

A large white semi-truck is shown from a low angle, driving on a multi-lane highway. The truck is moving towards the right, and its wheels are blurred, suggesting speed. The sky is a mix of blue and orange, indicating a sunset or sunrise. In the background, there are power lines and a distant city skyline. The overall scene conveys a sense of motion and logistics.

transport and logistics exclusive
driving workforce productivity through
agile performance management



Australia's transport and logistics industry is 10% less productive than the global average.[1]

And this is a problem why?

Productivity is a key factor in our country's future prosperity. The Australian logistics industry adds \$131.6 billion a year or 8.6% to GDP to our economy. If as a country we claw back even a 1% improvement in productivity, we could realise a \$2 billion a year benefit. [2] This would have flow on effects to everybody in the supply chain: consumers; business owners; producers; farmers; and freight operators.

With some serious moola at stake, the Australian government in conjunction with the COAG Transport and Infrastructure Council are developing a long term National Freight and Supply Chain Strategy to identify ways to lift productivity across the transport and logistics sector.

Industry Challenges

Australia's population is expected to reach 30 million people by 2030 so demand for both local and overseas produced goods will increase. 150% more containers will be arriving on our shores, our already congested roads will experience a 50% increase in truck traffic, and it is likely that rail freight networks will experience 90% greater demand. [3]

Technology

The way freight and goods are picked, packed, tracked and shipped has changed using digital technology. Internet of Things (IoT) platforms are connecting retailers to couriers and transporters, allowing for better tracking of items. In the future, warehouses will use mobile robots, drones and autonomous devices to make the work faster. And emerging crowdsourcing systems are expected to disrupt the industry resulting an 'uberisation' of transport jobs.

This is a lot of innovation for businesses to stay on top of.

Workforce

Transport and logistics has an ageing workforce with around 48% of workers aged 45 or older.

Truck drivers, trainers, logistics supervisors, allocators, schedulers, warehousing staff, forklift drivers, and pilots are already in short supply. As a large proportion of them retire in the next 15 years, the industry must find ways to attract and train new entrants.

New skills requirements

The greater the repetition and replication of a task the more likely it will be automated in the future. Innovation will undoubtedly ease the demand for some skills that are in short supply, but the technology itself will also create new skills requirements.

Employers will be looking for talent with a design mindset that can streamline operations using their knowledge of best practices and technology. People with higher-level competencies in leadership, project management, advanced analytics and next-generation information technologies will be essential to remaining competitive.

They will also be seeking staff with superior communication and problem solving skills to service customers with increasing expectations. The transport and logistics workforce of the future will need to be more IT literate and have stronger language, literacy and numeracy skills than in days gone by.

One of the major challenges for employers is that current segments of the workforce have limited capacity to adapt to these changes. Approximately 53% of working age Australians have difficulty with numeracy skills; 46% of Australian adults have difficulty with reading skills, and 13% are classified in the lowest literacy category. [4] Computer literacy is also a concern - and not just with older workers. Despite increased use of IT devices for social and communication purposes amongst Australian youth, NAPLAN testing in Australian schools has shown a steady decline in the proficiency of students in performing basic practical tasks on a computer.

So what can transport and logistics employers do to increase workforce productivity and develop the skillsets to meet future needs?

Effects of performance management on productivity and organisational capability



teams with effective
performance feedback
processes see productivity
improvements of
12.5%

Frequent feedback increases productivity

We know that when employees are engaged in the business there is less turnover, staff work harder, they care about what they do, and are more productive. This can have significant impacts on a company's bottom line.

There is a strong link between feedback frequency and staff engagement. In fact, staff that receive regular feedback are 3 times more likely to be engaged than organisations with annual (or less frequent) feedback and review processes. [5]

Greater organisational alignment

Performance management aligns the workforce with the business by linking employee performance and goals to organisational strategy and priorities. It also helps build greater employee engagement and organisational capability by:

- Ensuring your people have the right skills and competencies for the future
- Tailoring training, coaching and development activities to real needs
- Recognising and rewarding performance achievements
- Improving workforce safety and wellbeing
- A higher skilled workforce is more productive

With a development focus, modern performance management helps build skills and knowledge that maximise talents and improve performance. A more skilled workforce in many circumstances are more productive than a less skilled workforce - even allowing for the costs of training and possibly higher salaries. [6]

Maintaining a commitment to developing staff enhances employee engagement. By nurturing their talents, enriching their jobs and helping them advance their careers, performance management processes make staff feel valued and more committed to the organisation they work for.

Modern performance management

Modern performance management is a future focused conversation about a person's development. Unlike traditional methods where managers deliver a performance review once a year, employees participate in a series of shorter, but more regular formal and informal reflection, goal setting, coaching and feedback discussions that steer and support performance and development over time.

