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## Best-in-Class Retailers Benefit from Integrated Store-Level Workforce Management

Aberdeen Group's December 2009 *Retail Workforce Optimization: Establishing the Customer-Centric Store-level Employee* benchmark report found that 56% of Best-in-Class retailers are integrating their Workforce Management (WFM) processes together for store-level managers and other key HR-related stakeholders (Figure 1). At a time when retailers are under pressure to control labor costs, improve workforce productivity, and provide the customer with a seamless in-store shopping experience, this integration provides organizations with a cohesive view of their entire customer-facing workforce. The purpose of this Research Brief is to examine the underlying challenges, strategies, and technology enablers inherent in an integrated store-level workforce strategy that includes scheduling, time and attendance, and other human resource management technologies, and the benefits this integration brings to retailers.

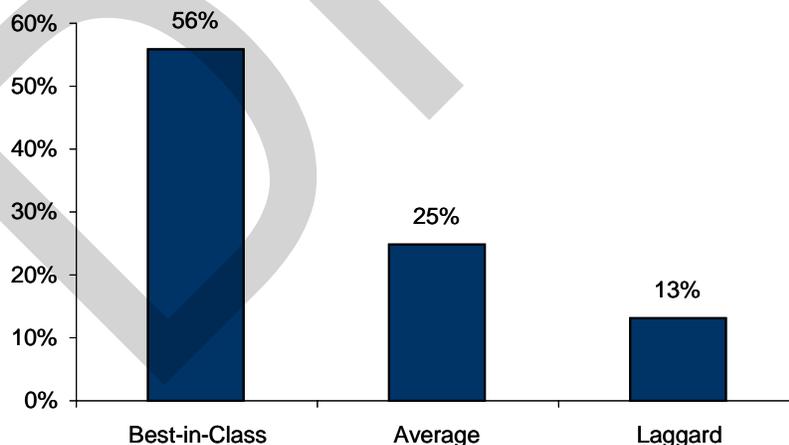
### Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

### Implications of Integrated Workforce Management for Retailers

In an age of rapidly changing consumer demands, and with the necessity of responding to those changes with an appropriately skilled workforce, retailers are turning to workforce management integration to create a more knowledgeable and engaged associate and manager at the store-level.

**Figure 1: Retailers Integrating WFM Technologies Together**



Source: Aberdeen Group, December 2009

### Best-in-Class Definition

Aberdeen used year-over-year performance improvements in three key criteria to distinguish Best-in-Class retail organizations:

- ✓ 26% average year-over-year accuracy rate of store labor forecast to need
- ✓ 31% year-over-year accuracy rate of labor cost to budget
- ✓ 31% year-over-year customer retention

Today's consumers – regardless of where they are shopping – are more savvy than ever before. As a result, they expect any employee they interact with to bring an even higher level of knowledge and sophistication to the sales processes. At the same time, retailers are under increasing pressure to deliver this kind of customer-centric service for lower cost, while also working to ensure employee satisfaction and manage compliance.

Workforce integration is defined as the union of two or more data sets related to workforce management, such as scheduling, time and attendance, and task management. This integration allows retailers to deploy staff in the most cost-effective way while still delivering on the customer experience and improving employee expectations. This is a daunting challenge, but by bringing together the right tools and capabilities, organizations can see impressive results.

"The goal of our workforce management strategy is to make sure the customer has everything he or she needs before making a final purchase. We want them satisfied with their experience, and ready to come back into the store as soon as their wants and needs so dictate."

