WORKPLACE

A Step-by-Step Guide to Improving Retail Labor Forecasting and Scheduling

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Content

An introduction to scheduling

The process of scheduling in a retail store is about planning your available resource (associates) to fill shifts or time slots to ensure your store has adequate cover for the work that needs to be done during the working day and week.

Above all, it's about making sure you have the right people, in the right place, at the right time, with the right skill. Associates need to know when they're working and what they are doing, while the retailer needs to know in advance that work (demand) is covered, labor costs are not exceeded and compliance is met. Many retail environments are complex and scheduling will be used to plan the coverage of tasks throughout the day and deploy associates in different locations such as the cash register, greeting/welcome, tasting stations, replenishment or deliveries.

However, despite the availability of newer technologies to both forecast demand and schedule associates many retailers still schedule manually or use old technology and techniques which are probably not – in reality – providing the most effective use of resources or meeting service levels. For example, in Workplace's experience retailers are using many different tools to schedule, such as: pencil & paper, whiteboards, spread sheets, calendars, etc. Little has changed in the past decade in the approach many retailers take and this includes the approach using forecasting data: retailers may have limited information, or information that is either overlooked or not communicated, which results in educated guesswork to plan the correct resource.

In effect, there is a wide variety of methods used and issues that can impact the manual scheduling process that should be of concern to senior store operations executives, regional managers, store managers and schedulers.

The positive effects of workforce management

Replacing a manual scheduling process with a workforce management software solution in the retail environment can have the multiple benefits of: providing visibility, managing costs, motivating associates and improving customer experience.

These benefits can be achieved very quickly and with minimal change management – something that retailers may not usually associated with implementing software.

It can be done through a phased approach, starting by taking existing work patterns and building them into schedule templates and comparing them to actual attendance. This will quickly give operations executives and store managers total visibility of what's going on across the retail estate, including associate time-keeping, absence, the weekly schedule and labor costs.

On the other side, associates gain greater visibility of when they're working, more control of their availability to work additional hours, the ability to check available vacation and to request time off.

In this step-by-step guide, Workplace will take you through the process and best practice that will help you to improve your schedule, increase customer service and reduce wasted labor hours.

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Labor demand forecasting

There are a number of different ways to define the demand for labor with different levels of complexity. The level of complexity directly relates to the accuracy of the labor demand forecast, and this is sometimes referred to as a “business shape”.

In the past many workforce management implementations have failed at the forecasting stage. The main reason for this is that they tried to build an optimized schedule based on a very detailed forecast - this can be very time consuming and costly to build. Additionally, when creating the new “optimized” schedules, they don’t have enough store manager engagement which can result in a centralized push-down model with an unacceptable high level of change to associates’ working times. A better approach is to start simply and layer on levels of detail and as, a result, accuracy.

Labor demand forecasting by shaping budget labor hours with business drivers

The starting point on the journey to improve a schedule is to take historical business driver data, for example POS (point of sale) data, transactions, traffic etc., or a combination, and projecting it over the next few weeks or months. This can then be compared to budget labor hours for the same period. By breaking down budget labor hours as a percentage of the business driver, by week, day and time of day, retailers can create a business shape for each 15-minute period over the day. This now gives the opportunity to make a direct comparison between the business shape and the current schedule – this is your baseline.

- Business driver data can be analyzed for trends, similarities and exceptions.
- It is possible to use the corresponding week last year and apply uplift and/or look at the previous four weeks and project forward.
- Business driver data, such as POS (what was sold) and traffic (opportunity to sell) - an important distinction which can help to improve sales
- Minimum information required
- Four weeks of business drivers data (transactions) and schedules
- Uplift method for the next week of business drivers
- Associate availability
- Associate skill level
- Cross division or cross store working

This guide has been written for retail operations executives currently considering which technologies will help them achieve the ultimate goal of increasing sales.

Refining the business shape by identifying fixed tasks from budget labor hours and shaping remaining budget labor hours

The next step to improving the forecast and schedules is to identify any fixed tasks - those that happen on a regular basis or in patterns for example: deliveries, cleaning, recall notices, replenishment, minimum staffing levels. (For more examples see table.) Once these hours have been identified and calculated it's then possible to apportion the remaining budget labor hours to business drivers on a 15-minute basis across the day. These two figures are added together and will alter the shape because this is now not only sales driven but also includes fixed tasks. With fixed tasks and a distribution of remaining budget labor hours, there is now a more accurate shape for demand to be compared to the current schedule.

How to get fixed tasks and durations?

