WorkJam Whitepaper

Extending workforce management solutions

to address the hourly labor crisis and engage employees

introduction

Retailers, restaurants and other hospitality companies across North America have been in the crucible of intense change for the last 15 years, wrestling with the impacts of a major economic recession, the explosion of mobile, social and cloud technologies, and a systemic shift in consumer preferences. No issue, however, has proved as immense or challenging to tackle as the hourly labor crisis.

This labor crisis is a multifaceted one, implicating corporate offices, in-store operations, employees and customers alike. First, organizations face a tightening, and more expensive, labor market. As unemployment declines and job seekers land more full-time opportunities, employers' hiring pool shrinks. Since September 2014, the volume of involuntary part-time retailer workers dropped 22 percent.[1] Rising employee wages and turnover rates are also driving up total labor costs. Average hourly earnings increased more than three percent from October 2014 to October 2015 for retail workers, and almost four percent for leisure and hospitality workers.[2] Compounding the problem, employers struggle to retain people: according to WorkJam research, one-third of service companies feel their hourly employee turnover rate has increased over the past two years.[3]

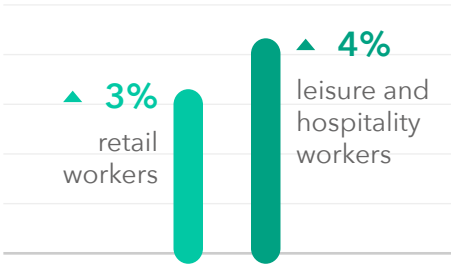
Shifting workforce demographics throw another wrench in employers' workforce management. Millennials (between 18 and 34 years old) comprise a growing slice of the hourly labor pool—more than one-third in the U.S.—and bring new demands to the workplace.[4] Compared to Generation X and Baby Boomers, Millennials have unique expectations for their employers: they want more flexibility, more consistent feedback and more access to technology. And they're willing to quit in order to find it.

2015 has also been a landmark year for hourly labor policymaking. Cities including Los Angeles, Seattle and San Francisco passed initiatives to incrementally

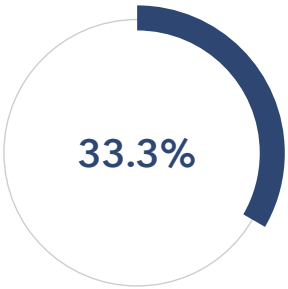
change in volume of involuntary part-time retail workers

▼ **22%** since September 2014

change in average hourly earnings from october 2014–october 2015



companies with an increasing hourly employee turnover rate in the past two years



lift hourly minimum wages over the next few years. At the federal level, the White House proposed to expand overtime benefits, an effort that would raise the wage ceiling for time-and-a-half pay from $23,660 to $50,440. Regulators' renewed attention to the hourly workforce has fueled a stream of media coverage around specific companies' treatment of employees. Chains from Gap to McDonald's to Wal-Mart have made the headlines recently due to their minimum wage policies or unfair, unpredictable scheduling practices.

Regulator and labor market demands aside, consumers contribute to the hourly workforce dilemma as well. Increasingly, customers want better, faster, more personalized service from the brands they shop and dine with. The inimitable growth of e-commerce has set new standards for retail service; brick and mortar companies have to double down on their customer experience strategies in order to trump what their online peers offer. Employees are becoming more than just an operating expense, they're retailers' value add. It's up to employers to invest in their staff and ensure they're equally well versed in product knowledge, closing sales and making shoppers feel welcome.