~ Store Manager  
Large US-based  
Office Goods Retailer

## Data Management Identified as a Top WFM Integration Challenge

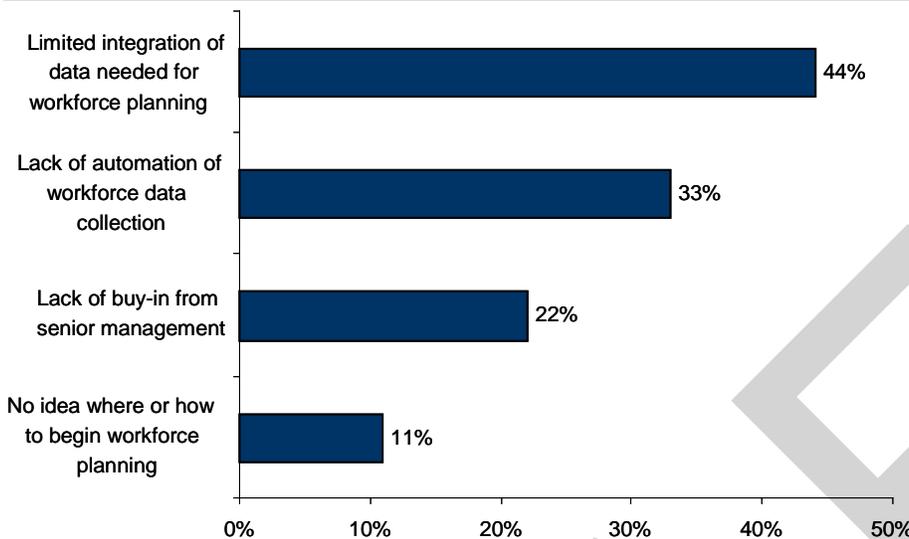
Aberdeen's December 2008 *The 2009 HR Executive's Agenda*, benchmark report indicated that the challenge of addressing data integration was a major concern for 60% of HR and line of business executives due to a difficult economy. However, one year later, this challenge still exists.

In fact, Best-in-Class retailers have identified two data management-related challenges among the top internal organizational hurdles associated with effective retail workforce integration (Figure 2):

- Limited integration of data needed for workforce planning (44%)
- Lack of automated workforce data collection (33%)

The existence of the top two challenges listed above indicates that retailers still struggle to connect the dots between labor needs, workforce planning, and the priorities of the business. Therefore, they are unable to make truly fact-based, data-driven decisions about short- and long-term workforce requirements. One of the root causes of this challenge for many retailers is the over-reliance on legacy-based or home-grown workforce management tools that lack data-driven intelligence and are ineffective in sharing information from one workforce module to the next. Ineffective data management can prevent retailers from achieving the true benefit of an integrated workforce management strategy: singular process visibility and the ability to make adjustments according to pre-established business goals. "After we updated our BI solutions, one of our first targets for increased visibility was store-level labor," one anonymous apparel retailer recently commented. "Given the exposure our store-level team has with the customer, it was the logical and most cost-relevant place to start."

**Figure 2: Retailers Identify Challenges of WFM Integration**



Source: Aberdeen Group, December 2009

### Key Best-in-Class WFM Integration Capabilities: Data Accuracy, Visibility

Best-in-Class retailers are utilizing several organizational, process, knowledge management, and performance-related capabilities to help their organization achieve a greater level of workforce data accuracy and visibility (see sidebar for definitions of each). These characteristics serve as a guideline for best practices for Industry Average and Laggard organizations, and correlate directly with Best-in-Class performance. According to Aberdeen data, three capabilities stand out as key to integration of workforce management (Figure 3):

- Incentivize accurate forecasting of future staffing requirements (88%)
- Integration of time and attendance with scheduling (78%)
- Integration of all WFM technologies together for all stakeholders (56%)

#### Incentivize Accurate Forecasting

According to Aberdeen data, nearly nine in 10 respondents (88%) are incentivizing accurate forecasting of future staffing requirements as a key internal performance management capability. The more accurate a future staffing requirement forecast is, the easier it is to avoid over- or under-staffing a store. This translates into either lost sales due to decreased staff to consumer assistance, or high excesses of payroll expense. By incentivizing this process, store managers have a store P&L responsibility in making sure their organization is paying only for necessary labor. Such accurate predictions are possible based on previous labor utilization trends, store

