

Retail Workforce Management: The Balancing Act

John West, Retail WFM Consultant – Workforce Insight, Inc.

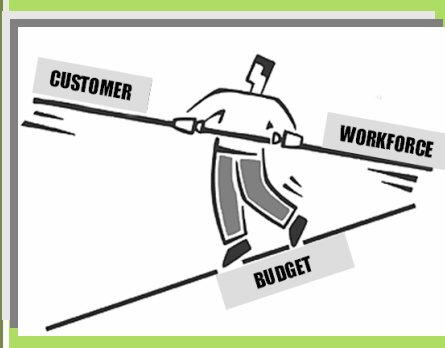
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orkforce management in retail environments is typically overlooked and underfunded across the industry. It is only now becoming slightly more common to find a retailer that actually has a dedicated workforce management department. Most commonly what you find is a member of HR managing imports and exports from a piece of software, scheduling is handled in store, and budgeting is a fixed function that is managed by accounting. Yes, these functions comprise a workforce management system, but they typically are not coming together to truly meet the goals of the organization.

For retailers, multiple sites with dynamic customer traffic patterns present unique challenges when it comes to meeting the demands of customers and the needs of their workforce. Mounting pressures to exceed annual sales comps while reducing labor spending year over year creates a pressure between meeting the needs of the customer and those of shareholders. Many times the workers themselves are left out of this equation. Thus, there is a precarious balancing act that retailers play. Retailers are balancing their budget, their customers and the needs of their employees, but there is no software solution that will accomplish these goals.

Technology systems can be used to assist in creating and maintaining a workforce management solution, but without the correct management and theory behind this management, the workforce management solution cannot be sustained.

The true problem facing retail workforce management is a belief that these systems can be slapped into place and turned on auto-pilot. The truth is that there must be strong supervision of the three elements in play, and if one element is left unattended, the entire balance of a workforce can be thrown off and all three elements become insupportable.



The Customer

For some strange reason, customers seem to have a desire to be serviced. Unfortunately these customers are everywhere and shop in every retailer. If this unreasonable demand of actually having someone around to help them isn't met, they will find someone that was actually crazy enough to staff their store appropriately. Most retailers have started to figure this out, therefore they have some sort of scheduling system in place to help meet the demands of their customers. Depending on the retailer, the systems range from extremely complex customer trend tracking programs to a simple sales per hour grid.

The goal of these systems is to increase and decrease employee counts as customer traffic increases and decreases. This sounds simple, but it only is if the customer is on the same schedule as the retailer. Therefore retail scheduling solutions are for the customers. This cannot be forgotten or torn apart through the mud and the muck of either human resources policies or budget restraints. The schedule is for the customer. Stop, think about it. Do you believe it? Does your organization believe it? Do your employees know this? Have they even considered the prospect?

The Workforce

Even crazier than the customer demands are those of employees. These characters seem to believe that they should work only at times they are available, times that fit their lifestyle and times that fit the needs of their family. Unfortunately, much like customers, employees can find an employer that will meet these demands. Therefore, retailers have developed multiple systems of varying complexity to manage employee needs when it comes to scheduling and benefits management. These systems typically have some sort of sign-off functions within the stores with information then flowing into corporate systems.

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The goal of these systems is to help manage employee personal needs to increase productivity and reduce turnover as well as track employee benefits to control costs of benefits. This is not as simple as stating that the goal of this system is to serve the employee, because the employer is protected and accounted for through this system. Employee needs are as complex as those of the customer. What system do you have in place to manage your employee needs? Does this system interface or interfere with your scheduling solution?

The Budget

The most unreasonable being in the retail world is the shareholder. The expectations of this group usually involve several miracles and several sacrifices to the gods of revenue. Considering that payroll is typically one of the single largest expenses of a retailer, you are now in a true balancing act. You have customers demanding your attention, employees demanding time off and benefits and now the shareholder asking you to somehow fit all of this together with a budget that you most likely know isn't enough to accomplish the goals you need to meet.

Typically, retail payroll budgets are created using the simple methodologies of percent of sales or sales per labor hour. These methods have stuck around for decades, mostly because they are universally recognizable and easy to understand. However, what do these methods truly measure? Typically not the true needs of the customer and certainly not the needs of the employees.

There is no piece of software that can change the minds of your shareholders, they will have the same demands year after year. It's how you manage the budget and the demands of the budget along with the needs of your customers and employees that will determine your success. There are systems to help you get more bang for your buck. Who is maximizing your payroll budget? Who is preparing your case for a more dynamic budget for next year?

Workforce Management : Its Own Entity

Workforce management is not simply a function of HR. The scope of true workforce management is much broader than the capacity of most human resource departments.

The true nature of workforce management is a collaboration of HR and operational functions. And, not simply a liaison between the two, but a functional entity that combines resources from both in order to provide an effective workforce management function.

The Balancing Act

Now that you have a basic introduction of what the balancing act is, you should have a better idea of what retail workforce management is. An aligning of customer needs along with those of your employees all within your budgetary restrictions. Perhaps your organization does not need a dedicated department to these functions, but you should at least have a good idea and mapping of who is minding these areas of your organization.

With the correct mapping and understanding of what these systems are and who is managing and maintaining them, you may begin to notice disconnects between these entities. Perhaps the disconnect is due to different software systems that do not communicate. Maybe the people maintaining these systems do not communicate. Even worse, it could be both of those issues and you have no compliance or true maintenance plans.

Some organizations have created amazing systems that can independently maintain each part of their workforce management system, but they tend to grind against each other. Some have a great budgeting mechanism, and never miss a quarterly payroll goal, but customer needs are being missed and sales are slipping. Perhaps scheduling is strong but turnover is rising. Software can create and maintain these systems, but without the right organizational structure and communications to manage the software and review the systems, your workforce management system cannot be sustained.

Does your payroll system run automatically without any review or communications throughout the payroll department? Is your budget created and balanced in a vacuum? It takes a true understanding of the three balancing elements involved in your workforce to manage it effectively. Once this is achieved, the results are more sales, less turnover and consistent budget management.

Author/Company Profile:

John West is a retail workforce management consultant and contributing author with Workforce Insight, Inc., where he helps retailers leverage labor technology to solve business problems. Workforce Insight has been recognized in the HR marketplace as the difference between a standard that relies on technology alone and optimal results that are only achieved through the hands-on stewardship and insight of workforce technology experts. For more information about Workforce Insight, call (303) 309-4006 or visit www.workforceinsight.com.