

# Workforce Management

## RETAILERS MEET PEAK DEMANDS BY AUTOMATING LABOR BUDGETS AND FORECASTS

BY LORNA PAPPAS

### WORKFORCE MANAGEMENT (WFM) ANALYTICS HAVE MOVED WELL BEYOND

beyond basic labor scheduling and time and attendance. Today, many tools are Web-based strategies that align labor with corporate goals. Associates who use these tools can manage their time efficiently; managers obtain the information needed to balance operational efficiencies and customer service.

Advanced WFM systems are among the priorities of IT and HR executives. Since human capital is a retailer's largest manageable, non-product expense — and the key brand ambassador for sustaining growth — retailers that apply WFM optimization can be proactive about fluctuations in demand to ensure overall productivity. "These systems will lead human capital management growth at 16 percent compounded annual growth rate by 2010," says Rob Garf, vice president of retail strategies for AMR Research,

### WHAT IT MEANS

AMR defines advanced, Web-based WFM as a set of fully integrated technologies and processes that automate development of a labor budget and forecast. They help execute an optimized schedule, track time and attendance and measure employee performance.

The embedded analytics of advanced WFM software from leaders like Kronos and Reflexis provide hundreds of predefined indicators, metrics and measurements that pinpoint root causes behind specific labor costs and performance issues. They identify corrective actions that can improve long-range scheduling effectiveness and labor-to-sales alignment. The tools help retailers consistently execute customer service and labor strategies.

### WHAT'S AT STAKE

Employees are assets. Retailers that have high aspirations for customer service delivery must equip their businesses and workforce with the information that advanced WFM analytics provide. This allows employees to deliver strategic customer service more intelligently.

Paula Rosenblum, managing partner of RSR Research, says most retailers are missing opportunities with regard to workforce development, retention and leverage. "Retailers talk about customer-centricity, yet they often have a distant and/or adversarial relationship with employees who face customers daily. Advanced workforce management software increases employees' understanding of their jobs and how their performance affects operations."

### HOW TO SUCCEED

Hannaford Supermarkets is using an advanced WFM tool from Reflexis to improve the effectiveness of new product launches and reduce shrink. During special events and other heavy traffic periods, Reflexis allocates tasks and assigns them to key associates by priority. This



During busy periods, an advanced workforce management tool helps Hannaford allocate tasks and assign them to the right associates.

lets Hannaford balance the workloads and tasks being sent to stores.

Task allocation is based on a project simulation module that is run just before major events. The system also helps the chain zero in on "those stores that truly are and are not meeting our goals," says Jim Walton, Hannaford's team leader of store communications.

After some detailed digging, Hannaford found it had been sending more than 1,400 different metrics to a store. "Many had similar information," says Walton. "None had corrective action prescribed. Nobody can manage well that way. Now we have very targeted key performance indicators (KPIs) and can say, 'here's where you are, here's where you need to be, this is how to get there.'"

Hannaford has experienced a 10-point improvement in fresh product shrink results due to targeted KPI metrics and exceptions, says Walton. When a store exceeds allowable shrink, the system issues an alert, reports on standard practice for resolving the issue and automatically generates a corrective, pre-loaded action plan. Now, senior field leadership can follow up by district and location. Store associates know where to concentrate.

"Once we set a specific shrinkage threshold for meat and deli, for example, we can go on to change the rules and improve thresholds, continually driving execution by store, division or whatever we decide," he adds.

As Hannaford grows and new managers join the team, the system allows for effective transfer and development of learning. "All the information new associates need is supported in the

workforce tool," says Walton. "Veterans can take a deeper dive at any time to further their knowledge of task execution and increase their ability to serve customers."

Minyard Food Stores, a Dallas area retailer, also is benefiting from advanced workforce management. Minyard, which implemented Kronos for Retail last year, operates 61 supermarkets, 36 pharmacies and 15 fuel stations.

Kronos took Minyard out of a labor "guessing situation," says Jeff Richardson, Minyard's director of IT. "We now look at sales information in 15 minute increments, allowing us to identify a regular influx of business at any store, such as after school or early evening and schedule accordingly. We use Kronos to help forecast labor for upcoming promotional periods based on the marketing effort, anticipated sales increase and incremental sales history for any location."

Mary Marvin, senior vice president of human resources, says that Kronos for Retail's most significant benefit has been "allowing us to track labor expenses to the day and compare them to forecasts and budgets. Previously, we waited until after the payroll process to identify salary expenses. With workforce visibility, we can make better decisions, from budgeting and hiring to managing actual labor expenses and sales."

Marvin says the system will become even more significant when the minimum wage increases in July. "Any company that isn't addressing these expenses in a defined way is letting money go out the window," he adds. "Kronos helps us balance employee and operational efficiencies and customer service to make sure we're not short-changing one for the other." **RIS**