WHY OPERATIONS ARE RETHINKING IN-HOUSE WORKFORCE MANAGEMENT

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A DISCIPLINE YOU DIDN'T SIGN UP FOR

Most companies never chose to become experts in workforce management. It became part of the job because the work had to get done, and it stayed in-house because that is how it has always been handled. Hiring, scheduling, and supervising hourly labor is its own discipline, with its own data, tools, and learning curve, distinct from the core business it supports.

Every hour an operations leader spends solving a staffing problem is an hour not spent on the work that sets the business apart. That trade-off is easy to overlook because it rarely shows up as a single, visible cost. Instead, it shows up gradually in the form of open shifts, retraining cycles, and plans that get scaled back because there was not enough reliable labor to run them.

In this white paper:

- Why turnover and open headcount keep climbing in warehousing and distribution
- Where compliance risk hides when it's handled between other priorities
- What a managed workforce partner changes structurally vs. handling it in-house

WHERE IN-HOUSE LABOR MANAGEMENT BREAKS DOWN

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TURNOVER

Warehouse and distribution turnover remains one of the industry's most persistent cost drivers. In 2025, the transportation, warehousing, and utilities sector averaged a 2.2 percent monthly quits rate, roughly 26 percent on an annualized basis, well above the 2.2 percent rate for the private sector overall. For a facility running on thin margins, that gap is difficult to absorb quietly.

WORKFORCE

Demand doesn't move in a straight line. Promotions, seasonal peaks, and shifting customer volumes all require labor to flex up and down on short notice, and most in-house teams are not built to do that without overtime, rushed hiring, or service gaps. The scale of the hiring challenge is not isolated to any one company. As of December 2025, roughly 308,000 transportation, warehousing, and utilities positions sat open in the United States, even as the sector works through its own broader employment contraction, a sign that unfilled operational roles are a persistent problem on their own, separate from overall headcount trends.

COMPLIANCE AND SAFETY

Wage and hour rules, safety documentation, and E-Verify requirements are unforgiving of gaps in attention, and few operations teams have the bandwidth to track them as closely as a dedicated labor function would. When compliance becomes a background task handled between other priorities, the risk does not disappear. It just becomes less visible until something forces it into view.

HIDDEN COSTS

The most expensive part of running workforce management internally is often the least visible: supervisor hours spent on scheduling instead of operations, rework from undertrained staff, and throughput left on the table because a shift ran understaffed. Talent has been one of the industry's top challenges for close to a decade, and it remains near the top of the list today. In MHI and Deloitte's 2025 Annual Industry Report, hiring and retaining workers was cited as a leading challenge by 52 percent of the more than 700 supply chain leaders surveyed, and talent shortage specifically by 45 percent.

WHAT A MANAGED WORKFORCE PARTNER CHANGES STRUCTURALLY

Bringing in a dedicated workforce partner turns a variable, reactive function into a predictable, accountable one, with on-site management embedded in daily operations rather than managed remotely from a corporate office. The goal is not to replace an operations team's judgment about the business. It is to take the burden of recruiting, scheduling, training, and compliance off that team, so their attention goes back to running the operation.

PERFORMANCE-BASED COST PER UNIT (CPU)

For high-throughput operations, a performance-based model ties pay and cost directly to output rather than hours worked. This aligns incentives around productivity and gives operations leaders a cost structure that moves with volume instead of staying fixed regardless of it.

Eclipse Advantage offers two distinct structures within the productivity pay model:

TEAM-BASED PAY

In this model, every member of the team earns the same amount of money based on collective performance metrics, such as cases packed, pallets built, or trailers loaded. This allows for immediate adjustments to staffing based on workload fluctuations.

INDIVIDUAL PAY

While still operating within a team environment, individual pay allows for fluctuation in earnings based on each person's productivity. This structure rewards top performers and creates a self-managed culture of continuous improvement.

Both models are designed to increase throughput, reduce inefficiency, and improve workforce engagement without increasing your labor costs.

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EclipseADVANTAGE REAL RESULTS

These figures reflect Eclipse Advantage's own client outcomes across its Cost Per Unit program.

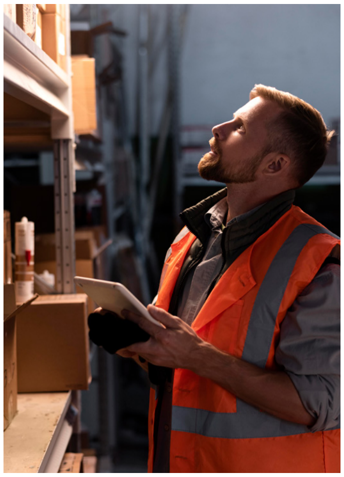
- **35%** — Increase in hourly pay with no increase in labor cost
- **20%** — Gain in retention through leadership and workforce stability
- **25%** — Increase in productivity through performance-based models
- **2 HOURS** — Improvement in close-out times

IN-HOUSE VS. OUTSOURCED: A SIDE-BY-SIDE LOOK

Both approaches have real strengths. The comparison below is meant to be honest about what in-house teams do well, while showing where a managed workforce partner tends to close the gap.

IN-HOUSE	OUTSOURCED (MANAGED WORKFORCE PARTNER)
Full control over hiring criteria, but recruiting and onboarding pace is limited by internal HR bandwidth	Dedicated recruiting pipeline and established labor pools shorten time-to-fill, especially during peak demand
Fixed internal staffing costs feel predictable in slow periods, but overtime and turnover create hidden cost swings	Costs scale with labor need, and turnover-driven costs shift to the partner
Direct, day-to-day oversight of every policy	Dedicated compliance and safety specialists track wage and hour rules, E-Verify, and OSHA documentation as their full-time job
Internal teams can flex somewhat, but usually rely on overtime or rushed hiring during peaks	Built to scale headcount up or down quickly without service gaps
Operations leaders retain full day-to-day visibility into staffing decisions	Leadership time is freed up for core priorities, with visibility maintained through partner reporting

NATIONAL RETAILER'S TURNAROUND STORY



A national retailer facing an overwhelming peak season adopted Eclipse Advantage's team-based Cost Per Unit model. The result was more than 12 million cases unloaded in 8 months, with the performance-based structure improving both efficiency and retention through the busiest stretch of the year.

Read the full case study:
https://www.eclipseadvantage.com/case-studies-varietystore

HOW A WORKFORCE PARTNERSHIP WORKS

A managed workforce transition is not an overnight swap. It typically starts with an assessment of current staffing patterns, compliance gaps, and cost structure, followed by a phased onboarding where on-site management is embedded alongside existing operations. From there, the partner takes on the day-to-day work of recruiting, scheduling, and supervision, while the client retains full visibility into performance.

- On-site leadership embedded in daily operations, not managed remotely
- A phased transition designed around existing shift patterns and peak periods
- Ongoing reporting and visibility into labor cost, productivity, and retention

A QUESTION WORTH ASKING

None of this is a comment on how well an internal team has managed workforce operations under the circumstances. It is a question about whether that internal effort is still the best use of leadership's time, given how much harder hiring, retention, and compliance have become across the industry. For many operations, the answer is that workforce management deserves the same specialized attention as any other core function, from a partner built to run it full time.

To talk through what a partnership could look like for your operation, reach out to Eclipse Advantage today.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