



A RETAIL DIRECTOR'S GUIDE TO

WORKFORCE MANAGEMENT

& increased sales performance



RETAIL DIRECTOR'S GUIDE

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Introduction

According to gov.uk and the British Retail Consortium¹ around 60m consumers account for some 320m retail transactions every week in the UK, across both online and offline channels.

However whilst the UK is a strong omnichannel market² traditional offline channels remain critically important to all multi-channel retailers; not least because online sales still account for less than 15% of all UK retail spend and a staggering 41% of all UK households say they have never used the internet for shopping³.



In 2014, the proportion of Internet sales accounted for just 11.2% of all retail spending, compared with 10.4% in 2013

Office for National Statistics⁴

That's a sizeable percentage of consumers for whom the in-store experience is still hugely important, making it the first thing multi-channel retailers must consider if they want to increase sales performance and profitability in the current eCommerce-obsessed retail climate.

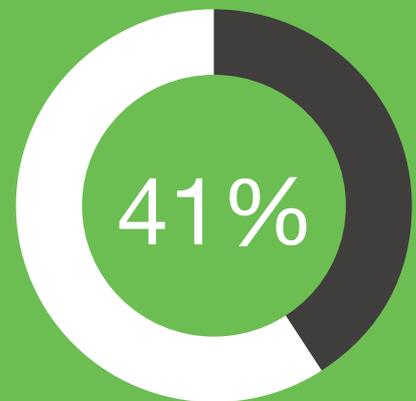


[With in-store] People try the product and have an experience that brings it to life... This leads to higher sales. "The conversion rates with this in-store experience are much higher and shoppers' basket sizes are also a lot bigger

Paul Martin, MD KPMG Boxwood⁵



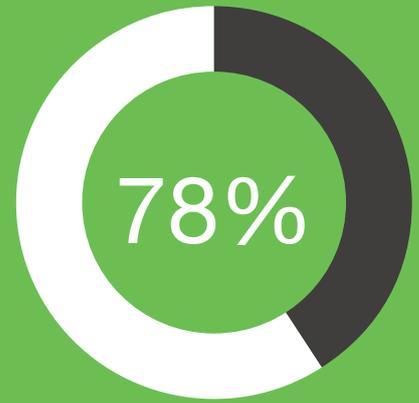
Online sales still account for less than **15%** of all UK retail spend



41% of all UK households say they have never used the Internet for shopping



The availability of motivated store teams lays the foundation for in- store success



of consumers have bailed on a transaction or not made an intended purchase because of a poor service experience

When it comes to developing a truly great in-store Customer Experience, the ability to access and act quickly on accurate data insight at a per-store level is key.

Since most retailers now have fully automated PoS, distribution and stock replenishment systems (often automatically integrated with recent client-facing innovations such as click-and-collect and order-in-store), they should be in a position to respond quickly and efficiently to customer demand on a product level. However, getting the right product in the right place at the right time is only one component of the overall Customer Experience proposition.

Assuming that Head Office is doing its job and encouraging shoppers to visit stores, there is one key area that, while historically somewhat overlooked, can be significantly enhanced by modern technology; this is the area around staff deployment and performance management. After all, the availability of motivated store teams lays the foundation for in-store success.

With good data insight (including traditional customer counting and / or smart phone Wi-Fi detection), customer traffic and service demands can now be more accurately predicted, driving effective staff deployment, and providing a perfect measurement tool against which to objectively assess and motivate store teams.

As this eBook explores, the upshot of this insight is that retailers can expect more accurate performance targets, a more efficient and productive workforce and an improved Customer Experience, that in turn contributes to sales profitability.

So much of getting retail right is about getting the culture right. Retailers who fail to align and motivate staff by clever use of footfall data will see negative impact on profitability, client brand and customer satisfaction. So how can retailers resolve this issue?