This perfect storm of factors leaves businesses with no choice but to shift with the paradigm and refresh their approach to scheduling and managing hourly workers, with the goal of increasing employee satisfaction and engagement. Though most large regional and national employers have invested in off-the-shelf enterprise solutions—or spent years refining homegrown systems—to support scheduling processes and drive costs down, these programs don't accommodate the nuanced requirements of today's (or tomorrow's) workforce. Fortunately, addressing the hourly labor crisis doesn't mean businesses need to dump their existing investments or reinvent their back-office IT infrastructure. Instead, retailers, restaurants and other hospitality companies must identify new ways to extend them.

current workforce management solutions are still falling short

The workforce management (WFM) solutions and other digital scheduling platforms that many businesses rely on have and continue to serve a necessary purpose, by quantifying labor allocations and forecasting future demand. Combining big data and complex algorithms, these platforms generate schedules to match predicted foot traffic, often down to the 15-minute interval. At the same time, however, they don't complete the "last mile" of labor allocation: the steps required to communicate schedules, and reconcile them with frontline managers' and employees' operational needs. Consider these three core pitfalls of existing WFM systems:

1. They're static.

Existing WFM systems stop being effective once schedules are built and exported. In too many instances, managers print out demand-based schedules only to post them on a break room wall or other communal area. Here they become static, requiring manual intervention from hourly workers and their managers in order to make the inevitable last-minute changes or shift trades.

2. They're one-sided.

Though existing WFM solutions meticulously factor business needs and store operational inputs when building schedules, they typically fail to account for employee preferences. In best-case scenarios, store managers collect staff's general availability once per quarter to feed back into the WFM system. This does little to generate assignments based on employees' real-time availability, or real life needs.

Because most of these tools only compute schedules using sales data points and neglect other operational factors, the shift assignments they produce are rarely consistent. WorkJam research found that service companies using software and mobile apps to create staff schedules are most likely to report inconsistent hours than those using more manual methods.[5] This unpredictability, in turn, breeds the employee disenchantment, absenteeism and turnover—not to mention public backlash—retailers struggle with today.

3. They stop at scheduling.

Shift assignments are just one component of managing an hourly workforce; there are multiple ingredients that go into building mutually beneficial employee-supervisor relationships. Unfortunately, most WFM systems focus exclusively on basic labor allocation and utilization—to the detriment of other important management pillars, such as ongoing communication.

And while many WFM solutions help maintain in-store staffing levels and other requirements, they don't offer features to support long-term employee engagement. The analytics these systems provide are usually for managers' eyes only, robbing employees of the opportunity to contribute to the company's day-to-day operations.

how to extend existing workforce management solutions

To successfully weather the current labor evolution, these employers need to extend their current systems with tools that facilitate schedule optimization, stronger employee communication and lasting worker engagement.

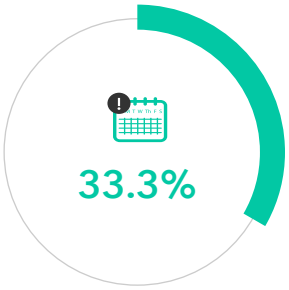
There are four specific areas employers should strive to address by supplementing their preexisting WFM solutions:

1. Clearer In-Store Communication

Throughout the service industry, there is an excess of "noise" that needs to be eliminated in order to strengthen managers' and workers' ability to communicate. Most supervisors use a patchwork of texts, emails, phone calls, written requests and in-person conversations to field staff's availability, time-off needs and shift swaps, along with other day-to-day questions and concerns. Further exacerbating companies' engagement deficiencies, head offices lack the means to directly reach frontline employees with targeted messages based on unique employee profiles. Employers need to prune this mix of channels and arm their organizations with accessible channels of communication where this information can be discussed.

2. Agile, Fair Scheduling

Predictable, consistent schedules have become a luxury that most hourly employees want, but don't always receive. Shift regularity is not only important to ensuring employees' stable income, but also their ability to accommodate personal commitments like child and eldercare, school or other part-time jobs. Employees don't consider work-life balance to be a soft perk, but a requirement for sticking around: **more than one-third of Millennial hourly workers left their last position due to schedule inconsistency.**[6]



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Retailers and restaurants need tools and processes that capture employees' true shift needs and feed that information back into the WFM system to complement the business inputs used to create schedules. Some employers may consider alternative scheduling models altogether to give workers more control over their shifts; Macy's, for instance, now has managers fill 70

percent of available shifts, leaving the remainder open for associates to choose from. Giving employees a voice in the scheduling process doesn't tip the scale in favor of staff—it evens it out for everyone: managers do less legwork to fill shifts at the last minute, the threat of understaffing and absenteeism declines, and store operations become more lean and nimble.

3. Modernized Training and Incentives

When companies rely on manual training methods (e.g., binders, in-person shadowing) or cut back training resources altogether, store managers have little visibility into which staff members have completed certain sessions or mastered specific skills. One-to-one training will always be invaluable to onboarding new recruits, but this should be augmented with technology-based material to make the most of manager time. Similar to scheduling, employers can extend existing WFM systems with digital training portals that house learning modules and multimedia content, and track individual employee progress.

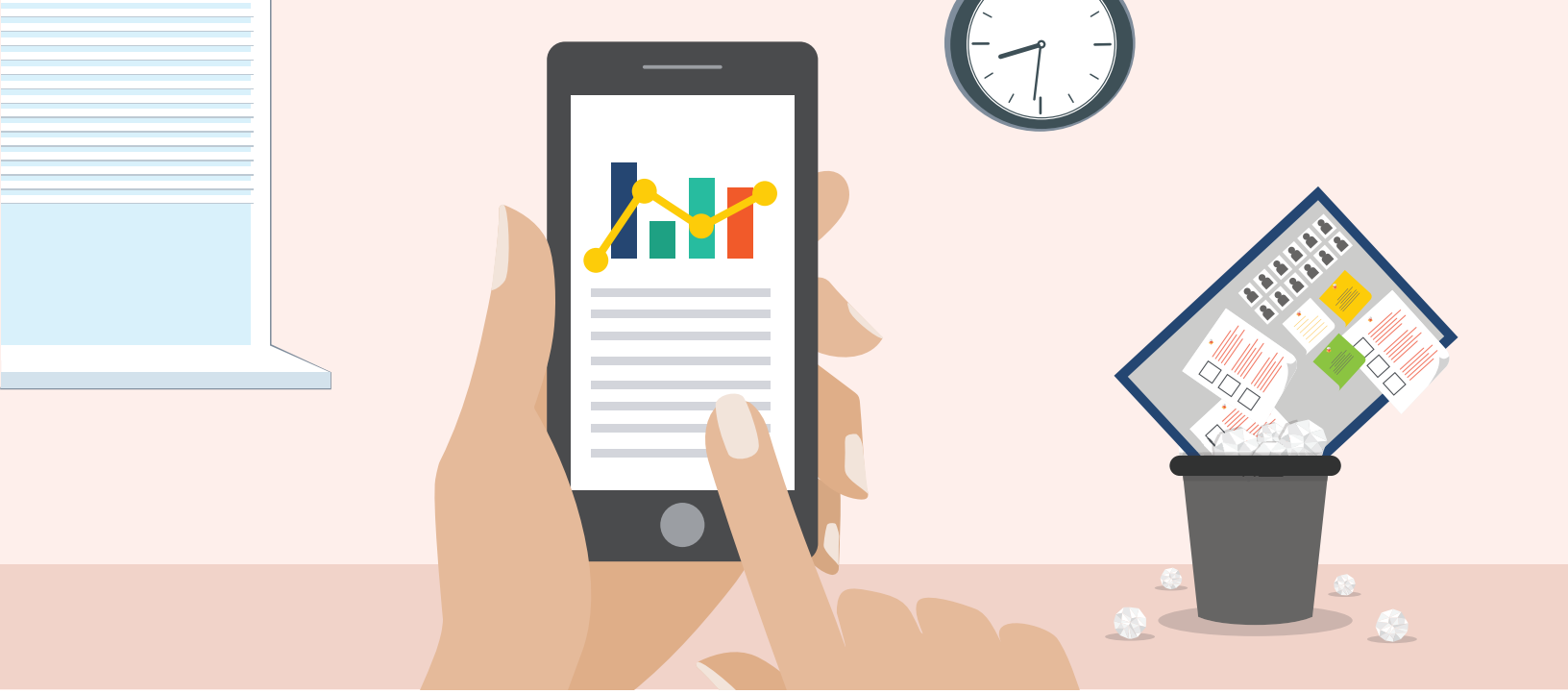
When managers have a fuller view into staff's skills and development, there's less pressure to micromanage every task or training module. With insight into each employee's strengths, managers can build out detailed worker profiles and use them to assign shifts based on staff's expertise in a specific function or area of the store. Another benefit to embracing digital training programs is the ability to offer virtual recognition or incentives when employees complete lessons or accomplish specific goals. Unlike white-collar workers, service employees rarely have a portable record of their experience to substantiate their skills. Employers that move to these digital portfolios create a form of career currency that hourly staff can use to advance within or outside of the company. Commending staff's progress and their ability to exemplify company values sustains morale even during high stress busy seasons, and motivates new and senior staff to keep improving.

