

A crucial role to play

Growing competition from a multi-channel industry is shifting the focus in terms of competitive advantage away from cost-cutting in the supply chain to differentiation through enhanced customer service. Today's customers demand quality, convenience and personalised service over and above price. And Workforce Management (WFM) is playing a crucial role in its delivery, as Alison Campbell-Boreham observes

A recent benchmark survey: The State of Retail Workforce Management, conducted by Retail Systems Research (RSR) and sponsored by Kronos, found that 66 per cent of respondents noted that they are focused on providing a high-touch customer service strategy in which skilled employees play an important role. A further 24 per cent stated that employees, regardless of skill sets, play a critical role in customer service.

These findings are reflected in the results of a survey conducted by YouGov and released in November by the CBI, which said that well over half of consumers will pay a premium to the company they believe has the best reputation, even if they can buy a product or service cheaper elsewhere. Excellent customer service was cited by almost half of all respondents as the characteristic that most helps a firm build its reputation. Seven per cent put a good reputation down to being a good employer. Marks & Spencer gained almost twice as many mentions as the next highest, the John Lewis Partnership, which was closely followed by the Virgin Group. Tesco, Sony and ASDA along with Amazon, Apple, Boots and the BBC completed the top ten.

What comes through in this survey is that great reputations rest and fall on delivery and 21st century customers are savvy enough to sniff out and avoid shoddy or disappointing experiences. Quality and consistency of customer service, and driving store sales are the top business issues that retailers are looking to improve through implementation of WFM technology, so say 78 per cent of the respondents to the RSR survey.

There has been considerable

consolidation in the vendor market over the last 12 months. Kronos was bought out by private equity firm Hellman & Friedman Capital Partners and Workbrain has been acquired by ERP vendor Infor. Analysts are predicting this trend to continue until there are virtually no standalone WFM specialists left. Vendors are seeking, either through acquisition or in-house development, for WFM components to work together with others seamlessly. They also want them to integrate into other areas of the business that are tracking and reporting demand and output such as shop floor, store operations, field service or merchandising. Retailers, in particular, do not want to wait for the completion of complex integration projects.

Driving forces

What is driving enterprise WFM, according to AMR Research, is that businesses want to better match business demand with labour levels; increase employee productivity and streamline and reduce overall scheduling process. Adoption and integration of WFM into the business must be seamless and retailers are choosing vendors according to usability of their offering, scope of the software modules and functionality rather than system scalability and reliability.

Overall, there seems to be a lack of integration between task and workforce management. RSR's survey found that 59 per cent of respondents stated that over the past three years the amount of work sent to stores by corporate and field management has increased and yet 73 per cent shone the spotlight on this lack of integration.

In the retail industry, vendors like JDA and RedPrairie are connecting their merchandising and supply chain modules

with WFM components to align store associates with the flow of products and customer demands. AMR Research predicts absolute consolidation amongst WFM vendors and integration of their functions into strategic human capital management (HCM), as well as larger business application suites. Winning vendors will be those that truly contribute to the overall management of labour. In an article entitled: Workforce Management Gets Strategic Reassignment by analysts Christa Degnan Manning and Robert Garf, the company states: "We expect the sophisticated algorithms and approaches of WFM systems will be vital precursors to the virtual and networked professional workforce of the future."

Full HCM vendors are Kronos, SoftScape and Ultimate Software. ERP vendors with WFM components are: Infor, Oracle and SAP. Workforce management specialists are: CyberShift, InVision and Workplace Systems. Amongst those are vertical market specialists in retail such as JDA, RedPrairie (which acquired StorePerform earlier this year), Reflexis and Torex.

Many WFM systems have evolved out of time and attendance functionality but increasingly it is including absence management, labour budgeting, forecasting, scheduling and task management. Retailers have consistently used these systems to match business demand with appropriate labour by reconciling data about sales or customer traffic with the availability, skills and eligibility of personnel to work hours to support them. Optimised WFM will lower labour costs, increase productivity, and sales, improve customer service and create happier staff.

Ian Baxter, marketing director at

WorkPlace Systems, thinks there have been significant improvements in WFM solutions in the last 12 months, specifically evolution of the products into user-friendly applications and the way they are now interfacing and integrating with other systems that run the retail business: "Budgeting, for example, has always been based on a labour-to-sales ratio. Whereas, WFM software, enabling retailers to implement idealised scheduling of workers, allows the opposite approach and enables retailers to produce a more realistic labour budget based on sales forecasts," he says.

Baxter also highlights the way in which WFM systems can now pull data in from other parts of the organisation - it isn't just the PoS being used to predict demand and drive better scheduling by offering such functionality as people counters, queue management as well as task management.

"This information is available now in real-time and it is the retailer's ability to interact with it so that they can move staff around to meet customer demand that is key."

Workforce optimisation, through the strategic use of software, is enabling retailers to change labour part-time/full-time ratios: "Instead of throwing available labour at it, they can now change the ratios and put together an effective skills pool to meet service levels," says Baxter. "Tweaking the parameters like this gives you a strategic hiring and training plan going forward and cuts down on under-staffing and over-staffing."

Baxter does have a word of caution, however. "If your basic processes are flawed, any system you have in place will be inefficient and likely to be using the wrong data. Any WFM implementation is an opportunity for process management re-engineering."

WorkPlace Systems takes the view that the focus should be on scheduling rather than time and attendance and that this is where the major benefits come from. Kronos, on the other hand, takes the opposite stance. Simon Macpherson, operations director, explains that: "the starting point for many is optimised scheduling but we don't recommend this. We recommend they start

with automating time and attendance. Fundamentally this is getting the basics right. If you don't have the staff there in the first place what is the point in improving scheduling?" It is quite common for us to walk into a retail organisation and see absences as high as 27 per cent in some cases and the retailer doesn't even know!" Macpherson declares.

Even for smaller retailers, the payback from automated scheduling can be huge. Kronos' Macpherson cites a customer in the USA, Payless Shoes, that is saving millions of dollars through a WFM implementation. "A few years ago, people were saying automated scheduling was not for smaller retailers but it is. They cannot afford not to do it."

Timely sales and labour data can provide deeper visibility into store operations, enabling effective decision making. Analytics tools are much in demand. Retailers now consider analytics to be an important component of WFM. But few of them have fully deployed labour analytics tools in place and this is the challenge that they face over the next 12 months.

