



# Smart Workforce Networks as the Next Competitive Advantage

*How Human-in-the-Loop Automation and Remote Labor Pooling Are Transforming Warehouse Operations*

**Author**

Matt Waller

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# Executive Summary

Workforce shortages, volatile regional demand, and rapid advances in warehouse automation are reshaping how supply chains deploy human talent. Traditional facility-by-facility staffing models are giving way to smart workforce networks that combine human expertise with robotic systems through teleoperation and human-in-the-loop automation. In this model, labor is managed as a flexible network resource rather than a fixed local constraint, changing how companies think about cost, service, and risk.

At the facility level, human-in-the-loop autonomous forklift systems such as Vaux Smart Autonomy create a practical middle ground between manual operations and fully automated warehouses. Autonomous trucks handle most routine shuttle moves, while experienced operators intervene remotely for exceptions and then return control to autonomy. Because the system continuously records where freight is stored and how it moves, it improves inventory location accuracy, simplifies picking, and builds a richer data foundation for planning. At the network level, the breakthrough is labor pooling through virtual labor mobility. Labor pooling reduces the need for excess standby capacity, allowing skilled operators to be utilized more effectively across the network. When one distribution center faces a demand spike or unexpected absences, teleoperators can support that site from anywhere, allowing excess standby capacity at each distribution center to fall by roughly 14 to 22 percent, depending on network size and correlation patterns.

These improvements in reliability have important implications for customers. Many hold safety stock not only to buffer their own demand variability, but also to protect against variability in supplier performance. When network-wide labor pooling reduces fulfillment variability at the distribution center level, customers can reduce the portion of safety stock driven by supplier behavior, often by 25 to 60 percent for that component. The result is meaningful downstream value in the form of lower inventory carrying costs, fewer stockouts, and more stable lead times. At the same time, removing people from the highest-risk material flows and tightening safety protocols has the potential to dramatically reduce workers' compensation and third-party injury claims, along with associated product damage and disruption costs, creating an additional stream of long-term financial benefit. Automation also removes some of the most repetitive and physically demanding tasks and creates new roles in teleoperations, maintenance, analytics, and continuous improvement. Organizations that invest in this human-centered automation model, supported by better

forecasting, visibility, and digital twin capabilities, will be best positioned to turn smart workforce networks into a lasting competitive advantage. A companion technical paper develops the underlying portfolio-effect model in detail, and a separate business-case paper focuses on implementation models and return on investment.

# The Competitive Imperative

## *Why Network-Wide Labor Optimization Is Tomorrow's Competitive Moat*

Supply chains are approaching a point where differences in operational capability will create durable gaps between leaders and laggards. Organizations that begin building network-wide labor optimization capabilities today will accumulate advantages over the next three to five years that cannot be easily replicated by competitors. These advantages arise not only from the technology itself, but from the compounding effects of workforce development, data accumulation, and deeper customer integration that require time, experience, and organizational learning to develop.

Early adopters of network-wide labor pooling capture several reinforcing benefits. First, they build pools of highly skilled teleoperators whose expertise spans multiple facilities and equipment types. This human capital becomes a strategic asset that competitors cannot quickly duplicate through hiring alone. Second, as teleoperated fleets run across larger networks, the organization accumulates operational data that supports increasingly sophisticated forecasting, optimization, and continuous improvement. These “data network effects” enable better decisions about where to deploy labor and automation, especially under volatile conditions. Third, customers begin to redesign their own operations around the higher reliability and inventory efficiency enabled by labor pooling, which increases switching costs and strengthens long-term commercial relationships.

Market dynamics are amplifying these effects. Structural shortages of qualified warehouse workers, driven by demographic trends and rising wage expectations, make it difficult for many companies to staff facilities to historical levels. Organizations that master remote labor pooling can access a broader talent pool and use that talent more productively across sites, while competitors remain constrained by local hiring markets and escalating wage premiums. At the same time, post-COVID supply chain disruptions have permanently

elevated expectations for reliability and transparency. Customers now negotiate contracts around explicit service consistency metrics, and suppliers that demonstrate measurable improvements in fill rates, inventory accuracy, and disruption response increasingly win both share and pricing power.

