

# **Executive Briefing #14**

## **Understanding the 12-Hour Advantage**



*Building the Bridge Between Operational Best Practices and Employee Morale*

### **The 12-Hour Opportunity**

Everyone is talking about them. The 12-hour shift is loved, hated, and misunderstood. Although polarizing, 12-hour shifts are more popular today than ever before due to their ability to capture cost savings, recruit and retain the best employees, improve employee morale, and increase production capacity. Companies are trending away from 8-hour shifts in favor of 12-hour shifts, not because the latter can solve every problem, but rather 8-hour shifts are increasingly ill-suited for today's competitive marketplace. As managers are tasked with higher efficiency, productivity, and utilization goals, progress is increasingly limited by restrictive 8-hour schedules, leaving many performance goals out of reach.

The manufacturing industry has seen rapid improvement in areas of inventory control, workforce management technology, and supply chain strategy, however the key area of labor strategy has been left out of the recent progress. Companies continue to utilize the antiquated 8-hour strategies that have been in place for decades. While these strategies worked well in the 1950's, when companies were only competing on a domestic level, the shift to a global marketplace demands greater flexibility to ensure a company's survival. In addition to the immediate impacts of an 8-hour strategy (e.g. such as excessive overtime, low employee morale, employee burnout, and reduced production capacity), out dated labor strategies reduce the effectiveness of other indirect performance improvements throughout the value stream.

Given the significance of having the appropriate labor strategy, readers might ask why are companies still using an ill-fitting 8-hour strategy? Empirical evidence asserts that emotional and disruptive effects are the major reason not to change. Unlike adding a new piece of equipment, modifying employee schedules impacts employees' work life and also their home and personal lives. Childcare, parental care, schooling, second jobs, and other commitments are impacted by a change in an employee's schedule. For all these reasons, a change in employee schedules can be one of the most difficult changes for managers to implement.

As companies look at alternatives to 8-hour shift schedules, there is no one schedule that fits all situations. Each company has its own unique combination of services, equipment, people, production requirements, health/safety needs, and capabilities that need to be analyzed on an individual basis, prior to implementing a change. While there are many scheduling strategies

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available to companies, all options should be explored to maximize value for the company and employees though, 8-hour labor strategies are often not the optimal solution.

When evaluating potential labor strategies, all options need to be analyzed on the basis of the impacts on both the company and employees. Using a 12-hour labor strategy as an example, when compared to 8-hour shifts, 12-hour shifts have the following impacts:

Benefits to the business

1. Increased shift change efficiencies and increased uptime
2. Increased schedule flexibility
3. Increased skill balance
4. Decreased turnover
5. Decreased absenteeism

Benefits for employees

1. 78 more days off each year
2. Double the amount of weekends off
3. Never work more than 4 days each week
4. The elimination of “2<sup>nd</sup> Shift” – the least desirable of all shifts
5. More overtime opportunities during the week

As companies face increasing, global competition it is time for managers to reevaluate their labor strategies and unlock the untapped potential.

Notes: