

Understanding Skills and Performance Challenges in the Logistics Sector

Introduction

The UK Commission is working to transform the UK's approach to investing in the skills of its people as an intrinsic part of securing jobs and growth. Key to our ambition is the need to encourage greater employer ownership of skills, working to secure long term sustainable partnerships.

This slide pack and accompanying evidence present the case for **more employers to invest in developing skills in the Logistics Sector**. It explores the skills required to meet the demands created by existing and emerging technologies in logistics.

Slide packs and reports are also available for a number of other sectors from www.gov.uk/ukces.

Storyboard

The UK Logistics Sector



Role of technology in the Logistics Sector



Drivers influencing take up of technology



Recruitment and skills needs



Qualifications and training



Future jobs and skills



Implications and conclusions

The UK Logistics Sector



Logistics is one of the most dynamic and important UK sectors. All aspects of the UK economy rely on professional logistics and supply chain operations.

What happens if logistics does not work?

- **No food** on supermarket shelves
- **No medicine** in the cabinet
- **No petrol** at the pumps

The Logistics Sector is therefore intrinsic our daily life

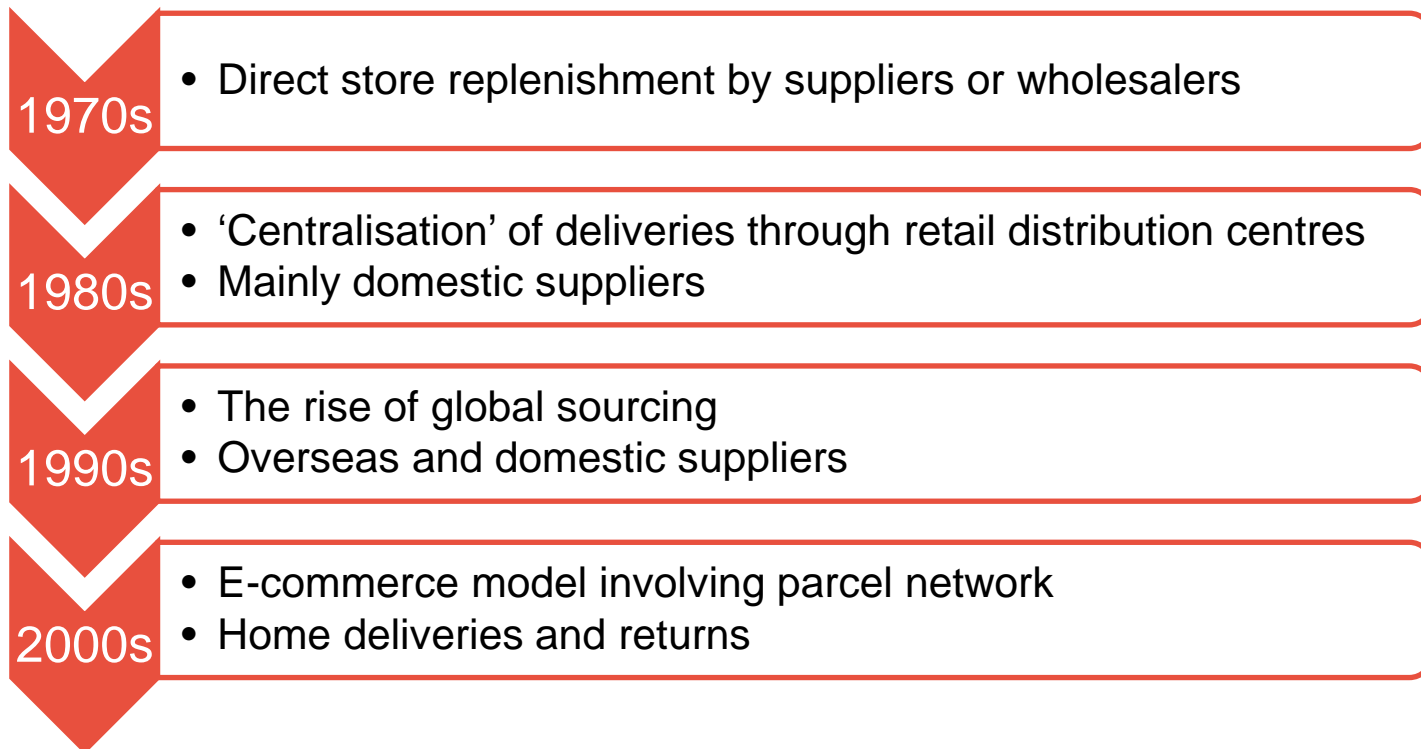
The UK Logistics Sector



- Logistics is a key sector for the UK economy, contributing over £90 billion.
- Logistics employs 2.2 million individuals – 8 per cent of the nation’s workforce.
- The sector is characterised by:
 - a high concentration of low level occupational roles (machine operatives and elementary roles account for 49% of the workforce)
 - a poorly qualified workforce (41% unqualified or qualified below level 2)
- Skills shortages and gaps and a lack of training are affecting the ability of the sector to grow and develop as quickly as it might.

