



NEW DISTRIBUTION CENTER: Market Wages

Business Challenge

The client wanted to know the absolute least amount of money it could pay for jobs with medial tasks, such as packaging, re-work, and basic machine operating, in addition to semi-skilled positions like forklift and order picking.

Background

A new manufacturing and distribution company in the consumer products industry sought to open a new distribution center in the Kansas City area. After settling on a site, the company was presented with the challenge of determining its starting wages. This company is in an extremely competitive industry and it was imperative to their bottom line that they control wage expenses.

This was an especially challenging and critical task, as once the company started paying wages at the new facility, it would not be able to reduce them easily if they were paying significantly over market wages. On the other hand, if beginning wages were not high enough, the company was afraid it would not attract the talent it needed or that it may get a reputation of paying below market share with potential candidates.

Although the company had access to state and local payroll data, as well as hired consultants, Focus Industrial Workforces was contacted to provide additional insight on wages and employment conditions in the exact area where the company was opening their new facility.

Our Approach and Solutions

- Focus completed wage surveys with its clients and other companies with similar employee skill sets in the exact area where the company was opening their new facility.
- Focus completed detailed competitive analysis and provided quantitative data, citing specific company wages.
- Qualitative information was discussed and analyzed with the client.
- Focus concluded that the company could effectively pay \$1.87 per hour less than their original projections and still meet company objectives.

Realized Results: \$1,000,000 Per Year in Savings

By helping the client identify the competitive wages for their specific industrial park and area, as well as discuss their goals and qualitative data, we were able to determine they could pay considerably less than their original projections. The client decreased its starting wage \$1.87 per hour. Along with taxes and benefits, this saved the client approximately \$987,000 per year.

