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Your guide to a more efficient retail business

Optimizing your people, systems, and
culture to drive overall performance
and profitability

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Retail's challenge: more change, more competition, more complexity

Retail companies face constant pressure to increase revenue and profits year over year. Today's consumers expect prompt, personalized service. Meanwhile, retailers also face ever-growing competitive pressures, channel blurring, omnichannel service investments, the war for talent, and complex regulations related to managing their people.

A recent study by The IHL Group (of which Ceridian was a sponsor), *Retail's Radical Transformation/Real Opportunities*, found that although 19% of all retail sales can be attributed to e-commerce, the bulk of conversion – 81% – will still take place in stores in 2021.

“For most retailers, the largest cost bucket is store labor.”

Bain & Company

To succeed amid today's relentless consumer and competitive pressures, many retailers now realize the key to success is not only conversion of sales from online and in-store, but it's also their people. Specifically, labor represents both the biggest variable and controllable expense, and the biggest opportunity to uncover new efficiencies.

Retail is one of the industries that is most susceptible to higher labor costs because it is such a people-centric sector, and legislative pressures continue to drive costs up.

The traditional approach to greater retail efficiency is no longer effective

With price competition placing even more pressure on retail's already razor-thin margins, retailers have looked to controlling and cutting labor costs as the solution.

Yet too many retailers are trapped in a vicious cycle in which they cut employee wages, hours, and coverage, while being asked to increase sales. Cutting wages and headcount impacts the level of service provided. Which erodes consumer loyalty, same-store sales, brand differentiation, and market share. The stress is apparent.

Customer experience (CX) is a strategic priority, as gaining a competitive advantage in retail has evolved from a focus on products' functional benefits, like price and quality, to a focus on consumers' emotional benefits, like confidence and joy.

In-store CX matters because stores are still where the majority of retail sales occur. Although global headlines laud the rise of e-commerce, [more than 90%](#) of Q2 2018 sales still took place in brick-and-mortar stores, according to the U.S. Census Bureau.

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Rethinking your approach: success factors in today's landscape

The urgent need to simultaneously improve in-store and online CX has prompted retailers to rethink how they allocate budget and make coverage decisions, such as which employees are assigned to work within each store zone, and which tasks they perform (in-store or omnichannel support), and when.

Most importantly, retailers need new ways to optimize in-store traffic with unified commerce demands. They need to get the most value out of each labor dollar spent to maximize business performance and delight consumers.

In a tight labor market, managing the biggest cost on your books – your people – is becoming increasingly complex. Cost-cutting alone isn't the answer in today's market – it's only the first step in becoming a more efficient retail business, while also looking for investment areas.



Leading retail organizations need to leverage current-day technology to optimize their associates' work life and the goals of the business.

The value of using technology comes not from simply collecting data, but using data to drive decision-making. Smart retailers turn their data into insights and consumable bits of information. Accessing this information when they need it – whether for planning or to generate predictions, enables higher performance. How? Instead of being tactical and reactive, retailers can focus on strategic activities and work. In this guide, we'll show you how, by highlighting areas that will help drive efficiency across your retail business.

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Key questions this guide will address:

- Where and how can I spend more efficiently?
- How do I get the right people doing the right things at the right times?
- How do I help my associates grow and become more efficient, while maintaining compliance and work-life balance?

The background is a solid blue color. On the right side, there are several overlapping, semi-transparent blue geometric shapes, including a large circle and a complex, multi-lobed shape. At the bottom, there is a thick, blue, jagged line that resembles a stylized mountain range or a series of peaks and valleys, extending from the left edge towards the center.

**Reduce
costs while
lifting sales**

Overcome retail's razor-thin margins by being more efficient in your labor spend

Most store managers believe they can reduce costs more easily than increasing traffic and conversion to lift sales. Efficiency drivers that reduce your costs include new approaches to scheduling, optimizing in-store work demands, overtime and premium pay control, managing labor spend and budget, and self-service.

The unpredictability of scheduling

Often when creating workers' schedules and when not using predictive traffic analysis, it's hard to know exactly when stores will be filled with shoppers to match labor supply to consumer demand. As [per McKinsey](#), while revenue makes sense as a criteria for scheduling, "it's an insufficient one because customers' buying patterns can vary by hour and by day." In an ideal scenario, you're scheduling workers to maximize sales, minimize absenteeism, and make sure you're compliant with labor regulations.

Scheduling can be complicated and unpredictable, though, because most retailers lack immediate visibility into worker skills and availability, attendance reliability, demand curves, hour and wage laws, and leave planning. When employees request time off work, they don't always know how much time they have taken to date, and how much time they can to take off.

