

# THE CRITICAL ROLE OF INTRALOGISTICS IN AN UNCERTAIN WORLD

AN INDUSTRY DEBATE HOSTED BY  
LINDE MATERIAL HANDLING

**AUGUST 2022**





# INTRODUCTION

The supply chain has had its fair share of challenges to contend with in recent years – Covid, Brexit, the energy crisis and the war in Ukraine among them. As a result, logistics has catapulted to the top of the Board agenda and the business press pages. A shortage of haulage drivers, queues at ports, fuel prices and more have all hit the headlines in turn.

Watching these concerns is a warehouse sector that has ways to help companies rise to the challenge, with intralogistics that can optimise and automate the flow of information and materials. This can then improve flexibility, reduce wasted man hours, and save costs.

Linde Material Handling brought together some leading industry players and experts in the sector to participate in a debate – the critical role of intralogistics in an uncertain world – hosted by former BBC news presenter Clarence Mitchell. The discussion centred around how it's time to think afresh – and to think about a sector that is flexible, future-proofed and the place to work.



# WITH THANKS TO OUR PANEL



**Clare Bottle,**  
Chief Executive of  
the UK Warehousing  
Association.



**Martin Brickell,**  
Principal Director,  
Physical Logistics and  
Fulfilment Practice Lead  
at Accenture.



**Robert Wyatt,**  
Automation Manager at  
the Culina Group.



**Tracy Clarke,**  
Energy Expert at Linde  
Material Handling UK.

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**Kenny Watson,**  
Automation Expert,  
Linde Material  
Handling UK.

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**David Kendall,**  
Senior Partner at cost  
and procurement  
specialists Auditel.





# BEING AUTOMATED READY

*"It's more about being automated success ready"* **Kenny Watson**

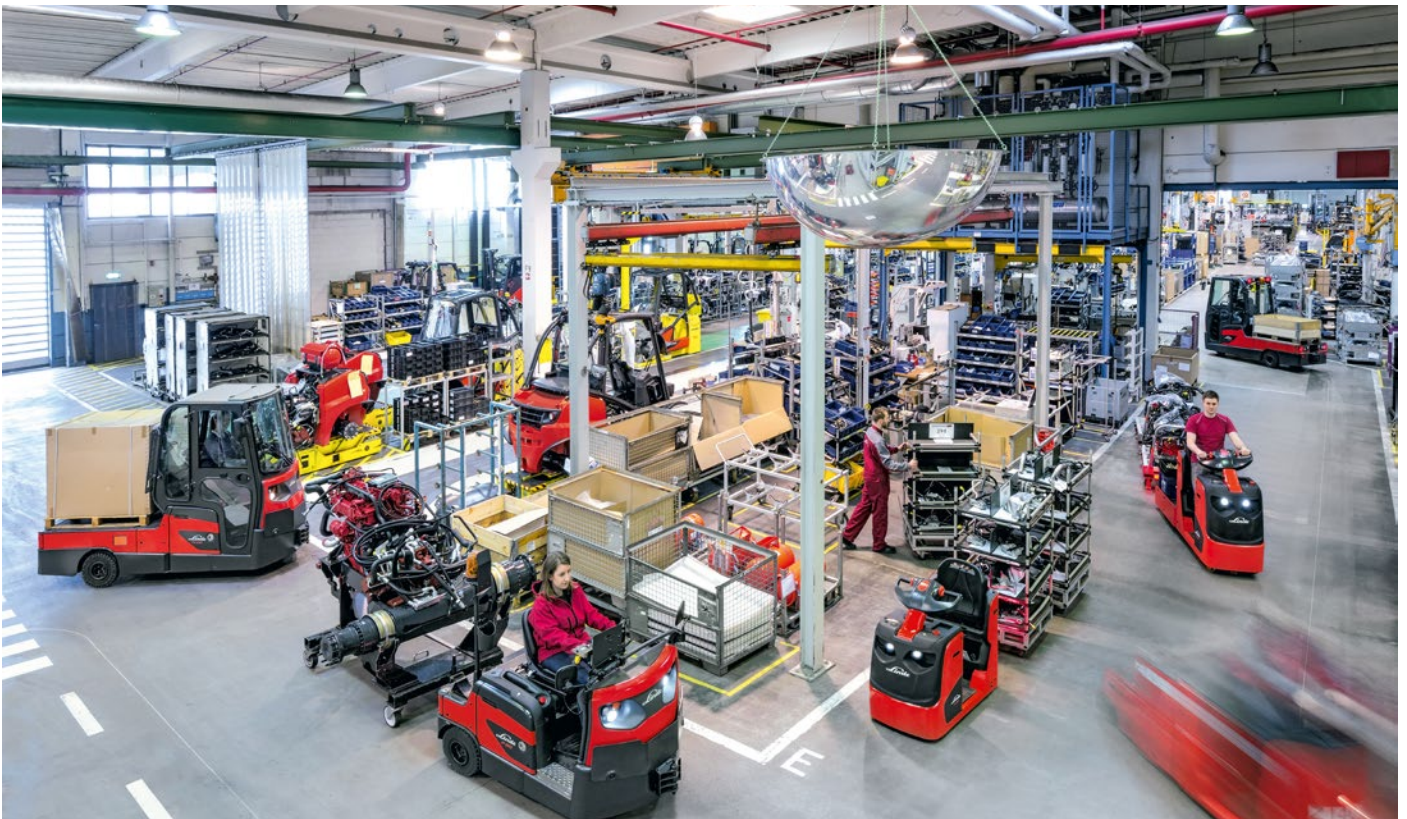
"You don't just put automation in and expect it to deliver based on how you are working today," says Kenny Watson. "Being automated ready is a journey the customer has to go on ahead of automation to make sure their company is absolutely ready to get the best out of it from day one."