Finally, while core automation technologies are becoming more accessible, the capabilities required to integrate these technologies into complex operations are becoming differentiators. Successful deployment demands expertise in change management, safety, IT integration, and process redesign.

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**Organizations that start early gain experience with pilots, iterate on operating models, and build strong relationships with technology partners, creating a know-how barrier that late followers will find difficult and costly to overcome.**

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The remainder of this paper examines how human-in-the-loop automation and network-wide labor pooling create these advantages, and how firms can use portfolio-effect thinking to quantify their impact on both labor requirements and customer inventory.

# Introduction

## The New Imperative for Labor Load Balancing

Labor load balancing is the dynamic allocation and coordination of workforce and automated capacity across a network of facilities to respond to demand shifts, seasonality, and disruption. It has emerged as a critical capability for modern supply chain operations. What once could be managed through local staffing adjustments and seasonal hiring has become exponentially more complex as supply chains face unprecedented volatility and interconnectedness.

The challenge has intensified significantly in recent years as regional weather patterns and local market conditions create increasingly uneven demand across distribution center networks. While some facilities experience overwhelming surges that strain capacity and drive costly overtime, others simultaneously operate below optimal levels with underutilized

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assets and idle workforce. This variability, when left unmanaged, creates cascading inefficiencies throughout the network. Research on lean workload-capacity management demonstrates that such uncontrolled variability inevitably drives overtime costs, creates operational bottlenecks, and leads to systematic underutilization of both human and capital assets.

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**The emergence of intelligent warehouse concepts offers new pathways to address these challenges through sensor-rich environments, real-time data collection, and integrated control systems that enable truly dynamic labor and capacity balancing. These technologies transform traditional reactive staffing models into proactive, data-driven allocation systems that can anticipate and respond to demand fluctuations before they create operational stress. At the network level, supply chain visibility has evolved from a nice-to-have capability into a strategic imperative that underpins effective planning, risk management, and agile response to market conditions.**

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Perhaps the most transformative, the advent of teleoperation and remote labor pools represents a fundamental shift in how companies can deploy human expertise. Remote operation of forklifts and other critical equipment allows organizations to pool skilled operators and redeploy their capabilities across multiple sites without the time and cost constraints of physical relocation. This capability aligns perfectly with the broader industry movement toward digital and autonomous supply chains that executive surveys have identified as a post-pandemic priority.

Vaux is an ArcBest solution that brings automation into supply chain operations. Drawing on ArcBest's deep institutional knowledge in safety, operations, optimization and analytics, Vaux's Smart Autonomy solution was built to be both technically advanced and operationally practical. The result is automation that integrates seamlessly into the realities of warehousing operations, improving efficiency while maintaining safety and reliability.

# Illustrative Use Case

## AMR-Enabled Pallet Movement

Although the concepts in this paper apply broadly to distribution and fulfillment operations, the initial deployments of Vaux Smart Autonomy as well as network-wide labor pooling are centered on well-defined cross-docking use cases. In a typical regional distribution center, full pallets arrive on the inbound dock, are received by associates, and are then shuttled by forklifts across a central “highway” to outbound consolidation lanes where trailers are built for store delivery. This shuttle work is repetitive, travel-intensive, and safety sensitive, making it an ideal target for automation.

The automation scope focuses on standard palletized freight within defined weight and height constraints, excluding atypical loads and highly complex handling requirements. Approximately half of total pallet movements in a cross-docking environment fall into this in-scope category, while the remaining movements continue to be handled manually. Autonomous forklifts handle repetitive shuttle moves between inbound staging and outbound lanes, while human workers remain responsible for receiving, exception handling, and trailer building.

This cross-docking scenario provides a concrete operational context for the analysis that follows. It is representative of many high-volume pallet flow environments and allows the portfolio-effect model, labor reduction estimates, and customer inventory implications developed in the paper to be interpreted through a specific, realistic use case.