It takes 12 positive experiences to make up for one unresolved negative experience

Ruby Newell-Legner: 'Understanding Customers' ⁷



How

ALIGNING STAFF TO DEMAND

improves sales performance



How Aligning Staff To Demand Improves Sales Performance



Modern retailers are perpetually exploring ways of driving more traffic into stores and then converting these additional opportunities into customers.

It goes without saying that availability of stock, space planning, promotional activity and advertising are all paramount when it comes to increasing sales performance. However, for retailers to substantially boost profitability they must also be able to understand customer traffic volumes coming through the door and adapt their overall culture, including staff availability, to match.

Imagine if you will, a transactional website that not only fails to deliver accurate statistics such as visitor volumes, page views and overall conversion rates, but also fails to predict busy times. And imagine if that failure to predict busy times meant that the website would be overwhelmed by customer demand, resulting in time-outs, pages crashing and customer abandonment. In today's technology-driven and highly competitive age, this wouldn't be allowed to happen.

However, bricks and mortar retail environments (which, as already discussed, still account for over 85% of all UK retail spend) with no form of customer activity capture, such as traditional door traffic counters or Wi-Fi presence detection, are exposing themselves to exactly these types of issues.

Staffing-to-demand is about having the right numbers of staff doing the right things, in the right place and at the right time. If stores are understaffed, the in-store Customer Experience will suffer from a lack of staff support, damaging sales. Equally if stores are overstaffed, it's a costly waste of employee resource.

What's the answer? For retail teams, having easy access to empirical in-store traffic data is a must to deliver accurate labour scheduling.

Using Empirical Data To Drive The Staff Pattern

Without any form of customer monitoring or electronic scheduling, manually scheduling staff to historical sales patterns is about the best store managers can do with the data available to them.

However, this is an onerous and manually intensive task, requiring laborious investigations into previous manually generated schedules and historical sales patterns.

It also allows continued mimicry of any historical underperformance, because any previous dips in sales performance without the benefit of conversion data to provide context, will go unnoticed and be carried forward into future schedules.

Even if this were a robust way to generate accurate schedules, stores often lack the perspective and accurate like-for-like data visibility needed to routinely achieve effectiveness. This contributes to a 'best-guess' retail operation, relying upon best endeavours; simply not good enough in this day and age.

In terms of incorporating customer traffic information into staff schedules, there are many retail software packages that allow managers to collate in-store traffic analytics and historical customer metrics. However the majority of these systems focus purely on in-store analytics from a 'top down' (Head Office) perspective and fail to combine and present data in either an operational, or a staff scheduling sense.

But for best impact, that's precisely what a solution should do.



Optimised capacity means branches are resourced to meet sales and service targets with just-right staffing levels and with the right position mix

BAI.org⁸



Lack of granular and consistent data about what is actually happening in the branches results in poor analytics and erroneous staff optimisation decisions

BAI.org⁹



Bricks and mortar retail environments still account for over 85% of all UK retail spend



How Having an Integrated Solution Informs and Enhances Staff Performance Management

There are two main stages to effective retail staff scheduling: the first should focus on staff deployment itself, the second on operationalising the customer traffic data and using it to manage and motivate store teams.

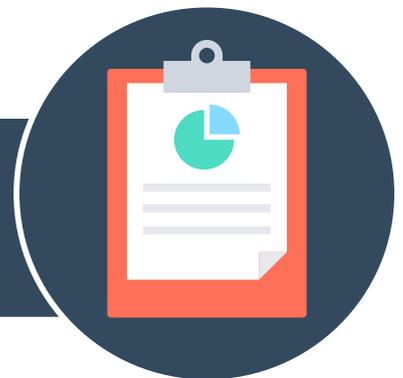
Many labour scheduling tools are over-engineered and try to do too much, with the upshot that they are too complicated for High St. retailers. Often they are described as being 'too big', 'too clunky' or like 'a sledgehammer to crack a nut'.

