Executive Summary

Retail remains the strongest connection between consumers who want goods and services and manufacturers who create them. Those companies that can connect suppliers and buyers with a high degree of efficiency and scale across channels typically prosper.

In today’s ever-changing retail environment, the role of the store has pivoted, and the store manager must now support multiple needs, including managing an efficient store for walk-in shoppers, running a precise fulfillment and returns operation for customer orders, and providing an engaging and experiential environment for shoppers to immerse themselves in the brand. This environment requires complex planning and management to ensure that the correct staff with applicable skills are available across the entire store operation. Expectations for service and delivery quality are higher than ever before, even as the cost of labor continues to rise globally.1,2

As a twin pillar of workforce management, employee retention continues to be a growing challenge. Trends indicate the 65% median turnover rate of part-time retail employees is continuing to rise while prospective employees and existing staff are more interested in a better work-life balance than an attractive hourly rate.3,4 Retailers are responding by looking for ways
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to offer more flexibility and opportunities to their employees. Companies that plan for and offer this flexibility will have the pick of the talent pool in the future.

Historically, many organizations have managed labor using tools such as static workforce management software solutions and standardized labor metrics. In some cases, these solutions have been in place for many years without being updated and, as a result, businesses are no longer realizing the savings or efficiency increases they could reap from modern, digital solutions.

This white paper offers insights into how your organization can improve labor efficiency and control costs by using a workforce management (WFM) or labor management solution (LMS).

Instead of working on labor budgeting and planning with limited historical data and generic store information, labor planning tools must recognize and include the current employees and their skills, availability and preferences. Imagine a store manager looking at the upcoming holiday season and trying to determine the types of roles, the candidate availability and the number of employees to hire. Today’s planning tools must provide the manager with the ability to combine the current store employees with the store’s labor demand, or forecast across all activities and skills required. The result would be a crystal-clear picture of the store’s current and recommended future staffing levels.

**WFM/LMS SOLUTIONS OF TOMORROW**

Many companies with existing WFM/LMS solutions are seeking ways to build on those solutions and realize additional value. Here are some ways we recommend to layer on, transform or upgrade existing solutions to gain value:

- **Standards updates:** One of the ways that companies can get more out of their current systems is to ensure their labor standards are up-to-date and representative of current processes. Taking the time to re-validate your organization’s labor standards and spending time on the floor with associates will allow decision makers to tweak the current system, which improves trackability and accountability. As an added benefit, your team might discover additional process improvement opportunities.

  - **Standards as service (SAS):** Standards maintenance can be expensive and time-consuming, but partnerships can help mitigate some of those factors. Retailers must decide whether to continue to devote internal resources to these, or whether there’s a business case for a standards-as-service offering — allowing a partner service provider to assume management of some, or all, of those needs.

  - **Incentive programs:** Incentive programs may be the logical next step for organizations that have a high level of maturity in their labor standards. Implemented correctly, an effective performance management and incentive system can boost productivity by an additional 10% to 30%. Successful incentive programs typically have the following key attributes:

    » Employees must understand the program and know how the incentive can be achieved.

    » The reward must be valuable to the employee and greater than the perceived effort needed to achieve it.

    » The reward must be timely (given soon after the results are achieved).

    » The reward should be consistent and a direct result of the individual’s behavior.

    » The program must be self-funding over the long term.
Incentive programs may be the logical next step for organizations that have a high level of maturity in their labor standards. Implemented correctly, an effective performance management and incentive system can boost productivity by an additional 10% to 30%.
• **Gamification programs:** Gamification is the concept of applying game-design thinking to non-game processes. These programs are very similar to incentive programs, but without the monetary reward element, and they provide a way to achieve high employee engagement for low monetary input. Many applications of gamification integrate with existing employee recognition of incentive programs. In addition, gamification programs can offer a way for employers to decrease employee turnover, improve productivity, increase associate compliance and grow both customer and associate engagement. According to the *Harvard Business Review*, “Studies have shown that engagements typically fail because lack of engagement and gamification helps solve that issue.”