# Economic and Market Drivers

Labor load balancing capabilities are directly linked to measurable commercial outcomes that extend far beyond operational efficiency gains. By pooling forklift labor across sites through teleoperation, firms can respond rapidly to regional demand spikes, such as an unexpectedly warm spring that accelerates home improvement sales in one geographic area while other regions remain stable. This enhanced labor alignment translates into

reduced stockouts and fewer retailer chargebacks that accompany late deliveries, while simultaneously supporting lower safety stock levels across the network. The reduction in operational volatility and improved information flow can significantly dampen the classic bullwhip effect that amplifies demand variability as it moves up the supply chain, creating more stable and predictable operations throughout the entire network.

The macroeconomic environment is creating unprecedented pressure for workforce innovation in supply chain operations. Wage inflation and chronic labor shortages are forcing companies to accelerate adoption of automation and develop more flexible workforce models that can deliver consistent service levels despite talent constraints. Simultaneously, tariff pressures and rising costs on imported goods are motivating structural cost reductions across all aspects of storage, handling, and transport operations, making efficient labor utilization a critical competitive differentiator.

Perhaps most significantly, supply chain visibility has evolved from an operational tool into a competitive necessity that determines market position. Systematic reviews of supply chain visibility research consistently show that visibility functions as a core capability that directly improves organizational flexibility, agility, and overall performance. The strategic importance of this capability was dramatically reinforced by the pandemic experience, with executive surveys conducted after COVID-19 revealing that supply chain visibility moved into the top tier of strategic priorities across industries and became the single highest priority in several key sectors by 2022. This elevation of visibility to strategic status reflects its fundamental role in enabling the dynamic labor allocation and network optimization that defines competitive advantage in modern logistics operations.

## Technological Catalysts for Workforce Optimization

The transformation of warehouse operations through intelligent automation is being driven by three converging technological capabilities that fundamentally reshape how human and robotic resources work together. These technologies create the foundation for network-

wide workforce optimization by enabling seamless coordination between human expertise and automated systems while providing the data infrastructure necessary for dynamic resource allocation.

### Robotics, AGVs/AMRs, and Remote Automation

Vaux Smart Autonomy exemplifies the sophisticated human-in-the-loop model that is becoming the industry standard, operating through three distinct modes that maximize both efficiency and adaptability. The system runs fully autonomous for routine moves where conditions are predictable, switches to remote teleoperation when the system encounters situations requiring human judgment, and provides conventional manual operation when needed for complex or unusual circumstances. In practice, this hybrid structure allows the robot to handle the vast majority of predictable work while experienced operators dial in only for challenging tasks, then seamlessly hand control back to autonomy once the situation is resolved. This approach automates a large share of forklift moves while preserving human judgment for exceptions and edge cases that require contextual understanding.

A critical design principle in Vaux Smart Autonomy is rapid, low-infrastructure deployment that minimizes disruption to ongoing operations. The system installs a dedicated communications network and creates a detailed mapping layer, then operates on top of the customer's existing warehouse processes rather than requiring comprehensive layout redesigns or workflow overhauls. Typical deployments can become operational within four to six weeks, which significantly lowers upfront risk and makes automation accessible to a much broader range of facilities beyond just greenfield sites with purpose-built layouts.

### Positioning Teleoperation Within Broader Industry Trends

While true remote teleoperation of full-pallet forklifts remains relatively rare in the market, it aligns with a broader and well-established industry shift toward human-in-the-loop automation and pooled remote expertise. In many warehouse environments today, particularly in case picking and goods-to-person systems, robots already perform the majority of repetitive movements while humans intervene selectively to resolve exceptions, manage variability, and ensure quality. Although these systems typically rely on on-site human interaction rather than remote teleoperation, they have normalized the operating model in which human judgment is applied only where automation reaches its limits.

The more relevant analogy for remote forklift teleoperation lies beyond intralogistics equipment categories and instead reflects a network-level labor model increasingly adopted in other industrial domains. Remote operations centers in industries such as mining, ports, and advanced manufacturing already demonstrate how skilled operators can safely and effectively supervise, intervene, and optimize physical systems across geographically distributed sites. In these environments, the core innovation is not the machine itself but the ability to treat human expertise as a shared network resource rather than a facility-bound constraint.