Meanwhile, responding to unexpected store traffic and in-store tasks could lead to unplanned overtime, which increases labor costs. Add to this that if your managers are creating schedules by hand or using spreadsheets, you're losing both time and productivity (read: money).

Take the guesswork out of scheduling and overtime

How can you better manage this unpredictable supply and demand? Leading retailers are taking a data-driven approach to labor scheduling and budgeting, and in doing so, have captured between 4% and 12% in cost savings while also improving customer service, [according to McKinsey](#).

As part of their workforce management strategy, many retailers use predictive scheduling to automatically generate and optimize schedules based on labor demand. Managers can easily manage all breaks, scheduling, and labor laws and policies with real-time feedback.

These systems also empower associates and managers to have real-time communication, and provide greater visibility to shift coverage and work-life balance. Meanwhile, associates can request changes in availability, time-off, or initiate swaps, and are also more engaged in the scheduling process.

One example of success with scheduling automation is Guitar Center had a 20% overscheduling rate before it implemented workforce management technology, which reduced its overscheduling costs by 15%.

Read more: [Guitar Center hits all the right notes](#)



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Avoid “rear-view mirror” syndrome by not using historical sales or transaction count to predict expected traffic, because these numbers simply project historic behaviors. Instead, use predictive approaches that provide recommendations based on both real-time traffic counters and historical data to better optimize labor spend and enhance service, conversion, and sales.

Predictive planning enables predictable schedules that meet the demands of the business. This has a huge impact on your associates' output, which in turn helps drive productivity and profitability.

In fact, [PwC found](#) that strong engagement leads to a two-and-a-half times increase in performance-related business outcomes. Effective traffic-based scheduling means you'll have your best salespeople ready on the floor to delight customers during power-hour selling and servicing times.

U.S. apparel retailer Ashley Stewart found success in providing field managers with real-time data to make proactive decisions and streamline scheduling.

Read more: [Ashley Stewart's retail reinvention](#)

Make smarter decisions about labor spend and budgeting

McKinsey [notes](#) that "just as staffing schedules rarely align with a store's true labor needs, labor budgets, too, are often mismatched with a store's current reality." The firm adds that many retailers use a top-down approach to decide on labor budgets, which doesn't take differences between individual stores into account.

Data-driven insights are key to labor budgeting. Knowing what each department, in every store, for every week, contributes to the overall company performance is critical to making smarter decisions more quickly.

Centralizing information into a single system to take a bottom-up approach to budgets is a first step to help simplify the process and ensure that any top-down governance is applied accurately. This allows you to set specific KPIs, and understand the impact of budget changes and adjustments across your retail network and at every level of the organization.

Data-driven insights are key to labor budgeting.



Use a single source of workforce information to ensure engagement. When combined with fiscal governance, it helps to improve accuracy, profitability, and significantly compresses business cycle times.

Empower associates with self-service

The vast number of administrative tasks in retail HR are ripe for efficiency improvements. A significant amount of time and effort is spent on data entry by managers, supervisors, and HR professionals, as well as dealing with scheduling and payroll requests and issues.

Progressive retailers are enabling employees with self-service tools to perform their HR administration tasks themselves. Mobile or on-the-go technology not only empowers managers, but empowers associates as well. In fact, [productivity improves by 20 to 25% in organizations with connected employees.](#)

Self-service tools – particularly those available on mobile – allow for retail associates at all levels to manage their time on-the-go. They can manage their own information, from changing their direct deposit accounts and printing tax forms, to recording upcoming leaves, and requesting and switching shifts.

This reduces administrative costs and data entry errors, improves communication across the retail enterprise, and frees up managers' time. This approach also reduces absenteeism, as employees remain aware of their schedules, even while they are on-the-go. The ability to manage and have more control over work-life balance also positively impacts employee engagement and productivity.

California-based restaurant chain Rubio's Coastal Grill implemented technology to eliminate manual processing in several administrative areas, and added employee self-service. The tech investment resulted in [148% ROI in less than 10 months.](#)

Read more: [Rubio's Coastal Grill cooks up a better onboarding process](#)



**Productivity improves
by 20 to 25% in
organizations with
connected employees.**



Empowering your workers to manage their own HR activities can save time, cut costs, and improve data accuracy.



**Plan
strategically**

Be more efficient by having the right people in the right place at the right time

Integrating labor planning and task management with data insights can improve your forecasting accuracy and retail planning.

The complexity of labor planning

The traditional approach to labor planning doesn't cut it in a complex retail environment. Retailers of all sizes struggle to accurately predict and manage service and non-service work, including task-oriented work such as floor resets, product pulls, and visual displays. Allocating labor based on fixed hours or other basic drivers doesn't account for unique drivers in each store.