The best tools for High Street retailers follow a simple, customer focused process:



They start by analysing the traffic coming through the door. This denotes sales opportunity, provides a pattern against which to deploy staff and gives a benchmark for objective performance measurement;

This information is then fed through to an integrated staff deployment component, helping managers align staff to traffic demand simply and intuitively; maximising opportunity and ensuring customer service levels meet the retailer's objectives;



Finally, these solutions should include a simple target-driven performance gauge to allow in-store teams to analyse their actions, as well as use footfall data to identify missed opportunities and drive further performance. This motivates store teams and helps them understand the cause and effect of staffing to customer demand while maintaining a 'heads up' approach; improving the overall Customer Experience

In terms of overall performance management, dynamic performance dashboards and easy-to-access reports not only objectively highlight whether staff are working to their targets, but whether those targets are achievable for that specific store, location and demographic.

For example, real-time dashboard views of performance- in-progress can allow retail teams and Head Office personnel to see:

- Whether anticipated volumes of customer traffic are entering stores (an indication as to whether marketing initiatives and promotional activities are working);
- Whether stores are delivering on their targets by having the right numbers of staff doing the right things at the right time;
- Whether stores are performing as well as expected, by delivering the right Customer Experience on the shop floor.
- Whether anticipated volumes of customer traffic are entering stores (an indication as to whether marketing initiatives and promotional activities are working);
- Whether stores are delivering on their targets by having the right numbers of staff doing the right things at the right time;
- Whether stores are performing as well as expected, by delivering the right Customer Experience on the shop floor.

Taking performance insight to the next level, if multi- store data is then used in an upward cascade to inform Head Office decisions (rather than a top-down, uninformed approach) it can better inform target driven performance management as a whole, meaning that:

- More accurate budgets that match demand can be planned from a Head Office perspective;
- Realistic store and team targets can be planned with far greater relevance;
- Staff morale and engagement improves with a sense that Head Office and line management now understand what's happening on the shop floor and this is now reflected in their targets.

With a clear dashboard view informed by customer footfall data, retail directors can distribute staff cost- effectively and monitor improvements to performance; improving the Customer Experience and in turn, increasing profitability.



The customer of the future will expect companies to proactively address their current and future needs. Customer Experience is also set to overtake price and product as the key brand differentiator

Walker: 'Customers 2020: The Future of B2B Customer Experience' 10



How
**IMPROVED
LABOUR
SCHEDULING**
positively impacts labour
budget ROI



How Improved Labour Scheduling Positively Impacts Labour Budget ROI

In addition to the customer service and sales benefits mentioned above, retail managers are under constant pressure to ensure labour budget or wage percent targets are met.

Improving workforce management significantly helps to maximise labour budget ROI because if staff are better aligned to store demand, retailers can make the most of employees as a resource and save cost.

Data Informed Labour Scheduling for Increased Productivity

Apart from the obvious benefits of improving the overall Customer Experience, another primary goal of any labour scheduling solution should be to achieve productivity and efficiency gains by streamlining the business.

By tracking customers, we know store teams can better predict and meet their generic staffing requirements. However more detailed data can also be used to enhance productivity in specific areas of the store; for example whilst traffic patterns will drive generic staff templates, average queueing times around the tills and average fitting room dwell times for example, can help to show where, when and in what department customer-to-staff interaction is needed.



Savings from WFM are typically between 5% and 15%

Netcall: 'Workforce Management in the Journey to Workforce Optimisation'11



Schedules built on data ensure realistic targets and a manageable workload; a boost to morale, productivity and profitability



Achieving the required productivity level is a re- alignment issue. It's about making the best use of staff resource, to make the most of retail margins

Scheduling For Productivity

Precise areas and goals will differ between businesses, but an optimised schedule may lead to productivity streamlining and increased ROI in terms of:

- **Specific staff allocation.** Using retail store analytics data to align staff to demand offers multiple additional benefits. For the retailer it ensures correct hire-to-demand, minimising staffing cost wastage. For staff themselves, schedules built on data ensure realistic targets and a manageable workload; a boost to morale, productivity and profitability.
- **Real-time visibility.** Access to real-time store analytics gives store teams the ability to react better to behavioural or promotional changes. Without this insight it can be difficult for store teams to remain motivated, productive and efficient at all times.