Vaux Smart Autonomy extends this same principle into warehouse operations by enabling experienced forklift operators to intervene remotely when autonomy encounters uncertainty, then seamlessly return control to automated operation. This capability supports a smart workforce network in which labor capacity can be pooled, redeployed, and scaled dynamically across facilities. The result is not simply higher automation rates at a single site, but a structural shift in how warehouse labor is planned, deployed, and optimized at the network level—reinforcing the strategic value of human-in-the-loop automation as a competitive advantage rather than a transitional technology.

### Artificial Intelligence and Predictive Load Balancing

The integration of artificial intelligence into workforce planning represents a fundamental shift from reactive to predictive labor management. Data-driven machine learning models can now forecast key workload indicators such as delivery positions or picks with remarkable accuracy days in advance. One compelling case study demonstrated that a bespoke machine learning model for forecasting delivery positions significantly outperformed both manual forecasts and generic automated models, enabling dramatically more efficient workforce planning. This predictive capability transforms labor from a constraint to be managed into a strategic resource that can be optimized.

The real value emerges when these forecasting capabilities are linked directly to operational staffing decisions. By connecting workload forecasts to shift design and staffing rules, companies can systematically reduce both overtime costs and idle time while aligning workforce deployment with actual work content rather than historical patterns or rough estimates. This integration becomes even more powerful when AI-based planning is fully integrated with warehouse management systems, labor management systems, and transportation management systems.

## Supply Chain Visibility Integration

The Smart Autonomy technology stack demonstrates how visibility and automation capabilities reinforce each other to create operational advantages that exceed the sum of their parts. The system begins with a dedicated warehouse communications network and detailed facility mapping that together create a functional digital twin of the warehouse environment. This digital twin enables multiple vehicles to navigate safely, coordinate traffic patterns, and respond to changing conditions in real time. However, the digital twin serves as more than just a navigation asset—it becomes the backbone for collecting high-quality, continuous data on pallet locations and material flows throughout the facility.

# Human Capital Transformation

The evolution toward intelligent warehouse operations represents more than a technological shift—it fundamentally transforms the nature of work and creates new pathways for human capital development that enhance rather than diminish the value of workforce expertise. This transformation addresses critical workforce challenges while creating sustainable competitive advantages through enhanced human capital utilization.

## Transitioning the Workforce

While automation systematically removes many repetitive and physically demanding tasks from warehouse operations, it simultaneously creates entirely new categories of roles that leverage human capabilities in more strategic and technically sophisticated ways. These emerging positions span teleoperations, robot maintenance, data analytics, and process improvement, requiring workers to develop new competencies while building on their existing operational knowledge. Research on intelligent warehouse systems and sustainable warehouse scheduling consistently highlights the growing importance of planning and technology roles that bridge operational expertise with digital capabilities, creating career advancement opportunities that were previously unavailable in traditional warehouse environments.

The transition path for experienced forklift operators exemplifies this workforce evolution.

As companies implement human-in-the-loop automation systems, these skilled operators can migrate into teleoperation centers that support multiple sites simultaneously, effectively extending their careers while making dramatically better use of their accumulated skills and institutional knowledge. Rather than being displaced by technology, experienced operators become force multipliers who can apply their expertise across an entire network of facilities, increasing both their value to the organization and their personal job satisfaction through more varied and intellectually engaging work.

### Retention, Safety, and Quality of Work

Human-in-the-loop models deliver significant improvements in workplace safety and quality of work life that directly address workforce priorities identified in post-pandemic employment research. These systems support safer working conditions by removing workers from the most hazardous operations, reduce physical strain through less demanding work requirements, and create more predictable scheduling patterns that improve work-life balance. These improvements align perfectly with workforce priorities identified in post-COVID executive surveys, where reskilling opportunities and worker safety have emerged as the top measures for attracting and retaining talent in logistics operations.

The safety benefits extend beyond simple risk reduction to encompass a more fundamental reimagining of how human judgment and physical safety can coexist in warehouse operations. By removing people from the most hazardous material movements while still relying on their decision-making capabilities in complex situations, these systems align with safety-first organizational cultures while maintaining the human insight necessary for handling exceptions and edge cases. This approach can substantially reduce incident rates while preserving the contextual understanding and problem-solving capabilities that human workers bring to complex operational challenges.