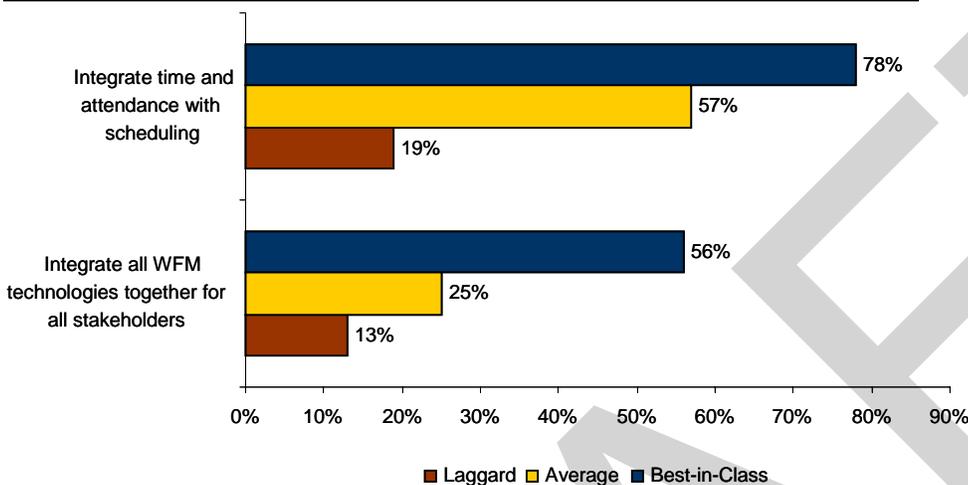
#### Competitive Assessment

Aberdeen Group analyzed the capabilities of Best-in-Class companies to assess top performance characteristics to top-performing companies. This assessment includes:

- ✓ **Process:** the approaches they take to execute their workforce operations
- ✓ **Organization:** corporate focus and collaboration among stakeholders
- ✓ **Knowledge management:** contextualizing data and exposing it to key stakeholders
- ✓ **Performance management:** the ability of the organization to measure its results to improve its business.

operations requirements, and a solid understanding of employee capabilities. Technologies such as automated scheduling are a key enabler for this capability.

**Figure 3: Key Workforce Management Integration Capabilities**



Source: Aberdeen Group, December 2009

### ***Integration of Time and Attendance with Scheduling***

Seventy eight percent (78%) of Best-in-Class retailers are integrating time and attendance with scheduling. At first glance, the primary benefit for retailers toward integrating these two business processes together is to establish more accurate scheduling processes based on actual attendance data. However, additional benefits include a more accurate payroll for contact labor, stricter compliance with workforce regulations, and the ability to verify that billings from consultants accurately reflect their efforts.

### ***Integrate WFM Technologies Together for all Stakeholders***

More than half of all Best-in-Class retailers (56%) surveyed are integrating workforce management technologies together for all stakeholders. These technologies can include scheduling, and time and attendance, budgeting, hiring, and analytics, among others. The ability to integrate these technologies together from a data analysis and adjustment viewpoint is a crucial ingredient to successful overall workforce optimization. Given the speed at which consumer trends can force a business to make a crucial process change (such as how many employees to make available at a particular store and at a particular time), integrated workforce management is critical for retailer's commercial success.

At first thought, WFM integration would be most beneficial for managers at the store-level, given the responsibility they hold for accurately scheduling their employees. However, other departments can equally benefit from accessibility into WFM data. For example:

- For the supply chain and distribution center team, understanding how many freight receiving staff are available at the store level at a certain time can ease delivery scheduling challenges
- For the payroll department, accessibility into planned scheduling on a per-employee basis makes the process of estimating paycheck processing that much easier
- For the legal department, accessibility to scheduling and time and attendance data can help ensure labor law compliance
- For corporate-level HR departments, accessibility to WFM data can ensure that the correct number of hours are allocated to each store, and to match staffing accuracy with specific stores

