

Improving the Customer Experience through Enterprise Workforce Management

IMPROVING THE CUSTOMER EXPERIENCE THROUGH ENTERPRISE WORKFORCE MANAGEMENT

In today’s hyper-competitive, all-channel retail marketplace, retailers who can provide the best customer experience across all channels efficiently will dominate their markets – increasing revenue, profits and market share. Leading retailers realize that this takes the right people doing the right tasks at the right time across the enterprise. They understand the close link between customer experience and the people who provide it – their workforce – and how an enterprise approach to workforce management can give them a competitive edge while maximizing the return on their invested labor.

The challenge is that most retailers aren’t set up to sell the way consumers want to buy. Retailers have organized their operations and technology to support selling from siloed “channels.” This is a pre-internet, pre-smart phone legacy of the selling environment of 10-15 years ago when a store or catalog were the only options. Retailers could set those channels up as separate operations because the shopping experiences were disconnected. When internet commerce

came along, they just added another channel with corresponding operations and technology in the interest of time to market.

But that isn’t how shoppers want to buy today. They don’t think in terms of “channels.” They think in terms of brands and touch points.

This translates into brand experiences such as: a woman is sitting in a coffee shop after work chatting with friends on Facebook. She learns about the hot new handbag you just introduced and uses her smart phone to check your site for colors and prices. She calls your contact center to see if it has the zippered inside security pocket where she likes to keep her credit cards, then she reserves her choice online for pick up in twenty minutes at a nearby store, or has it shipped directly to her home.

To successfully support this kind of customer brand experience requires all facets of your business and supporting technology working seamlessly together as a single operation. It only takes one slip-up to lose the

sale – not enough customer service people scheduled at the contact center to answer her call on a timely basis, the inability to coordinate her order with the personnel at the store to have it ready for her to pick up, or with the distribution center to pick and ship it overnight. One break in the brand experience can lose the sale and customer loyalty.

The stakes are high. A recent Gartner study reported that two-thirds of consumers expect a consistent cross channel experience.¹ What’s more, the article also reported that Nordstrom has said its multi-channel shoppers spend up to four times as much as its single

Fig.1, The Brand Experience



channel shoppers. While your results may not be this impressive, numerous studies have shown that multi-channel shoppers generate greater revenue and are more profitable than those who use only one channel. Can you effectively schedule and manage your workforce across all channels and equip them with the right tools to make this “channel-agnostic” brand experience happen?

Return on Invested Labor

Consumers expect personalized service regardless of when, where and how they engage your brand, and they reward retailers who can provide this with more of their business. A single approach to workforce deployment and management across your enterprise is essential to deliver on this brand promise consistently and profitably, driving return on your invested labor (ROIL).

The first step in transforming retail organizations to thrive in this consumer driven marketplace is to throw out the channel mindset. Once you stop thinking in terms of servicing channels and start viewing your business the way consumers do – as a brand with many touch points – it completely changes how you manage your operations and people.

For one thing, it’s no longer all about the store. While stores still play a vital role, it isn’t just for selling. Often the store is a place where consumers can go to see and touch products they research and buy online. And stores may be fulfillment and return centers for online purchases, as well. Thus, stores are one touch point in the wider brand experience. This puts new emphasis on integrating the scheduling of store tasks and customer-facing duties. At the same time, you must protect stores by not allowing these other duties to detract from their selling efforts.

This also points out that the distribution center is deeply involved in creating and maintaining the customer experience. Today, the DC does much more than making sure the right products make it to store shelves. It is responsible for ensuring the products shown online, on mobile and social networks, and on “endless aisle” kiosks in the stores are actually available

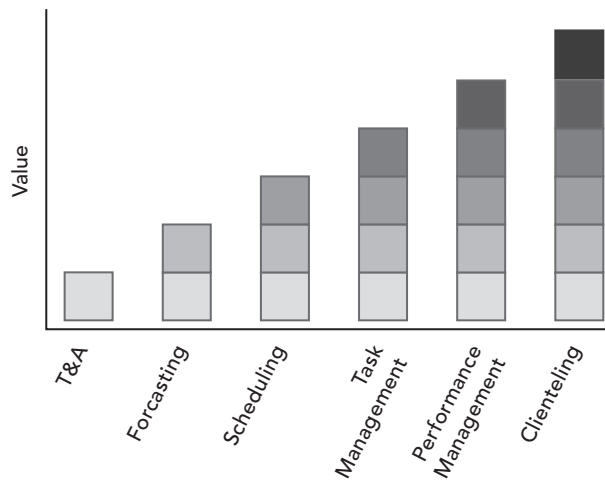
for shipment, and must pick, pack and ship customer orders to arrive by the promised time. Thus, although the DC workforce does not have “face-to-face” contact with customers, they are very much involved in the customer brand experience and should be managed consistent with store associates and contact center personnel.