Beyond the human imperative, improved safety performance also has a direct and often underappreciated financial impact. Internal loss data shows that the most significant financial benefit of enhanced safety measures comes from a reduction in workers' compensation claims, particularly those originating on the distribution center or factory floor. With the right combination of engineered controls, operating protocols, and human-in-the-loop automation, the frequency of these events can be driven toward zero in many environments.

Forklift-related injuries are a prime example. Historically, each such incident has generated

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an average cost of roughly \$20,000 to \$50,000 in workers' compensation and associated expenses. When these losses involved third parties – such as contractors or visitors – these events have been even more expensive, averaging approximately over \$100,000 per injury once legal, medical, and settlement costs are fully accounted for. These figures reflect only the direct, measurable costs. In many cases, injury incidents also produce concurrent damage to products, racking, or equipment, meaning that every avoided injury incident also reduces general product damage and disruption costs.

From a risk-management standpoint, smart workforce networks and human-in-the-loop automation create an opportunity to reshape this cost structure over time. A more rigorous approach would calculate workers' compensation cost per headcount and analyze insurance premiums on a per-employee basis, then model how a sustained reduction in incident frequency changes both. While premium rates do not adjust overnight, carriers eventually reflect a consistent reduction in losses in the form of lower workers' compensation premiums and more favorable terms. In this way, investments in safety-enhancing automation – combined with strong safety culture and training – not only protect employees and third parties but also create long-term financial savings that compound as incident rates fall and the organization's risk profile improves.

### Workforce Fluidity as a Strategic Advantage

The transformation creates opportunities for developing workforce fluidity that becomes a source of strategic competitive advantage in volatile operating environments. Research on lean workload-capacity management emphasizes that cross-training and multi-role adaptability fundamentally improve a system's ability to absorb variability without requiring large buffers of excess capacity or inventory. In traditional warehouse operations, this adaptability was limited by physical constraints and the time required to move workers between locations or train them on different equipment.

In the context of intelligent automation, multi-skilled workers who can effectively combine deep process knowledge with digital tool proficiency and teleoperation capabilities become a crucial source of organizational resilience and operational flexibility. These workers can seamlessly transition between roles, support multiple facilities remotely, and adapt quickly to changing operational requirements without the traditional constraints of physical location or specialized equipment training. This workforce fluidity enables organizations to respond dynamically to demand fluctuations, equipment issues, or staffing challenges while maintaining consistent service levels and operational efficiency across their entire network.

# Regional and Seasonal Dynamics in Labor Load Balancing

The implementation of smart workforce networks reveals their most compelling value proposition when confronting the inherent volatility of regional and seasonal demand patterns that characterize modern distribution operations. Vaux's automation technology represents part of a broader warehouse digitization trend that fundamentally transforms how facilities manage both physical operations and information integrity. Because automated and teleoperated forklifts maintain continuous awareness of where they pick up and drop off pallets, they systematically update pallet locations in real time, addressing a persistent challenge that has plagued warehouse management systems for decades. Manual operations frequently suffer from data integrity issues when workers place pallets in ad hoc locations or skip required scans during busy periods, creating cascading inaccuracies that compromise inventory visibility and planning reliability. The higher confidence in inventory and location data that automation provides enables significantly leaner safety stock policies and more reliable network-wide planning, creating operational efficiencies that extend far beyond the immediate facility.

The transformative potential of pooled remote labor becomes most evident during operational crises that would traditionally cripple facility productivity. One particularly illustrative case demonstrates this capability in action: a customer initially deployed its own on-site employees as teleoperators for autonomous forklifts, operating under the assumption that local control would provide the most reliable operational model. However, when an unexpected week of employee absences left the facility without sufficient operators, the existing IT integration infrastructure allowed Vaux to activate its remote operator pool and resume freight movement within approximately four hours. This rapid response capability fundamentally shifted the customer's perspective on remote labor from a backup contingency plan to a core component of its workforce strategy, demonstrating how virtual labor mobility can provide resilience that traditional staffing models simply cannot match.