The Modern Performance Management Cycle



Reflection and assessment

Effective performance management begins with self-reflection under the guidance of a supervisor, coach or mentor. Reflection starts with an accurate understanding about what is expected of a person in their job.

Setting performance expectations

To perform well, employees need to understand:

- why a job exists;
- where it fits into your organisation;
- how it contributes to the overall objectives of your organisation;
- what is expected of the person's performance; and
- any changes that will impact their work and how this will affect performance

Reflecting on past performance

Part of good performance management is helping staff take a step back to ask themselves what it is they are actually doing, and how well they're doing it.

- What results have I produced?
- What impact has my work had on the people I serve?
- How have I acted with clients, colleagues, and supervisors?
- How have I demonstrated our organisation's values?
- Have I followed process and procedures?
- How will I adapt to any changes?

Capability frameworks

Performance = Results + Behaviours

Job performance is comprised of results (outcomes and objectives that must be achieved) and behaviours (actions and how your people go about their work).

Behaviour is often overlooked as one of the key levers of performance. But with 75% of transport and logistics staff working outside of head office in mobile or remote jobs, it is important that they understand how to behave and that they represent the brand and embody the values of their organisation in every way.

When a supervisor and employee agree on what must be achieved (the results) and how to go about achieving it (actions and behaviours), they establish a formula for success.

Flexible goal setting

Armed with a more realistic picture of their performance, and what they want to work on, staff are then in a strong position to focus on goal setting.

Changing goals mid-performance cycle

It sounds logical to set long-term goals and then work towards them. Planning over the long term isn't a bad thing; but a lot can happen during that time.

You may discover that a goal that once seemed desirable may end up seeming like a bad idea (for a whole barrel of reasons) or potentially becoming a waste of time in the wake of a further change.

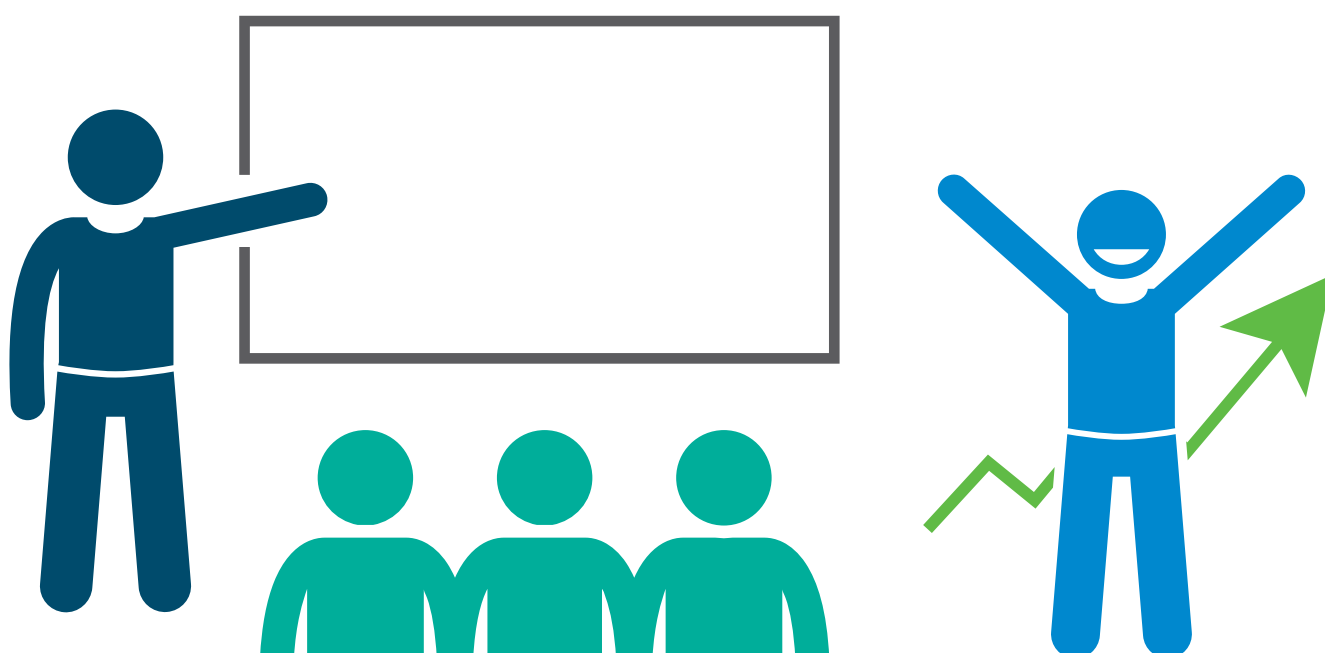
To accomplish truly meaningful goals, all participants must be willing to question assumptions and re-evaluate as necessary. Is this a realistic goal for the individual? Is this still a priority? Are there more pressing or productive ways the person could be investing in their development?