### **Aberdeen Insights — Three Steps toward Managing Internal Scheduling and Time and Attendance Data**

Aberdeen research, including the 2008 benchmark [\*Evolving Time and Attendance: Foundation for Workforce Management Improvements\*](#), has identified three key areas to address for a successful time and attendance / scheduling integration: 1) increasing data visibility, 2) formalizing data entry processes and 3) embracing Master Data Management (MDM):

- I. Increasing data input visibility.** A retailer's first step in ensuring a smooth integration between time and attendance and scheduling is to have a full understanding of what data must be entered, and how to ensure accessibility of this information. In fact, according to Aberdeen data, the majority all respondents surveyed, including 41% of Best-in-Class respondents, plan to provide greater visibility into time and attendance data. This effort includes:
  - Standardizing the process for collecting time and attendance data
  - Documenting the proper procedures
  - Measuring data on all employees regardless of job type or location
  - Properly training employees on how to enter their own time and attendance data
  - Adequately training managers on how to input, access, and analyze collected data on all workers

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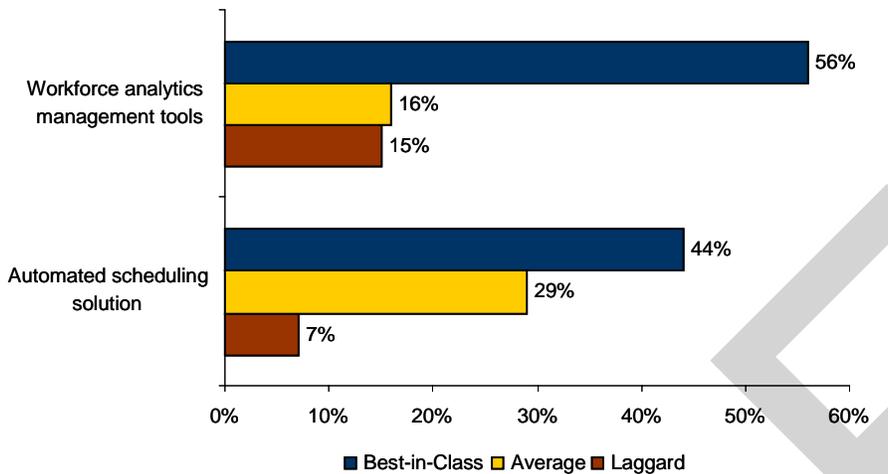
### Aberdeen Insights — Three Steps toward Managing Internal Scheduling and Time and Attendance Data (cont'd)

- 2. Formalizing data entry processes.** How managers enter time and attendance and scheduling data into a system is vital to realizing full system integration benefits. This involves collecting time and attendance data on salaried employees, hourly wage workers, contract labor and consultants, and doing so at all units and facilities.
- 3. Embracing MDM.** The concept of MDM is to ensure consistency and control of data within an organization. To achieve a high level of MDM for time and attendance and workforce scheduling, many retailers have embraced a single data repository, to which all devices feed collected time data, and from which all managers access the same set of information. In fact, according to Aberdeen research, 76% of the Best-in-Class report that they have a single data repository, as compared to 54% of Industry Average, and 57% of Laggard companies.

### Best-in-Class Technology Enablers: Automated Scheduling, Workforce Analytics Support Integration Strategies

Aberdeen research has shown that retailers are focusing on the integration of time and attendance and scheduling as part of their store-level workforce management strategy. However, to be successful in this endeavor, these same retailers must rely on the right technology enablers to make integration possible. For example, when two sets of data such as scheduling and time and attendance are brought together, the right technology tools must be in place to analyze and make conclusions from the data at hand. Appropriately enough, according to Aberdeen research, workforce analytics management tools (44%) were one of two top technology enablers for Best-in-Class retailers. The other top enabler was an automated scheduling solution (56%) (Figure 4).