The business case for network-wide labor pooling becomes particularly compelling when considering the systematic nature of seasonal and regional demand patterns that create

persistent asymmetric workloads across distribution center networks. Weather-driven shifts in demand for apparel, home improvement, and heating products create predictable but geographically concentrated surges that strain individual facilities while leaving others with excess capacity. Research on sustainable warehouse management demonstrates that incorporating demand forecasts, weather variables, and scheduling decisions into unified planning models significantly improves both workforce stability and service levels, creating operational predictability that benefits both companies and workers.

Remote and automated forklift systems make it operationally feasible to pool teleoperation capacity across facilities, effectively moving work virtually when one distribution center becomes overwhelmed while another has available capacity. This capability enables a level of resource optimization that was previously impossible, allowing companies to respond to regional variations without the traditional constraints of physical worker relocation or emergency staffing. This virtual work mobility aligns perfectly with the broader industry movement toward digital and autonomous supply chains that executive surveys have identified as a strategic priority in the post-COVID business environment, where resilience and adaptability have become fundamental competitive requirements rather than operational luxuries.

At a high level, pooling teleoperable labor across facilities reduces the amount of 'safety labor' each site must carry, much like inventory risk pooling in multi-echelon systems; the detailed model and supporting tables are developed in a companion paper.

## Future Outlook: 2026–2030 Workforce Transformation

The trajectory of warehouse automation through the remainder of this decade will be defined not by the pursuit of fully automated, "lights-out" facilities, but by the refinement and expansion of human-centered models where technology serves as a sophisticated tool that amplifies human effectiveness rather than replacing it entirely. Vaux exemplifies this approach, framing automation as a pathway to create new opportunities in teleoperations, data analytics, and continuous improvement roles. While completely unmanned facilities

may capture headlines and represent a long-term aspiration for some operators, the practical reality is that hybrid human-in-the-loop architectures can deliver compelling financial returns and create substantially better job opportunities today, making them the preferred path for most organizations seeking to balance technological advancement with workforce development.

Industry research and expert analysis consistently point toward an accelerating integration of artificial intelligence, robotics, and Internet of Things technologies in warehouse operations throughout this period, but with human workers evolving into increasingly sophisticated roles rather than being marginalized by automation.

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**Comprehensive reviews of intelligent warehouse and Industry 4.0 developments anticipate that human workers will transition toward supervision, exception handling, and continuous improvement functions that leverage uniquely human capabilities for pattern recognition, complex problem-solving, and adaptive learning.**

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This evolution represents a fundamental upgrade in the nature of warehouse work, moving from primarily physical labor to intellectually engaging roles that combine operational expertise with technological proficiency.

Supply chain visibility will maintain its position as a top strategic priority throughout this transformation period, as firms recognize its essential role in building the resilience, sustainability, and responsiveness that define competitive advantage in an increasingly volatile global marketplace. The COVID-19 pandemic permanently altered executive perspectives on supply chain risk and the value of real-time visibility, making investments in these capabilities a strategic imperative rather than an operational luxury. Organizations that master the integration of visibility technologies with their human capital development will create sustainable competitive advantages that extend well beyond the traditional metrics of cost and efficiency.

The maturation and widespread adoption of data-driven workforce planning tools represent perhaps the most significant operational development on the horizon, with early case studies suggesting meaningful improvements in both forecast accuracy and workforce utilization. As these tools evolve from experimental applications to standard operating procedures, they will enable unprecedented precision in labor planning while creating new categories of analytical roles that leverage both technological capabilities and human

insight. This convergence of predictive analytics with human capital management will fundamentally transform how organizations approach workforce optimization, shifting from reactive staffing models to proactive, intelligence-driven allocation systems that anticipate and respond to operational requirements before they become constraints.

### Customer Value Amplification Through Supply Chain Portfolio Effects

The benefits of network-wide labor pooling extend far beyond the implementing organization, creating measurable downstream value that enhances customer relationships and strengthens competitive positioning. When distribution centers achieve 14 to 22 percent labor reductions through pooling, the resulting improvements in operational reliability and reduced fulfillment variability enable customers to reduce their own safety stock requirements by proportional amounts—typically 25 to 60 percent depending on network size and demand correlation patterns.