“Even the most astute store manager will encounter extreme difficulty in the effort to control labor cost and customer service performance if his or her WFM application does not support peak-time and non-peak time labor planning, scheduling and task management.”³

Sahir Anand and Jayson Saba,
Aberdeen

Therefore, there should now be much more focus on empowering your workforce across the enterprise to drive revenue rather than on labor control to reduce costs. In fact, in a recent research report RSR Research said, “Winners now see more opportunity in enabling workers, rather than in controlling them.”² Controlling costs is still important, but driving revenue increases is where winners excel.

Let’s look in more detail at the two basic elements of an enterprise approach to workforce management (EWFm) that contribute to ROIL – reducing costs through improved labor utilization, and empowering associates with information to better serve customers and drive revenue. The EWFm approach has a number of “building block” tasks, supported by technology, that together create ROIL. These are shown in Figure 2 on the following page. The key thing to realize is that each of these adds incremental value that can significantly impact the bottom line while improving revenue and the customer experience.

Fig. 2, Incremental Return on Invested Labor

One other aspect of an EWFM approach is worth mentioning. Human Resources needs a uniform way to track and manage associates across the enterprise both for compliance with legislation and to reduce the cost of labor management. Siloed, disconnected channel operations are as costly and risky to HR as they are to retail operations. Therefore, a single, consistent approach to enterprise workforce management also reduces HR costs and risks.

Let's examine the key EWFM capabilities and how they impact the customer experience and return on invested labor.

Time & Attendance

Accurate time & attendance tracking is the basic building block for EWFM. It establishes the work period being tracked for compensation, performance measurement and incentives, as well as verifies the resources scheduled for the period are in place to drive revenue. Beyond tracking time worked, time & attendance systems prohibit costly "pirated time" by preventing early check-in and late check-out through enforcement of the optimized schedule generated at 15 minute increments – knowledge of this schedule being made available through a tightly integrated EWFM solution.

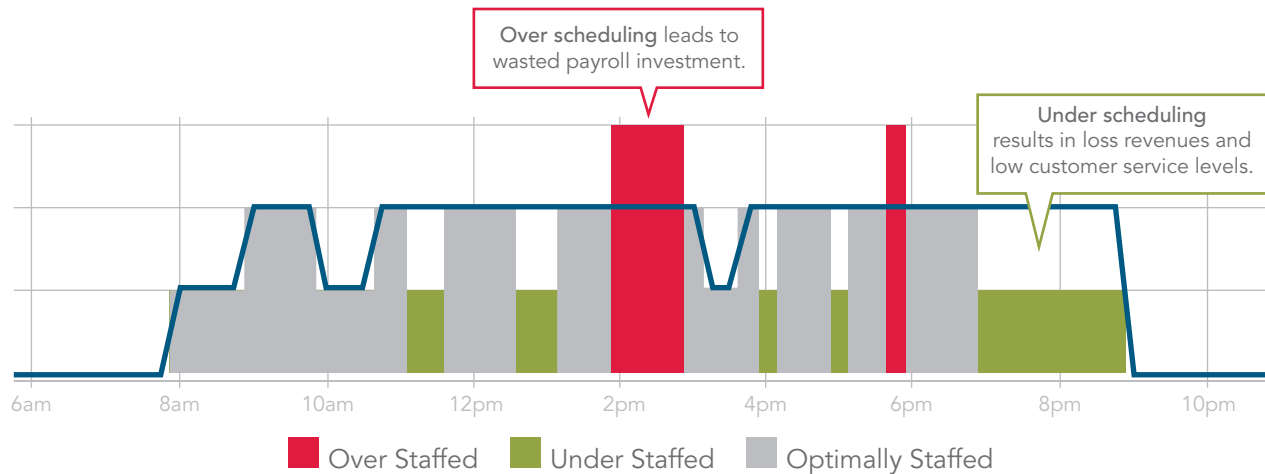
Together with automated time clocks, biometric readers and geo-positioning mobile devices, automated time capture relieves administrative burden, makes payroll more accurate, and reduces labor costs. Most time & attendance systems also support leave accruals, time off requests, and leave tracking to further reduce administrative burden.

