monitoring?
- What operations will be put on engineered labor standards, and in what sequence will they be rolled out?
- Will training curves be used to more quickly assimilate new employees into the program?
- At what level are facilities, departments, and operations performing without the LMS in place, and what is the performance goal for each?

Answers to these questions should be clear to the project sponsors and clearly communicated to the project team prior to the start of LMS implementation.

*While some companies have a firm grasp on the appropriate approach to building a performance culture within their organizations, others choose to engage a trusted consulting advisor such as KSA to assist with this process.*

### **2. Engage the Right Teams**

It is essential that the client resources involved in the implementation and training remain involved to ensure the ongoing success of the performance management program. All too often, the teams assembled to participate in the installation process are not the same teams that will be using or

supporting the system over the long term. The most important team members “on the ground” are the engineer, the IT resource, and the “super user.” The engineer drives decisions related to configuration and reporting. The IT resource focuses on integration between the LMS and other applications, such as the timekeeping system and the warehouse management system (WMS). The super user, who typically reports to the engineer, is ultimately responsible for managing the day-to-day operations of the LMS.

Likewise, it is critical that the onsite consulting team knows the LMS inside and out. No two clients are exactly alike; as a result, mastery of the application in a variety of businesses is a prerequisite for the consulting team performing the implementation.

*KSA's implementation teams have worked successfully with dozens of clients and have an average of 15 years of experience developing and implementing GoalPost™.*

### **3. Manage Configuration Expectations in Advance**

Due to their powerful tracking and reporting capabilities, LMSs can be quite complex, and may require significant up-front configuration. This process can be expedited by providing a robust set of configuration worksheets in advance. These worksheets, along with a clear, concise configuration guide that distills required information into easily understandable terms, maximizes training effectiveness and minimizes the time a consulting team has to spend configuring the system.

*KSA has developed and deployed such documentation for more than 20 years. KSA schedules conference calls with its clients' prior to arriving onsite to answer any questions and offer insight into how other clients have approached similar situations.*

### **4. Configure with the Client, not for the Client**

Understanding what is “under the covers” of the LMS is essential to the long-term success of an implementation. Over time, operations change, as do reporting requirements and metrics that must be tracked for success. Consequently, it is critical that one or more resources have a solid understanding of the way the LMS is configured, why it is configured that way, and how to change it as necessary.

*KSA's onsite implementation teams work with clients to configure their LMSs specifically for their unique operations. After learning the intricacies of the system, clients do the configuration from the ground up, with coaching and advice on best practices from the KSA team.*

### **5. Define Reporting Needs Upfront**

In small, single-site operations with less than 50 full-time-equivalent employees (FTEs), approaches to productivity and cost data reporting are relatively standard. When FTEs and the number of sites increase, so do the reporting requirements. Companies often want to report not only by operation, but also by supervisor within operation. Department roll-ups become desirable to capture operational groups. Visibility at a granular level is often as important as facility or network roll-up reporting. As a result, it is essential that reporting requirements are discussed very early in the process so they can be considered during LMS configuration. Configuring the correct clocking categories, operations, and departments up-front minimizes the amount of rework required once the LMS is “live.”

*KSA works closely with clients, discussing their reporting expectations and requirements and educating them on the robust capabilities of the GoalPost™ Reporter module. KSA also offers insight into how other clients have successfully configured GoalPost™ to support their needs.*

### **6. Train the Trainer**

While many consider the standards and incentives calculation engine of the LMS to be a “black box,” the importance of training should not be overlooked. It is not realistic to deliver just a few hours of training to end users and expect them to fully grasp the system's capabilities. “Training

the trainers” reduces learning time, transfers knowledge quickly and accurately, and boosts trainers’ overall confidence. Ultimately, this approach quickly turns trainers into super users and top performers in their functional areas, while giving them a sense of ownership in the program. A train-the-trainer approach ensures the right expertise is effectively transitioned from the implementation team to the users. Technically savvy individuals who are open to change and more likely to embrace the program are typically targeted as trainers.

*KSA implementation teams always tailor training to trainees’ skill levels. KSA also trains supervisors to harness the power of the GoalPost™ Reporter module and to use the GoalPost™ Coach module to drive effective coaching and mentoring sessions with associates on the floor.*

Since the early 1980s, KSA has helped drive hundreds of clients up the performance continuum toward best-in-class productivity improvement, performance management, and benefit-sharing programs. GoalPost™ is a pillar of these programs, allowing clients to reduce operating costs, boost facility throughput, and improve customer service levels, while building a culture of continuous improvement.

### **About KSA**

Kurt Salmon Associates (KSA) is the premier global management consulting firm focused on supply chain management. We work closely with our clients to create accelerated value through our tailored solutions for business growth, margin management, inventory efficiency, productivity improvement, and technology effectiveness.

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