- Interview a number of store managers
- Create a fixed task survey - day, time, action, number of associates, total number of hours
- What work measurement standards exist?
- Observations of tasks in multiple stores
- Define what is a fixed task in the given retail environment
- Make educated average for a particular fixed task

Examples of fixed tasks for a fashion retailer

Type	Task	Amount	Note
Fixed by Store	Cashing Up	A number of minutes daily	Depends upon the size of store and number of tills.
Fixed by Store	Cleaning	Varying fixed associate numbers by store	Depends upon size of store
Fixed by Store	Daily Operation Checks	A number of minutes daily	Depends on size of store
Fixed by Store	Promotional Displays	A number of minutes daily	Depends on size of store
Fixed by Store	Deliveries	Delivery data driven or amounts given by of time of day	
Variable	Tilling (serving and Scanning)	EPOS Driven	Using Workplace Online
Variable	Returns	EPOS Driven	Depends on size of store and bays racks
Fixed	Associate Planning	30 minutes weekly	
Variable	Face Up/Tidying Up	A number of minutes per bay (100% of bays) daily	
Fixed	Personal Shopper	A number per store	
Fixed	Replenish Shoes	A number of minutes daily	
Fixed	Replenish Clothes	A number of minutes daily	
Fixed	Replenish Accessories	A number of minutes daily	
Variable	Stock & Order	A number of minutes per bay (100% of bays) daily	

Shape and volume using detailed information and labor standards

To complete the final layer of complexity in forecasting it is necessary to add the exact time taken for transactional work to the fixed tasks to create a volume and shape for the forecast. This is done by breaking down the transactional element into an accurate time measurement. For example, understand the interactions with a customer as they enter the store and purchase items, and the exact time in seconds for each stage of the transaction. Create a minute labor standard for each piece of work.

Key decisions to be made

- How quickly does the business change and how to keep labor standards up to date – review every three months? – is this feasible?
- Aggregate work to task, department or store level
- Retail estate – layout – store analysis
- Square footage
- Number of registers
- Footprint
- Distance to stock room
- Location of items on shelves

Comparing demand and labor supply

Once we have a forecast using any one of the described methods there is now an opportunity to make a direct comparison between the business shape and the current schedule – this is your baseline.

When comparing a business shape and a schedule, two key indicators can be identified: Service Level and Ineffectiveness.

- **Service Level** is a measure of what proportion of the expected demand is covered by scheduled staff hours. For example, a service level of 85% indicates that 15% of the demand is not covered – a potential for lost sales and poor customer service.

- **Schedule Ineffectiveness** is a measure of schedule wastage indicating the proportion of hours that are scheduled where there is no expected demand. For example, an ineffectiveness level of 15% means that hours are being used to cover no demand and there is an opportunity to save cost or redistribute the hours.

Many retailers may have never examined their baseline performance in detail. However, they often know there is something wrong but are unclear on how to improve it without having the necessary tools. Trying to tackle the problem with paper-based schedules is unrealistic.

Among the other key performance indicators (KPIs) you can expect to measure from implementing a workforce management solution:

- Labor to sales ratio – the percentage of labor costs against sales

- Salaried associates scheduled according to contract or not

- Associates working below and above contract – amount of overtime paid against other associates working below contract hours

Starting simply

The power of a forecasting and scheduling solution is having the capability to measure service levels and effectiveness and then improve them. A workforce management software system can help retailers match their supply of labor to demand. It can start measuring the outlined KPIs immediately and, with a rich supply of data, return on investment can be calculated across the entire retail estate.

An approach to implementing workforce management that Workplace has developed ensures the implementation causes minimal change management.

This means that the process starts simply; by taking existing schedules and delivering visibility, creating a forecast and a baseline that can be analysed and improved upon, making changes that deliver quick wins and then, if appropriate, more complex changes. This initial phased approach avoids the traditional workforce management model of overhauling working patterns and associate contracts completely from the start.

Taking an approach that involves the store managers and associates from the beginning will deliver a more successful program with minimal change management. Employment policies and contracts can be considered with associates, and hours can be adjusted to get greater flexibility and better schedules which in turn results in an opportunity to drive more sales and better customer service.

Quick win techniques to improve schedule effectiveness and service levels:

- Moving start and finish times by 15, 30, 45 and 60 minutes,
- Reducing or increasing shift durations by 15, 30, 45 and 60 minutes
- Investigate flexibility of swapping days

Most associates understand that their work times need to reflect when there is demand and most have a degree of flexibility; none of these changes necessarily impact on contracted hours.

More complex changes can be investigated:

- Change the mix of full-time and part-time to gain more flexibility
- Have a mixture of contract hours, zero, 24 and Full-time
- Gain detailed information on associate preferences and availability

How good is your scheduling now?

The schedule quality health check (SQHC)

A quick and effective way to understand the efficiency and effectiveness of your existing schedules is the Workplace Schedule Quality Health Check (SQHC).

This three-step process takes your current schedules, a selection of business driver data (such as sales, transactions and deliveries) and labor demand conversion data to calculate the labor needed to meet your business requirements. It compares your forecast labor demand against existing schedules to establish a baseline (i.e., where you are now) and evaluate performance against KPIs such as service levels and over/understaffing.

Your current schedules are compared with the schedules you could have with minimal organizational change, and the potential impact to your business.

If you want Workplace to give you a clear and simple picture of your current schedule health, click/contact here to request a SQHC.

And, if you're interested in learning more about the potential value of a workforce management system in retail then please download the next guide in our series 10 Questions to ask your Workforce Management solution provider.

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About Workplace

Workplace is the leading supplier of workforce management solutions in the cloud. With over 26 years' experience in scheduling, forecasting and time and attendance, it is dedicated to making its clients' workforces simpler to manage. Workplace's cloud-based solutions enable organizations to create competitive advantage through improved productivity, visibility and control of costs, sales growth, more engaged associates and better customer service Workplace's rapid implementation approach combined with its industry expertise and highly intuitive cloud-based solutions delivers a faster return on investment to its clients.

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