



## Automation

A game of enabling humans to achieve super-human results

**A**utomation, innovation, and technology are critical terms that have become nearly trite in recent years. The supply chain and logistics functions of any company are often a target for technology because so much expense is consumed on land, labor and capital (inventory and equipment) that companies are forced to look for savings related to these cost buckets. In the professional functions of the supply chain, [digitization is a key factor in the roadmap of the future](#). Success is found when leaders can navigate the tricky landscape of change management while also enabling the workforce to successfully use technology. The flames of fear and uncertainty are fanned in the media and the mystery surrounding employee skillset can paralyze any transformational journey.

Automation within the supply chain should be perceived by employees as something that is immersive and not a replacement of their jobs. It's up to leaders to impress upon their teams how employees are part of the process, working in tandem with automation to improve the process, create cost-saving opportunities and develop a seamless supply chain that is far superior to what currently exists.

Brock Bayles, Vice President at Toyota Financial Services, has noticed “a common theme around the importance of people” in terms of hiring, training, and retaining the right people to enable a digital transformation. Stefan Lazarevic, a General Manager from NCR – the historic ATM maker, recently said “the crucial part of any digital transformation is actually a workforce transformation”. So how can job elimination be such a big topic when so many leaders are concerned about the capabilities of their workforce to execute a digital transformation?

**A big headwind leaders face is the fear factor that automation or, even more sinister, robots will eliminate jobs. In 2017, The Guardian wrote that “two-thirds of Americans believe robots will soon perform most of the work done by humans”.<sup>1</sup> From fast food kiosks to robotic brick layers, the media regularly seeks clicks by stoking the fear that technological advancement replaces people in general terms. As recently as September of 2018, Forbes published an article entitled “Robots Will Take Our Jobs And We Need A Plan” in which Blake Morgan fielded four strategies for displaced workers to hedge their risks and ensure they remain employable, although her fourth option is simply increased unemployment.<sup>2</sup>**

Inciting fear when it comes to automation seems to be a headline-grabber for many media outlets, further perpetuating the idea that it's a negative advancement. Among the false statements that contribute to the negative perception are:

- Robots will eventually take over most jobs
- Hourly human workers should be most fearful for their jobs
- 45% of jobs can be automated<sup>3</sup>
- Artificial intelligence is a threat to both blue and white collar workers
- Process-driven jobs like manufacturing and customer service are most at risk of displacement
- Automation will lead to higher unemployment rates which will negatively impact the global economy
- More individuals will need the support of welfare and affordable housing options due to displacement by automation
- The supply chain may become obsolete due to automation
- Robots are smarter than people and therefore becoming preferred in the workforce
- A worldwide employment crisis looming
- McKinsey: Four fundamentals of workplace automation

In the immortal words of Lee Corso - not so fast my friends! In 2016, the World Economic Forum estimated that by 2020, five million jobs would be displaced across 15 developed countries.<sup>4</sup> The same report estimated that 137 million workers (a staggering 56% of the total workforce) would be displaced across five developing countries. In actuality, one of those countries - Cambodia, had an unemployment rate that declined according to the World Bank in 2017, 2018, and 2019.<sup>5</sup> Fear garners clicks but real business innovation is something else. Technology has enabled industry throughout history to transform, expand and evolve. Leaders must be prepared to deal with the fear and uncertainty to lead their organizations to a place where technology extends the capabilities of the teams rather than replaces the people.

What cannot be argued is the fact that robots and automation are improving productivity and profit margins at an unprecedented pace. But the fact so often missed when we read about automation and the workforce is that it means new skill sets for workers. New skills improve workers' marketability and value to their company.

Companies who embrace automation and enable this employee transformation are at a significant advantage. Workforces are adaptable. Job duties, expectations, processes and procedures are constantly evolving as businesses evolve. The introduction of automation and digitization is no different – it's the evolution of business and the workforce that will adapt and be better because of it.

An attempt to better understand the perspectives of workers regarding changing dynamics in the workplace was conducted in 2018 by Harvard Business School's Project on Managing the Future of Work and the Boston Consulting Group's Henderson Institute.<sup>6</sup> Their survey spanned 11 countries, collecting responses from 1,000 workers in each participating country, and focused on the most vulnerable employees – those representing lower-income and middle-skilled workers earning less than the average household income with two or fewer years of postsecondary education. What the study revealed was that while managers have considerable fear over employee retention and employing the right individuals to meet changing dynamics, employees themselves are eager to embrace change and optimistic about opportunities that may present themselves in a changing workplace. Specifically, a large majority of workers felt that advances in automation and artificial intelligence would have a positive impact on them.<sup>7</sup>

Technology is merely an extension of human capability, offering new ways to perform their jobs and creating efficiencies, improving performance and allowing companies to grow exponentially. Automation and technology unlock a new level of productivity and precision that benefits workers, from less manual labor and fewer instances of correcting human error, to better safety, to expediting paperwork and quicker formatting of data. Instead of focusing most of the day on grueling tasks, employees can focus on the more skilled tasks that can't be automated such as human decision-making, data interpretation, sharing insights and more. This is more than theory, in 2018 "cobots" (collaborative robots enhancing humans) represented only 5% of robot sales.<sup>8</sup> Market Study Report released a forecast in January 2020 projecting 48.2% CAGR for the next five years in this segment of the robotics industry and many estimates foresee that ratio growing to between 25% and 35%.<sup>9</sup> This explosive growth is largely driven by better pricing as the cost of the technology declines. The market is clearly moving towards technology extending humans, not replacing them.

So how do we create a work culture that embraces automation and allows for this inevitable transformation? Or as Christopher Caine, President of the Center for Global Enterprise, asked when describing a focus area for the 8th annual Digital Supply Chain Institute (DSCI) Executive Leadership Forum, "How do we close this gap between the talent that exists in supply chains today and

the talent that's needed for the digital supply chain of the future?" The answer - you hire, train and transform your workforce into one that understands the technology, embraces the change and is motivated to propel the transition forward.

It begins with acting now. This is not something that will happen years down the road – the future is here. Managers need to assess their workforce, prioritize people over jobs and act accordingly to ensure they're ready to work dynamically instead of as a static entity. Promote agility and learning new skills over focusing on which jobs automation will replace. Communication is key to ensure all business departments are in unison, each understanding their role and the overall goal of adopting new technologies.

To learn more and utilize the expertise of the Janus Logistics Technologies team to evaluate your needs, visit <https://jltech.com>. If you are currently undergoing an automation transformation or have additional insight to share, please take advantage of the opportunity to comment below.

1. The Guardian: [Robots will destroy our jobs – and we're not ready for it](#)
2. Forbes: [Robots Will Take Our Jobs And We Need A Plan: 4 Scenarios For The Future](#)
3. McKinsey: [Four fundamentals of workplace automation](#)
4. World Economic Forum: [The Future of Jobs](#)
5. World Bank: [Unemployment, total \(% of total labor force\) \(modeled ILO estimate\) - Cambodia](#)
6. Harvard Business School: [How Companies Can Tap Into Employee Optimism to Navigate Tomorrow's Workplace](#)
7. Harvard Business Review: ["Your Workforce is More Adaptable Than You Think"](#)
8. Wall Street Journal: [Your Next Robot Encounter: Dinner, Drinks and a Massage](#)
9. Market Study Report: [Global Collaborative Robot \(Cobot\) Market 2020 Forecast to 2025](#)