**Figure 4: Best-in-Class Workforce Management Supporting Technologies**



Source: Aberdeen Group, December 2009

### **Workforce Analytics Management Tools**

According to Aberdeen data, 56% of Best-in-Class retailers are utilizing analytics tools as a key technology enabler of an integrated workforce management strategy. Workforce analytics management tools are available in different forms, such as static reports, organizational chart visualizations, graphical data displays such as dashboards, and other technological visualizations.

For some retailers, static reports may suffice as they provide a very sound way to report very basic information to managers in a timely fashion. However, Aberdeen data has shown that more sophisticated management information, in the form of dashboards and scorecards, as well as other visualizations, are technologies used more commonly by Best-in-Class organizations compared to all others (see the September 2009 report, [Intelligent Human Capital Management: Workforce Analytics Drives Profit and Performance](#)).

### **Automated Scheduling**

The ultimate goal of any scheduling solution is to establish optimal resource allocation decisions so that the right employee is in the right place at the right time. This allows an organization to address two competing forces:

1. the need to contain operational costs via efficient planning and staffing
2. the need to capture and retain customers via appropriate allocation and alignment of skills with job requirements and customer needs

At the retail store-level, however, managers are faced with two additional challenges that are unavoidable and must be dealt with on a day-to-day basis: changing consumer demand, and changing associate scheduling needs.

Both of these forces require minute and constant adjustments that would otherwise be time consuming to stay on top of for any manager.

Automated scheduling allows retailers to process staff changes automatically, without having to enter them in manually. For example, a shift that goes unfilled at the last minute can be automatically reassigned to a standby associate based on a pre-existing rule. Similarly, if a store manager is informed of an unexpected delivery of product, he or she may be able to automatically adjust staff coverage for the period of time in question (versus having to make manual calls and adjustments).

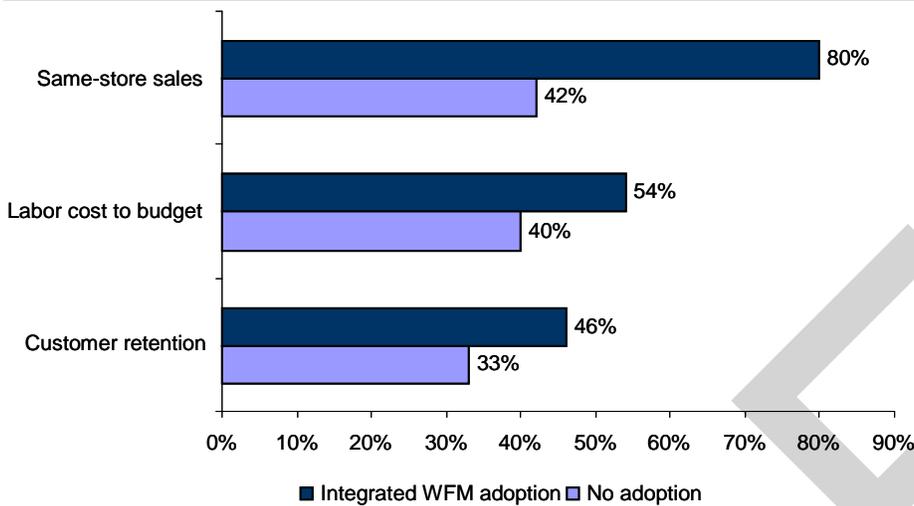
### **Same-store Sales, Labor Cost to Budget, Customer Retention Increases Associated with Integrated Workforce Management**

Aberdeen data, as well as interviews with end-user retailers, have proved that retailers are pressured to control labor costs, improve workforce productivity, and provide the customer with a seamless in-store shopping experience. That being said, retailers that embrace integrated workforce management achieve success in responding to these challenges (Figure 5). For example, according to Aberdeen data, for those 56% of Best-in-Class retailers that are integrating all workforce technologies together for store-level managers and other key HR-related stakeholders:

- Eighty percent (80%) have increased their **same-store sales rates**
- Fifty-four percent (54%) have increased their **labor cost to budget rates**
- Forty-six percent (46%) have increased their **customer retention rates**

Same-store sales, labor cost to budget and customer retention rates each play an important role in determining the extent to which a workforce integration effort is positively affecting a retailer's business. For example, same-store sales provide a crucial marker as to if, and how well, a product is moving from the store shelves and into the hands of the customer. Labor cost to budget measures how accurate labor budgeting is versus its ultimate cost. Finally, customer retention rates speak to the ultimate retail goal of not only moving product, but building a lasting, sustained, and continuous relationship with the customer.