Retail companies relying on old methods for labor planning risk under- and over-staffing their stores, which can harm the brick-and-mortar experience, employee morale, or both. The bottom line suffers, as companies often overpay on overtime and add unnecessary stress to an understaffed sales team. Work overload decreases productivity by 68% in employees who feel they don't have enough hours in the day to complete their tasks, [according to a Cornerstone report](#).

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Drive labor planning with data

The solution? Let your data do the talking – and planning. Using data to inform your approach allows for more accurate forecasts, and therefore budgets. With data driving labor planning decisions, you can align labor demand with customer traffic – and other key store metrics – reducing under- and over-staffing and ensuring you have enough people on the sales floor to cover key sales periods.

Optimizing labor spend across channels also eliminates the waste of overstaffing, and overpaying when under-staffed. You also get the added benefit of improving employee engagement by providing the hours they expect and need, while also reducing manager time and effort. Engaged employees are [27% more likely to report](#) “excellent” performance – a factor that helps to drive sales and therefore your bottom line.



Make labor planning less laborious by automating the process, reducing cost, time, and risk of errors.

Incorporate task management into your larger strategy

Traditionally, task management has been largely ineffective because it has existed in a silo with a closed loop of communication, instead of focused on how it fits into overall coverage and labor spend optimization. Tasks, like updating signage or stocking merch, are often sent by corporate to execute at store level, and then it’s up to the manager to effectively deploy them while still achieving both corporate and store goals.

But simply adding tasks to the to-do list doesn’t help managers be more strategic. They’re left with the balancing act of figuring out how to meet service demand while factoring tasks into their schedules.

In short, the traditional approach to task management is one-dimensional. If kept siloed, assigning tasks won’t help retailers achieve goals at the store or operational level. All of this can potentially lead to an increase in labor costs, a decrease in customer service, and poor in-store execution – and ultimately, you’re at risk of lower conversions and sales.

Ideally, task management should factor into your overall labor budget, forecast, and schedule, so that there is complete visibility to ensure all work demands are met and factored into the overall labor demand requirements. Service work is not compromised by non-service task work, and task work is optimized to happen during non-peak times.

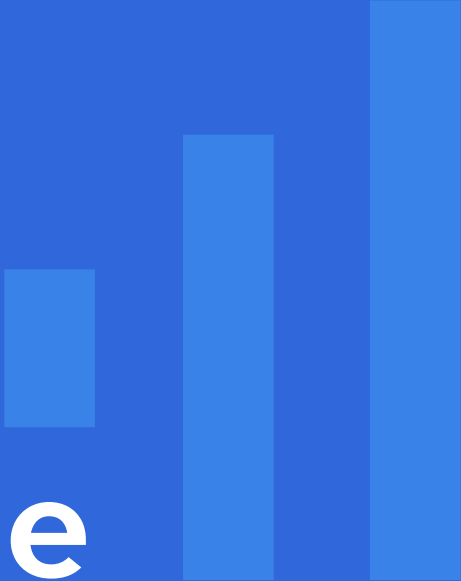
You'll also be better able to align with corporate goals, improve the accuracy of labor requirement forecasts, and reduce over-scheduling. Strategic task management also enhances morale. When associates see their tasks are thoughtfully planned and timed to support their personal success, they can perform their jobs better, improving the customer experience and operational efficiency.

A [Gallup report](#) found that employees who exercise their strengths on a daily basis are 8% more productive and six times more likely to be engaged.



Incorporating task management into your larger labor strategy will help you make data-driven decisions to ensure the right people are doing the right tasks at the right times.

**Grow
revenue**



Increase revenue by growing and developing your people

Great people translate to great CX. That's why it's so important to fill your stores with passionate retail professionals who genuinely want to serve customers, continuously grow, and represent your brand with pride. As Walmart founder and businessman Sam Walton said, "If you want the people in the stores to take care of the customers, you have to make sure you're taking care of the people in the stores." Therefore, your talent management strategy – including acquisition, learning, onboarding, and retention – is a critical piece to operational success.

Leverage tech for talent acquisition

Retailers succeed with the strength of their people. In every customer interaction, your talent represents your brand. Yet retailers find it challenging to attract high-caliber employees who consistently drive business results. Competition for store employees is fierce, and with retail being a typically high-turnover industry largely comprised of seasonal, temporary, and gig workers, time-to-hire is of the essence.

How can you be more strategic to acquire the best talent to meet your goals? Use your data to get a clear view of your coverage gaps by location, department, skill requirements, and even projected demand for a particular period.

Not only will you be better able to focus your efforts on recruiting for your needs, but once you know the types of candidates you need to hire, you can better understand their needs as well.