• **Implement or upgrade to advanced features:** Not surprisingly, many organizations are not leveraging all of the features in their existing WFM/LMS solutions. Taking the time to review available features and functionality and better understand which complimentary add-on solutions are available can radically improve the value your company gets from its current solution. One classic example in the retail space is the company that assumes that one overarching solution from human capital management system (HCM) to payroll is the best approach. In many cases, using built-for-purpose solutions will yield much more value. Some common options include:

  » **Retail stores:** Forecasting, advanced scheduling, employee self-service tools (mobile)

  » **Distribution centers:** Advanced scheduling, forecasting, monitoring, employee self-service

• **Long-range staff planning:** Truly advanced WFM solutions often bring game-changing innovations to the market. JDA, for instance, recently introduced a long-range staff planning module that combines the labor model described above with store-specific associate profiles and related data. This approach allows an individual store to overlay its current employees over a future period, and see if a location is under- or overstaffed. It also provides hiring and cross-training recommendations.

• **Deploying a metric- and data-driven WFM cloud solution:** Modern WFM cloud solutions bring to bear greater functionality, allowing retailers to dramatically improve forecasting and labor utilization. By combining the metrics that drive each retailer’s business, including forecasted events and SNEW data (social, news, event, weather), it’s possible to build dramatically improved labor forecasts. These forecasts can then be used to create more effective labor models and, ultimately, the best possible schedule for each location.

• **Additional advanced technology features:** If your company has already implemented some or all of the items listed above, it may be time to consider more advanced technology features. By improving employee tracking and metrics, organizations have the opportunity to design more efficient processes and improve employee productivity:

  » **Multivariable engineered labor standards** are built around multiple key value indicators (KVIs) that use advanced statistical analysis to set standards in both distribution and retail environments. The additional levels of detail available for measurement can improve employee traceability and improve forecasting and scheduling models.
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Location-based analytics utilize additional software tools to deliver and track marketing materials, providing additional clarification and insights into customer movement and buying patterns. This data can drive more accurate forecasting metrics which, in turn, can improve employee staffing and scheduling.

Connected forklift is a tool within the distribution center environment allowing for improved tracking of forklifts within a facility. This allows engineering teams to improve labor metrics as they are able to validate actual travel time vs. calculated travel time, allowing the development of more accurate estimates and improved employee tracking.

**COLLABORATIVE APPROACHES, REAL RESULTS**

With industry leader JDA Software, we are providing an inclusive approach to addressing the challenges of deploying, managing and advancing current WFM environments. Because of our innovative new software offerings and our collaborative approach, our mutual clients are realizing greater value from their WFM solutions and positioning themselves to truly meet the needs of connected consumers in whichever channel they choose to shop.

For more information, please contact info@jda.com or inquiry@cognizant.com.
FOOTNOTES


2. In a recent survey of over 350 global retail and consumer goods CEOs, 46% said that omnichannel fulfillment had led to some increases in labor costs while an additional 14% said omnichannel fulfillment had led to a significant rise in labor costs. See JDA CEO Viewpoint 2017 survey, slide 13, www.jda.com/knowledge-center/collateral/2017-retail-ceo-survey-presentation.


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Leslie O’Regan is a Manager within Cognizant’s Stores Line of Business in Cognizant’s Retail business unit. In this role, she uses her WFM/LMS expertise to help clients optimize their labor force. Leslie has spent time leading efforts to help clients define and improve their business processes and has worked with clients in the retail, grocery and supply chain sectors to define, configure and calculate engineered labor standards to improve efficiency. She received a degree in industrial engineering from Purdue University. Leslie can be reached at Leslie.ORegan@cognizant.com | LinkedIn: www.linkedin.com/in/leslieoregan.

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Martin Reynolds is a VP of Retail Solutions at JDA with over 30 years of direct retail experience. Bringing together a passion for technology with deep roots in retail, Martin understands firsthand the challenges facing retailers and how they can chart a path forward to deliver real, sustainable results. Marty is most recognized as a retail technology evangelist, and focuses on solving the evolving business challenges facing retailers with a keen focus on retail store operations. He can be reached at Martin.Reynolds@JDA.com.
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