89 percent of service companies that collect workers' feedback find it valuable.

4. Effective, Mutually Beneficial Evaluations

At best, many hourly employees receive biannual or annual performance reviews. These sporadic check-ins tend to be far from comprehensive, and leave workers with little constructive, actionable advice. Problematically, most reviews are simply a chance for managers to run through an evaluation form with their direct reports; rarely can employees use this time to voice their own thoughts or questions. This is a missed opportunity for employers: WorkJam research found that of the 55 percent of service companies that collect workers' feedback, 89 percent find it valuable.

Hourly workers, regardless of their pay grade or shifts worked, have a major influence over the success of your organization. When employees feel that their opinions matter, and can impact store operations, they have more reason to stay, participate and put in extra effort on the job. Employers, on the other hand, can use the sourced data to understand their operations, get a better handle on the quality of their workforce and brainstorm ways to improve it. Companies need to equip managers with tools that enable more frequent, personalized performance reviews—and establish similar processes that encourage staff members to share their own feedback. Prioritizing these evaluations shows employees that their company and manager are invested in their personal success.



conclusion

Hourly workforce dynamics are changing dramatically. The technologies, processes and even corporate cultures that carried employers through the last few decades must evolve accordingly. Rather than rest on the dated laurels of legacy workforce management infrastructure, companies should extend these systems to transform the employee experience and promote staff engagement.

In 2016 and beyond, retailers need to brace for an amplification of the past year's challenges: from a spreading sociopolitical movement in defense of fair labor standards, to e-commerce-induced price pressures and a shrinking, more expensive labor market. This confluence of very modern trends demands modern solutions.

Existing tools have done a sufficient job of accommodating business needs and communicating relevant information to high-ranking staff. Now companies must find ways to make these systems all-inclusive, and supportive of both business demands and employees' individual preferences.

Again, the onus is not on companies to entirely reinvent their internal set-up. Current WFM tools, despite their gaps, still make solid foundations; build up from there. There are digital options employers can pursue to expand the breadth and utility of their workforce management systems without costly, or complex IT integrations.

Extending traditional workforce management systems isn't just a response to the hourly labor crisis, it's a strategy that can make businesses more agile for years to come. Employers don't have to choose between sustaining productive operations or a happy, engaged staff. With the right approach, they can achieve both.

about workjam

WorkJam is an employee engagement platform that empowers companies with shift-based and hourly workers to manage and optimize the entire employee-employer relationship life cycle with dynamic mobile schedule management, on-demand training and assessments, streamlined communication and employee recognition and reviews.

WorkJam drives down labor costs, lowers attrition rates, improves compliance, optimizes labor in relation to demand and improves the customer experience and sales with a happier, more engaged staff. For employees, WorkJam enables more control over their schedule and work-life balance, as well as presents the opportunity to maximize their earnings, develop skills, and advance their economic well-being. Learn more about WorkJam at **WorkJam.com**.

Sources

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6. Ibid.

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