Catching up with employees more regularly becomes critical to ensuring that the right focus is maintained, particularly as their jobs change.

Training, professional development and upskilling

Modern performance management is development focused. It ensures managers and staff are identifying the competencies required for a person to do their job well and building on and enhancing their current skills, knowledge and abilities in tangible ways.

The transport and logistics sector is changing at a phenomenal pace, so providing the right training at the right time will be crucial to building capabilities. And with a high proportion of remote employees, companies will



require flexible options that give equal access to learning.

Formal accreditation

New entrants to the industry can currently undertake training and education for a broad range of occupations through the VET or higher education system certificate programmes.

For staff seeking further accreditation later in their career, education and certification in management and specialist areas is available to members of the Chartered Institute of Logistics and Transport (CILTA). CILTA sets and maintains standards for the delivery of professional development programs and seminars offered by a



wide range of educational institutions across Australia.

Multiple modes of learning

All staff regardless of level or role will at some point need to develop higher level competencies to do their jobs effectively. This will require businesses to invest in ongoing learning and development to equip staff to deal with their evolving environments.

Professional development activities are most successful when staff have the opportunity to make sense of new information using a combination of interactive approaches. This is a bit like the 70:20:10 model for learning and development first founded in the 1980's. It maintains that individuals obtain 70 percent of their knowledge from job-related experiences, 20 percent from interactions with others, and 10 percent from formal educational events.

There are a number of cost effective, flexible and higher impact alternatives to traditional training methods that providers can employ:

- Research projects - a staff member is given a task requiring them to independently seek out knowledge and then apply it back on the job;
- Peer discussions and collaboration - groups of staff are brought together in a facilitated discussion to talk over issues and develop strategies for dealing with them
- Field observations - individuals are paired with a subject matter expert that models how new knowledge can be applied effectively on the job
- Coaching - occurs when a supervisor or experienced colleague provides guidance and on-the-job performance feedback
- Mentoring - a carefully selected, more experienced person provides wisdom and advice to help an employee achieve their goals. Mentoring of new entrants by older workers is a key opportunity to upskill staff.
- Just-in time - web based learning that can be accessed on demand when the learner needs it.



Frequent feedback and regular check-ins

This is the linchpin of successful performance management. Feedback doesn't always have to involve a scheduled sit-down meeting. Some of the best feedback occurs spontaneously - in the moment, on the job. Where and how it happens doesn't necessarily matter (as long it is done respectfully and not in the earshot of clients or team members). What is important is that the feedback is timely and meaningful.

Providing feedback is enriching but can also be universally challenging when there are tough conversations to be had. A firm foundation of trust, and the creation of a culture where regular feedback (both good and bad) is the norm, can make all the difference in whether a person takes feedback on board.

Supervisor feedback

Frequent field visits and informal chats are helpful for building trust. Understandably, staff are more likely to accept criticism from a leader that has followed their progress and given them lots of positive comments in the past, so it is important that a supervisor takes advantage of as many opportunities to talk about performance in as balanced a way as possible.

Other sources of feedback

Most staff want feedback from their Supervisor. But it can be difficult for leaders to find the time to get around to staff to observe performance and provide feedback as regularly as they would like. It is also unlikely that a Supervisor can be across every aspect of their staff member's performance.

Empowering staff to seek feedback from other sources not only increases feedback frequency but also provides them with a more rounded view of their performance.

Peer feedback

Co-workers performing similar jobs can sometimes have a better understanding of their peer's performance than supervisors and upper management. They can also provide a valuable perspective for the feedback process.

Client feedback

If a staff member is in a client facing role, consumer feedback is probably going to provide the most direct and valuable insights into a person's performance.

Subordinate feedback

Collecting feedback from subordinates enables leaders to really understand how their reports see them.



Annual performance review

After 12 months of formal and informal feedback and coaching discussions, the annual performance review becomes an opportunity to look back at what has been achieved.

And instead of just filing away the paperwork at the end of the year, the outcomes and learnings form the basis for discussion and reflection needed to set new goals in the next performance cycle.

The role of managers

Managers need to be coaches. They need to move beyond the action-oriented traditional management functions of planning, organising, staffing, coordinating and controlling, and master the subtle art of focusing, challenging, influencing, encouraging, and developing staff.

Providing a safe environment

One of the reasons for breaking performance management down into bite-sized chunks rather than just a once a year, formal discussion, is to make it less threatening. Staff need to feel safe that if they open up about their struggles or admit to failings that they aren't going to be punished for it or marked as an underperformer on their annual performance review.