Technology in the Logistics Sector

- Technology has the potential to offer greater efficiencies and transparency within the supply chain management, transport modes and storage and warehousing
- As a consequence retail logistics has evolved significantly:



Technologies commonly adopted

Transport

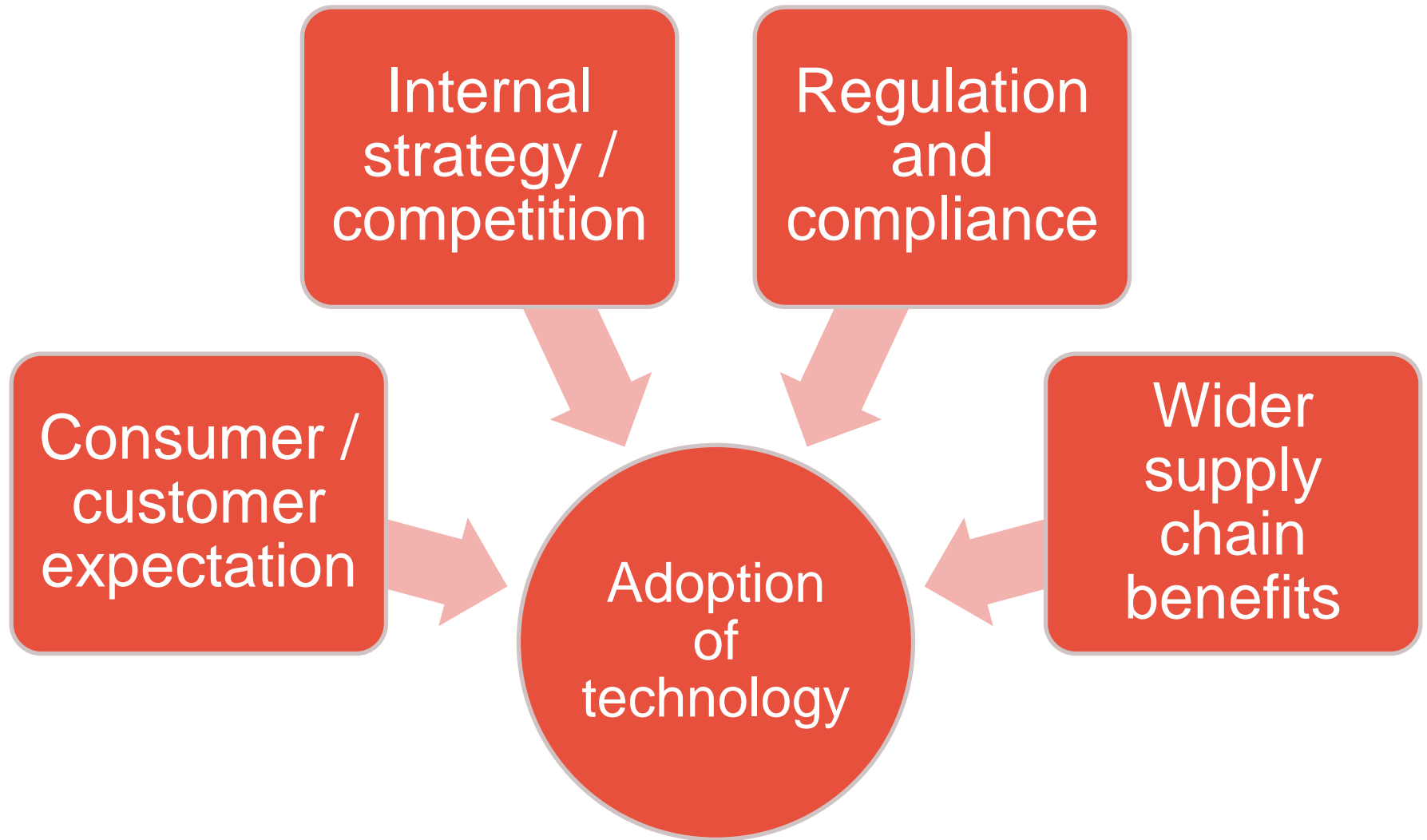
- Vehicle technology and design
- Intelligent transport systems and services

Warehouse

- Automated storage and retrieval systems
- Automated data collection (bar codes, voice technology, RFID)
- Warehouse Management Systems

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Drivers of technological implementation



Recruitment and skills

There are distinct hubs of logistics activities meaning employment and jobs are likewise found in specific areas.

This increases competition for resources leading to recruitment and retention difficulties:

- SMEs in these locations fail to attract applicants as they prefer to apply for positions at larger companies
- Increased competition sees greater retention problems – drivers in particular are likely to move from firm to firm
- But employers report that drivers do not always have the skills or knowledge in areas such as digital tachographs and/or Working Time Directive

Recruitment and skills



The sector operates 24/7, 365 days a year and supply and demand can alter dramatically in short spaces of time, which can impact on resources required.