Martin Brickell from Accenture agrees and says warehouses are becoming multifaceted and mission critical in the way they support manufacturers, retailers, e-commerce companies and distributors.

"Discussions around the shape of what's to come are now at Board level across all sectors," says Brickell. "Boards are after sustainable building designs that will work for five or ten years out, and a model with intelligent systems that meets service criteria (particularly for e-commerce and direct-to-consumer products)."

They also want the management skills required to deliver them. "Labour demands go beyond picking and packing and forklift truck drivers, while they're all essential," adds Brickell. "It's about a team with the management and customer service skills and the engineers to look after the solutions, including the automated solutions, within that warehouse."

Warehouses will be dividing themselves up - "some parts manual, some fully automated and a section in the middle that has a mix and can embrace that move from B2B to B2C and the flexibility that demands," adds Watson. "And again, we'll see customers outsource to third party logistics companies who can offer a stunning people-focused support package to help maximise that warehouse offer."







## FLEXIBILITY IS KEY

*"This is about ensuring automated solutions can operate efficiently alongside staff..."* **Robert Wyatt**

This is a fast-moving world, especially in 3PL when client bases are changing all the time. "Installing big conveyors to meet demand today is not the simple option spectators might imagine, because in three years' time that solution might need to change," points out Robert Wyatt. AGVs (Automated Guided Vehicles) and AMRs (Autonomous Manoeuvrable Robots) offer flexibility in future warehousing, delivering transport tasks but with the option to be reprogrammed when the task changes.

"That reduces risk and improves flexibility, but this is also about ensuring these solutions can operate efficiently alongside the workforce," stresses Wyatt, "and allowing time to get that balance right." He suggests a warehouse might start by bringing in an AMR such as a floor cleaner as opposed to launching with a big forklift. This would allow teams to get used to working alongside automation and respect and respond to their concerns. "Moving to AGVs would be the next step which would, at the final stage, clear a warehouse of manual trucks. This will ensure a future where confident teams and efficient operations go hand in hand."

# BEING THE SECTOR TO WORK IN

“The way we’ll unlock the value in the sector is entirely through people. Automation is going to make the difference, but it’s the people who implement it that will be crucial. We’re now creating opportunities in warehousing that we have never seen before...” Clare Bottle

“The demand for labour has clearly risen, with e-commerce hungrier for space as warehouses are packing for home delivery as well as retail,” says Bottle. “Meanwhile Brexit is forcing supply chains to become more resilient by holding higher levels of inventory.

“Warehouse space has increased by around 32 per cent in the last six or seven years, but the labour it demands has become less available,” she explains. “While the lack of HGV drivers has hit the headlines, there has been less mention of the number (around a third) of fork-lift truck drivers who were EU nationals, and whose numbers have dropped.

“It is as if by magic we want seven percent of school leavers to end up working in this sector,” says Bottle. “Yet at the same time, logistics is not well understood by the public and students in school will never hear logistics mentioned in the national curriculum.”

Bottle believes that’s about to change through a range of initiatives charged by players in the sector to promote job opportunities, and with young people now working in intralogistics going to careers fairs and into schools and colleges to educate and explain the opportunities the sector offers. Those ambassadors can show, too, how warehousing is putting wellbeing as well as job opportunities and skills development on the agenda via higher spec facilities – think canteens, gyms, training hubs, natural light, creches – which will help attract and be there to welcome a new generation of staff.

“Research is telling us that people who work in warehousing feel their jobs are interesting and well paid, and their employers responsible,” says Bottle. “But that is not the message the public have received or that teachers are telling children in school. We need to start sharing the story about how it feels to work in warehousing, and to be part of this exciting, automated and forward-looking environment.”



# BEING SUSTAINABLE AND POWERING FUTURE GROWTH

*"We offer customised solutions. We look impartially at what the customer is doing and what they want to achieve and work on solutions that are both future proofing and flexible..."* Tracy Clarke

"There has been a shift towards electric recently, especially when it comes to material handling, and sustainability is of course one of the reasons for that," says Clarke. "This sector is savvy, knowing greener solutions are not just the right thing to do but often the most cost efficient. Many customers using third party logistics, including those who have felt a huge impact because of issues like changes in the red diesel tax (to encourage businesses to use alternative low emission fuels), are going back to basics and looking at what they can do differently.

"But there is no one energy solution that is better than others," stresses Clarke. "We need to have everything at our disposal (diesel, gas, lead acid, lithium) and the tools to help customers find the solution that is right for them." Clarke suggests it's about balancing sustainable options with those which benefit operations now and where they might be in five or seven years' time. "And, of course, to ensure the commercials stack up to provide a return on investment."

## TAKING A FRESH AND CLOSE LOOK AT INDIRECT COSTS

*"There is little companies can do to control energy costs, but there are steps they can take to mitigate them..."* David Kendall

The biggest lesson the sector's clients learned during the pandemic was to build flexibility into contracts and to make sure the contract structure is correct. David suggests that deploying resources and planning for overheads and indirect costs is a crucial part of that.

"Indirect costs are coming under more scrutiny and now is the time to scratch beneath their surface," says David. "Many costs in a warehouse budget or logistics department budget might have been small and not had much input from group procurement or finance. However, collectively across a business and warehousing environment they can be significant. "There are opportunities to reduce costs and increase savings in everything "from cleaning to couriers, energy consumption to waste and recycling."

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