**Figure 5: Top Best-in-Class Key Performance Indicators**



Source: Aberdeen Group, December 2009

## **Conclusion: Integrated Workforce Management Delivers Retail-Specific Benefits**

Few would doubt the benefits of establishing an optimized workforce at the store level capable of dazzling customers with a strong product knowledge set, a superior attitude, and the ability to cross-sell and up-sell with ease. The challenge, however, is bringing together different sources of data to achieve this optimization without breaking the bank or consuming the full attention of the store manager. Time and attendance, scheduling, task management, and other technology solutions each provide important insight on a retailer's workforce, but, on their own, lack the full view that integrated workforce management provides. To achieve this full visibility, retailers can look to the processes their Best-in-Class brethren have identified as that which leads to success:

- Combat the lack of data cohesion internally
- Focus on internal data integration
- Apply analytical tools that will help them view integrated data in an easy-to-understand, visual, and pervasive manner

If they follow these steps, Aberdeen data has proven that retailers are likely to benefit from key metrics such as customer retention, labor cost to budget, and same-store sales.

## Recommendations for Action

Whether a company is trying to move its performance in store-level retail workforce integration processes from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

- **Laggard organizations need to embrace multi-module data integration as a first step toward integrated WFM.** Just 13% of Laggard organizations are integrating their workforce management processes together for store-level managers and other key HR-related stakeholders. Retailers that are classified as Laggard have likely not yet seen the KPI-related results that an integrated workforce strategy can bring. For that reason, justification of a WFM project ROI will be harder to quantify. However, Laggards can start this process by choosing two significant sources of WFM-related data, such as scheduling and time and attendance, adopt some high-level analytical features, and begin to measure the affect on their enterprise. Or, this process can be narrowed down even further to a specific multi-departmental function, such as sharing scheduling and payroll data. However it is done, Laggard organizations should operate module by module to building an increasing case for WFM integration organization-wide.
- **Industry Average organizations need to utilize analytical tools for increased project visibility.** A small percentage of Industry Average retail respondents, 16%, indicated the use of analytical tools for enhanced workforce management decision-making. Analytics help achieve Best-in-Class results by increasing overall process visibility, and these tools can help justify ROI in smaller organizations by linking workforce needs with payroll, supply chain, HR and other departments. Considering that budgetary concerns are often seen as a top barrier of enhanced workforce integration, spreading out the cost by making workforce management tools an enterprise-wide benefit may prove beneficial in overall ROI discussions. In terms of process steps, Industry Average organizations can start by using a joint-department spreadsheet-based approach, and, as the case for analytics solutions builds internally, expand from there.
- **Best-in-Class organizations need to explore automated budgeting and demand forecasting solutions for increased forward-looking WFM accuracy.** Among Best-in-Class retail respondents, just 38% indicated that they have embraced automated budgeting and demand forecasting solutions. These solutions help retailers plan for future workforce needs from both a headcount and a talent perspective. At the same time, retailers can use these tools to ensure appropriate amounts of budget are allocated to specific times when workforce needs are likely to fluctuate.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

### Related Research

[Retail Workforce Optimization: Establishing the Customer-Centric Store-level Employee](#); December, 2009  
[The 2009 HR Executive's Agenda](#); December 2008

[Evolving Time and Attendance: Foundation for Workforce Management Improvements](#); February 2008  
[Intelligent Human Capital Management: Workforce Analytics Drives Profit and Performance](#); September 2009

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