Therefore employers utilise recruitment agencies, especially for driving positions and warehouse operatives.



However, firms are unlikely to invest in the skills of workers who will be with a firm temporarily.

Entry routes and skills pipeline

The sector requires nearly 1.2 million additional workers between 2012 – 2022

With an ageing workforce, employers are concerned about future skills pipeline. Barriers to attracting talent include:

- Perception of logistics - its not just trucks and warehouses
- Profile of sector within schools, amongst careers advisors and parents, is poor
- For micro-businesses insurance constraints limit entry of young, particularly for drivers

Skills evolution in job roles

For all roles, new skills revolve around having a basic understanding of the new technology, but specific roles also require:

Transport Managers

- Wide range of skills needed nowadays - Operational background, knowledge of operating systems, communicational skills, office / IT skills
- Business strategy/ cost savings skills (i.e. cost benefits analysis of technologies)

Drivers

- Customer service skills, safe and fuel efficient driving
- Continuous up-skilling in vehicle technology - semi-automatic transmissions, tachographs

Transport Office

- High level of computer / IT skills, Analytical data analysis
- Multi-tasking skills, work under pressure, problem solving

Port Operatives

- Multi-skilled in various plant disciplines
- Flexibility in employment locations and shift patterns

Warehouse Operatives

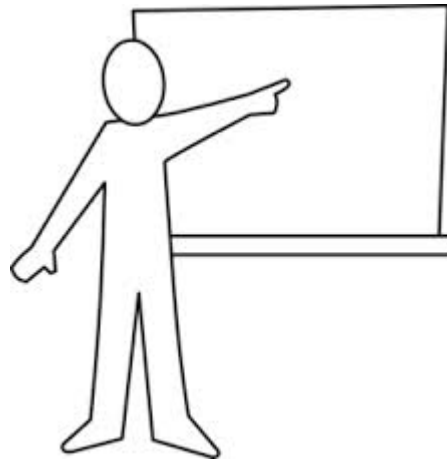
- IT skills (voice technologies, scanners, tablets)
- Attention to detail

Training and Qualifications

Employers have concerns with existing education, training and qualification provision

Employers are developing their own solutions to deliver training that is **bespoke** to their needs

Employers are concerned about the **quality** of courses and trainers particularly Driver CPC periodic training



Employers value hands on **vocational training and experience** rather than accredited or academic qualifications

Much training takes place in-house

Training Standard

Employers would welcome a standard that would identify good training delivery.

Five key aspects employers would wish to see developed into the standard are:

- Trainer Quality
- Course preparation and delivery
- Learning resources and environment
- Pre and post-training delivery
- Commitment to excellence



Future technologies

Employers report the need to understand and optimally utilise the technologies they already have in place

Future potential will lie in new technologies with the most commercial application. It will not necessarily be the most innovative or technological advanced concepts



Future jobs and skills

The technologies implemented pose a challenge for the employer to ensure that their employees have the right skills in the right quantities.

There is an ever growing need to be **multi-skilled** in many of the roles, including;

- management roles,
- drivers,
- port operatives,
- warehouse operatives,
- transport office,
- IT professionals and
- trainers



Skills and knowledge

Skills and knowledge needed include:

- IT skills - for application of the technology, but also website design and development
- Customer service and communication skills – key with the increased demand in home deliveries and direct contact with the end-user
- Contract relationship management - customers are demanding more from the contracts and this needs to be managed effectively
- Compliance awareness – need to adhere to and be aware of incoming rules and regulations, but also be able to comply with contract needs, which may require involved auditing
- Analytical / Reporting skills – many of the technologies and systems hold a vast array of data relating to performance. Need to have the skills available to analyse this and identify areas of potential improvement.
- Planning - the ability to use historical data as a means to influence future planning
- Problem solving skills – ability to use real-time data to identify and deal with issues quickly and efficiently
- Promotional skills and marketing - not only to promote the companies' services, but also to overcome the negative perception of the sector to increase awareness of opportunities to attract new talent.

Conclusions and Implications

Throughout the research, there was a strong sense that technology is helping to improve the services logistics providers offer. The entire supply chain is becoming ever more connected.

Consequently data is being collected in ever-increasing quantities and the ability to intelligently interpret this and the ability to solve real-time issues is key to many organisations competitive advantage.

However, employers have to address labour market issues and plan ahead to ensure there is sufficient supply of skills. To do this the following should be considered: (continued on next slide)

Conclusions and Implications (continued)

Careers information

- Advice and guidance materials to aid those who work with potential talent pools could help raise awareness of the sector
- Greater engagement between employers and schools

Training and Qualifications

- Greater collaboration between industry and academia to influence the design of training programmes and qualifications
- Need to demonstrate to employers that the ‘train they’ll leave’ philosophy is not the case

Succession planning

- The sector needs to recognise the benefits of succession planning to ensure that the skills and knowledge of older workers are not lost



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