Ceridian's recent research report in partnership with Hanover Research, *The optimal recruiting experience*, found that 65% of job candidates have taken a skills test as part of a job interview, and have an overall positive opinion of the process, noting that it improves their perception of the company.

Leading retailers also leverage technology to develop a talent pipeline to make hiring – and re-hiring – more efficient. Rehiring is simple and straightforward because employee data is collected and stored in a single system.

Automate onboarding

Retail associates are the front line of your business. They're the first point of contact with your customers, and the people you trust to deliver exceptional customer experience, consistently. So, investing in onboarding is crucial to set your associates up for success.

Your onboarding process needs to be quick, efficient, and communicate your company's culture and values. Clearly communicating your mission, vision, and values helps employees align their actions with company goals. The more culture is infused and reinforced through the employee experience, the more engaged your employees become, turning them into loyal brand advocates.

[The Brandon Hall Group](#) found that organizations using dedicated onboarding technology are 60% more likely to see an increase in employee engagement. Not only will you save time on manual tasks and paperwork, but you'll reinforce a consistent culture and experience from your employees' first days, and contribute to making them productive, faster.

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Create long-term relationships

Loyal, engaged employees keep costs down. A [Gallup meta-analysis](#) found a strong correlation between engagement and performance success. Work units (that is, groups or teams of employees) in the top quartile in terms of employee engagement outperformed bottom- quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity.



Key ways to keep your associates engaged:

Recognize and reward your associates: A 2015 study cited in *Harvard Business Review* found that seven out of 10 employees who reported receiving a form of appreciation from their supervisors said they were happy with their jobs. However, without recognition, only 39% said they were satisfied.

Offer learning and development opportunities: To develop high performers, employers must empower them. Embedding learning opportunities as part of employees' daily work lives is also an engagement and retention booster.

Promote work-life balance: Providing flexible work environments, access to self-service technology, and promoting work-life balance or blending are just some of the ways that employers can support associates. [Research](#) from the Corporate Executive Board (which represents 80% of the Fortune 500 companies) found that associates who believe they have a good work-life balance work 21% harder than those who don't.

Few aspects of the hourly associate's experience yield greater benefits than improving scheduling – the backbone of their work-life balance.

Facilitate ongoing and two-way communication: Encouraging associates' participation in company activities and programs, and encouraging feedback on an ongoing basis, makes them feel valued. By acknowledging their needs to actively participate and be heard, your company offers a provision of care to associates who, in turn, extend it to your customers. They are also more likely to act as enthusiastic brand ambassadors within their community and network.



An elevated employee experience translates to an elevated customer experience. Associate engagement is a function of the systems you have in place, and your company culture. Ensure you have tools and processes in place at every stage of the employee lifecycle – from onboarding to learning and performance development programs – to keep engagement and productivity up.



Manage compliance

Create a foundation for managing legislative complexity

Like any business, retailers must keep up with the constant evolution of labor requirements in the regions in which they operate. Many retailers find it challenging to stay on top of the regional differences and adapt to new changes like predictability pay, meal/break waivers, and minimum wage increases, to name a few. Yet if retail companies fail to adhere to labor legislation, they face stiff fines for non-compliance.

Fortunately, the risk of such costly errors and omissions can be reduced. More retail companies are using technology to ensure regional compliance requirements are consistently followed.

Leading retailers adapt to regulatory complexity by using solutions that proactively alert them when, for example, a schedule change would trigger a premium. A flexible solution can be reconfigured in response to changes in requirements, and helps schedules reflect applicable labor regulations like minimum rest periods, minor work rules, and company scheduling practices, making compliance easier and more cost effective.

These preventive measures can reduce risk by keeping retail management and HR professionals informed of cost implications as schedule changes are made.



Leverage a technology solution that can automate processes required to comply with the latest labor rules, so you can avoid costly fines and focus on being more strategic in other areas of your business.

A holistic approach to boost your bottom line, power your people, and elevate CX

The smartest retailers are embracing technology to remain competitive and relevant in today's dynamic retail market. They've gotten smart to the notion that the more time you spend focused on the basics, the less time you focus on your true differentiator: customer experience.

With deeper insights and a complete view of your operations, you can properly plan and then audit results, instead of operating stringently with only the immediate present in mind.

Consider new ways to boost your labor efficiencies, protect profit margins, and deliver value-add service. Combining technology and data-driven decision-making with a human touch results in a more strategic model for driving growth.



At Ceridian, we create innovative technology that organizations around the world use to attract, develop, manage and pay their people. Our award-winning Dayforce solution helps our customers manage compliance, make better decisions, build great teams and drive engagement with their employees. Ceridian has solutions for organizations of all sizes. Ceridian. Makes Work Life Better™.

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