When employees trust their manager and sense they have a vision for them, they are more receptive to feedback. They take on board criticisms and advice knowing their manager has their best interests at heart. They also know they have someone to turn to if they need help or have problems.

Streamlining the process

There are many reasons why performance discussions don't get done:

- People are too busy
- Lack of preparation
- The process is unnecessarily cumbersome and keeps being put off

A lot of these issues can be avoided with better planning and execution.

Scheduling

The performance management cycle can begin and end at any time. Following a particular timetable is OK so long as you don't forget about new team members.

Robust monitoring and tracking processes can help to ensure no-one is missed.

Using technology

Good performance management software can really make the process easy. A great system will guide you through the process of reflecting on performance (objectives and behaviours) and help you structure SMART goals for development.

A system that is easy to use and mobile compatible will also ensure that records of feedback and development activities such as training and coaching are always kept in one place for easy reference and can be accessed and used by regional and remote staff.

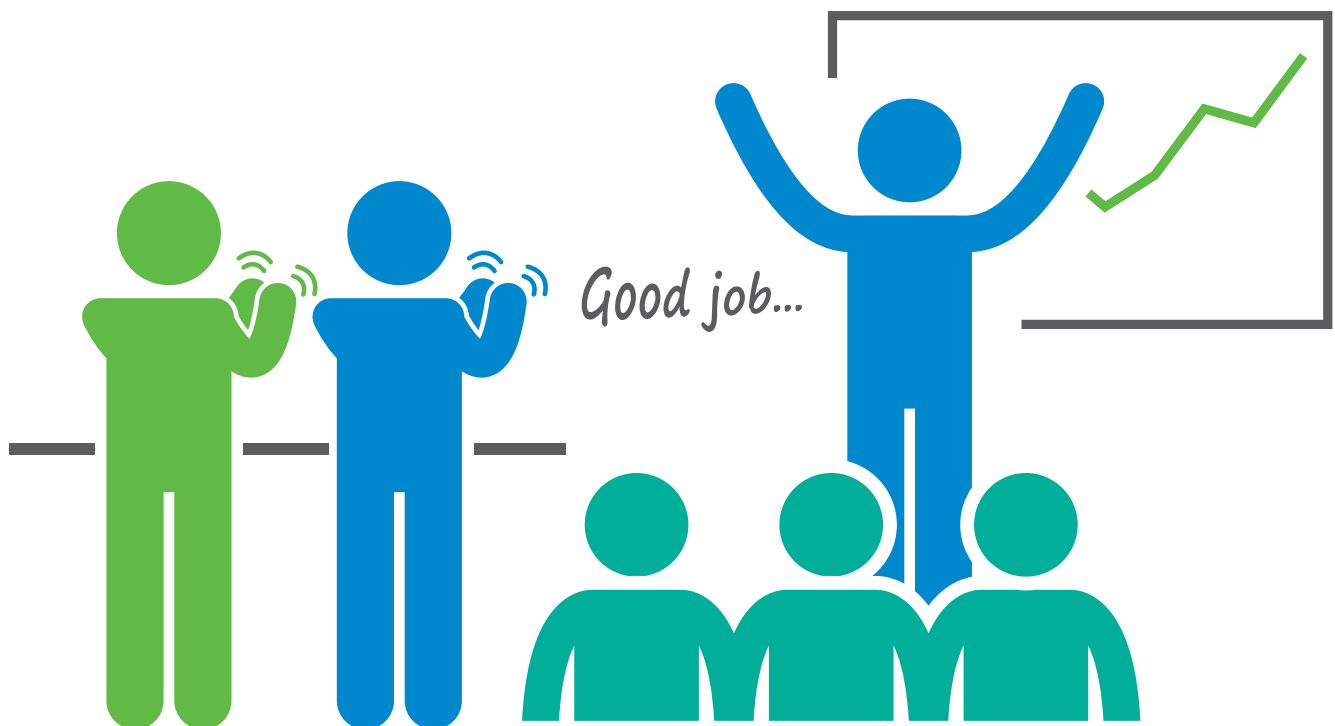
An added advantage of using software is that it keeps the process paper free - no more employee files busting at the seams!

Aligning the organisation

To maintain prosperity, Australia must remain globally competitive. And the key to being competitive is productivity.

Outside of automation and improved work methods, the best place to look for productivity improvements is in the workforce. No matter what we automate, or how much better we do things, how we manage people in the industry is what will make Australia world class.

Connecting the dots between an organisation's strategic goals and how that gets delivered by the people on the ground is crucial. Development focused performance management is a powerful tool for aligning your organisation to strategy and preparing it for change. It enriches the careers and lives of workers and keeps them focused on their future.



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