The result of increased productivity (in addition to saved cost) is increased customer satisfaction. After all, if each store has the correct staff-to-customer ratio in the right departments and at the right times, customer needs can better be met. This improves brand reputation, sales performance and the Customer Experience.

Often achieving the required productivity level is more of a re-alignment issue than anything else. It's about understanding how to make the best use of staff resource, to make the most of (already tight) retail margins.



How
**STREAMLINED
LABOUR
SCHEDULING**
improves retail sales performance



How Streamlined Labour Scheduling Improves Retail Sales Performance

Using Real-Time Data to Inform More Productive Scheduling

For retailers considering a labour scheduling solution, the key takeaway here should be the value of simple and clear real-time store data. It forms the foundation of effective business decisions and allows retail managers to see how successful sales actually are.

Using Retail Software to Simplify Scheduling and Increase Sales Performance

It's no secret that using automated systems to track customer traffic can significantly enhance sales performance.

But there are other more subtle differences that can accrue as a consequence of having this data available in a simple and actionable format.

As a practical example, retail managers who can access empirical footfall data are better able to push for change and ensure stores achieve maximum conversion rates; for example:

An area manager feels there should be a more senior team scheduled to be in-store on a Sunday, as opposed to just weekend staff. With access to traffic, staff and conversion data, managers can access the proof that footfall and traffic density may be greater on that day, so can push for the scheduling change based on data, not opinion.

From the store's perspective this allows better management of increased demand, and should in turn deliver a better overall sales performance.

From a customer perspective, this reduces stressful wait times and avoids poor service; customers can walk into what may be a busy store but still make a purchase; great for brand image.



Streamlining Rotas and Payroll

Staffing efficiency is not the only area improved by empirical in-store data.

Payroll for example can become complex when temporary staff are hired to meet demand for promotions, peak shopping times or as holiday cover. Poor payroll management is damaging to cost efficiency and labour budgets.

However if payroll departments are able to track time and attendance on a day-by-day basis (as opposed to playing catch-up at the end of each week) they can stay on top of productivity and wage percentage calculations, whilst simultaneously reducing errors and overpayments; validating the data in real-time and automating the zero- to-gross pay calculation.

Staff Absence Monitoring

Intelligent software solutions will also help to track staff absence. By maintaining a history for each employee, retail heads can easily measure the impact of staff attendance and absence on overall profitability.

Essentially, with a dashboard solution displaying traffic, sales, staff and performance data in real-time across the shop floor, retail managers can act intuitively to maximise sales potential across multiple areas, in the back office as well as on the shop floor. Increased conversion through labour scheduling is just one component.