The customer value proposition becomes particularly compelling in multi-tier supply chains where the portfolio effect amplifies through successive levels. Direct customers capture the full benefit of improved supplier consistency, while secondary customers and end retailers realize proportionally smaller but still significant improvements.

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**This creates a sustainable competitive advantage where superior operational reliability becomes a key differentiator in customer acquisition and retention, particularly in markets where inventory efficiency and working capital optimization are strategic priorities.**

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For suppliers, this customer value creation provides powerful justification for labor pooling investments that extends beyond internal cost reduction. The ability to offer customers measurably improved service reliability—backed by quantifiable reductions in their inventory requirements—transforms workforce optimization from an operational initiative into a customer value strategy that supports pricing power and long-term contract negotiations.

A separate technical paper provides the full portfolio-effect model and quantitative tables that support these ranges.

# Call to Action

For leaders seeking to future-proof their intralogistics operations, the most practical and effective strategy involves beginning with human-in-the-loop automation rather than pursuing the riskier path of betting on fully automated systems that demand substantial upfront investments and comprehensive process overhauls. In practice, this means designing tightly scoped proof-of-concepts around well-defined flows, such as cross-docking shuttle movements, where safety, traffic interactions, and throughput can be rigorously measured in a controlled but real operating environment. POC designs should explicitly define safety criteria, coexistence rules with conventional MHE, and performance targets so that expansion decisions are grounded in empirical evidence rather than assumptions. The evidence consistently supports an incremental approach where companies automate the operational segments that current technology handles reliably while maintaining human oversight for complex and exceptional situations, then systematically expanding automation capabilities as the underlying technology matures and proves itself in real-world applications. This measured approach aligns perfectly with established continuous improvement principles and creates a much more manageable investment justification process by demonstrating value on realistic time horizons rather than requiring leap-of-faith commitments to unproven technologies.

The foundation of this strategy should prioritize human-centered automation solutions that emphasize flexibility and intelligence while integrating seamlessly with existing operational systems. Organizations should focus on warehouse solutions that support human-in-the-loop teleoperation capabilities without demanding wholesale layout modifications or complete workflow redesigns that disrupt ongoing operations. This approach allows companies to capture immediate automation benefits while preserving the operational knowledge and process expertise that have been developed over years or decades of operation.

Building toward network-wide labor pooling represents the next strategic evolution, requiring organizations to design teleoperation centers and establish operational standards that enable remote operators to provide effective support across multiple facilities simultaneously. This capability transforms labor from a locally constrained resource into a flexible network asset that can be dynamically allocated based on real-time operational

requirements, seasonal patterns, and unexpected disruptions. The infrastructure investments required for this capability—primarily in communications, standardization, and training—deliver returns that scale across the entire network rather than being limited to individual facility improvements.

Investment in visibility technologies and digital twin capabilities provides the data foundation that makes intelligent labor planning and resource optimization possible. Organizations should leverage Warehouse 4.0 technologies, Internet of Things sensors, and advanced analytics to create high-integrity, real-time data about inventory locations, material flows, and capacity utilization across their operations. This information infrastructure enables dramatically more accurate labor planning while providing the operational transparency necessary for network-level optimization decisions that would be impossible with traditional data collection and reporting methods.

Finally, successful transformation requires a systematic approach to workforce development that acknowledges the fundamental shift toward analytical and technology-enabled roles in intelligent warehouse operations. Organizations must align their training and development programs with mounting evidence that effective warehouse scheduling and workforce optimization models require entirely new skill sets in data interpretation, systems thinking, and technology operation. This reskilling investment represents not just an operational necessity but a strategic opportunity to create more engaging and sustainable career paths that attract and retain talent in an increasingly competitive labor market while building the human capital foundation for long-term competitive advantage.

This paper is the first in a three-part series. A companion paper develops the quantitative portfolio-effect model in detail, and a third paper focuses on implementation and business-case design (capital vs operating subscription, site-level enablement, and pilots). Together, they offer leaders a roadmap from strategic intent to practical deployment.

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