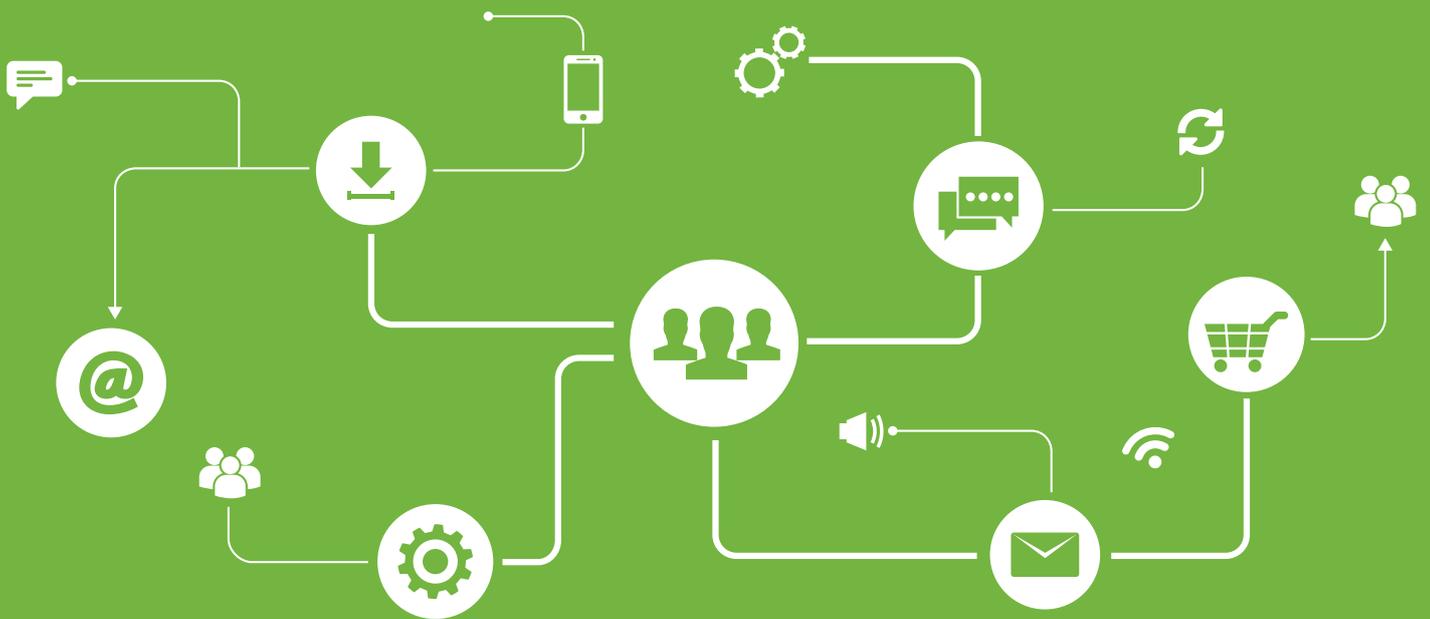


Organisations that integrate time and attendance with payroll have an almost 30% lower rate of payroll processing errors and 32% lower rate in the tracking of actual time worked

Aberdeen Group: 'Benefits of Integrated Time and Attendance Report' 11

CONCLUSION

CONSIDERING THE COMPLETE SOLUTION



In StoreTech's experience, without the availability of some type of customer traffic data, even top managers are only 80%-90% correct with their manually generated labour schedules, meaning that even the best schedules are up to 20% ineffective. But labour scheduling doesn't have to be the cumbersome, expensive creature that High Street retail has historically seen it as.

Providing that schedules are based on analytical insight, the result is efficient staff-to-demand contributing to optimum productivity, sales performance, profitability and a healthier Customer Experience.

Essentially real-time customer traffic solutions should be embraced as a holistic solution; but to see real positive impact to the bottom line and create a seamless customer experience, an integrated labour scheduling solution should be considered as part of overall operational enhancement.

After all, it's not just about using data to schedule the right staff at the right time. To improve profitability and the Customer Experience, the cause and effect of all store actions and feedback must be reviewed; a closed loop approach that only complete in-store dashboard solutions achieve.

Retail Directors who are poised to use retail technology to do so are the ones who will achieve competitive advantage and make the most of their retail margins.



Without customer traffic data, even top managers are only 80%-90% correct with their manually generated labour schedules



To improve profitability and the Customer Experience, all store touchpoints must be reviewed which only closed loop in-store dashboard solutions achieve



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ABOUT US

StoreTech believes that the greatest value that can be derived from capturing retail customer traffic data lies in the ability to then use that data in nurturing a better Customer Experience.

We deliver simple but effective target-based performance management tools and incorporate these into a new and more effective way of working.

Like what you read?

Speak to StoreTech about our free Quick Win campaign that might enable you to see your retail business in another light.

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