As retailers have grown organically and through acquisition, Time & Attendance systems have been implemented in various brands and operational areas over time. As a result, disparate systems are being used to adhere to labor laws and standards in an inconsistent manner, creating a significant liability for the retailer. With a single, integrated solution, these time & attendance functions are identical regardless of what operational area you are in and can be interfaced to HR systems for consistent corporate time reporting.

Labor Forecasting

Before you can effectively schedule your workforce, you need a clear picture of what demand will be for their time. This starts with an accurate forecast based on historical POS data, projected sales, transactions, receipts and other business drivers to define store level traffic patterns, inventory movement and projected online orders for staffing call centers. These should be augmented with factors that can potentially alter these patterns, such as seasonal trends, merchandising promotions, new product introductions and special events, to produce a realistic forecast of demand per store and for contact and distribution centers. It is becoming increasingly important that forecasting engines are specifically tailored for retailing activity, addressing the nuances of this domain – seasonality, trends and so forth.

The impact of accurate forecasting is multi-faceted. First, it produces the labor demand – i.e. how many people with which skills are needed to meet expected traffic patterns to promote the desired level of customer satisfaction in each store or center within fifteen minute timeslots. Second, it helps you to plan when to schedule task-based resources to complete non-service tasks on a timely basis. Third, by

Fig. 3, Demand-Based Workforce Scheduling

aggregating these store forecasts, you can calculate the demand on resources upstream in DSD depots, distribution centers, service centers and for delivery services.

Accurate forecasting also has a longer term impact on labor planning. It allows you to predict labor needs across extended timeframes such as for the next month or year. By interfacing these demand patterns with your HR system, which handles hiring and talent management, you can balance workforce planning to ensure you have the right level and mix of workforce skills to meet demand over time without the costly effects of overstaffing or unnecessary overtime. Finally, knowing demand patterns also allows you to optimize inventory levels at the stores and up through your supply chain.

Workforce Scheduling

Accurate labor forecasting and the corresponding labor demand are basic ingredients for effective workforce scheduling. To this labor demand you must add all of the “people factors” such as associate preferences, work rules, labor laws, skill sets, and time off requests to arrive at a schedule that is cost-effective, fair, compliant and meets customer expectations. More importantly, having the right people with the right skills

available when shoppers enter the store drives higher conversion rates, larger transactions and increased revenue.

It is critical that the efficiency and accuracy of schedules are assessed to drive optimized return on invested labor. Efficiency measures what you spent – i.e. hours scheduled / labor demand. Accuracy assesses how well you spent on labor – the percentage of the labor demand that was actually met.

Schedules must then be made available to associates in an effective manner. Often, schedules are being made available through employee self-service mobile applications which allow associates to view schedules, but also request time off and perform shift swaps – offering remote access to employees and reducing administrative time spent by management.

Workforce scheduling is also needed in distribution centers, DSD depots and other supply chain facilities. By sensing demand through a bottom-up store forecast augmented with online order patterns, DCs can more accurately plan and schedule their workforce to respond to that demand and ensure the right quantities and mix of products are available on store shelves and online when consumers want to buy.

Task Management and Workload Planning

Where traditional store scheduling systems fall short is in not accounting for the labor required for non-service based tasks. These can include promotion set-up, seasonal planogram resets, shelf level price changes and markdowns, replenishment of inventory, shrinkage audits, opening and closing duties, and many more tasks dictated by corporate merchandise planners or required for store operations. Increasingly, these tasks include in-store fulfillment and returns processing for

online orders. These tasks directly impact the success of merchandising strategies and conversion levels, and are a key factor in minimizing out-of-stocks at the shelf. Stores also must be protected so these tasks don't overwhelm store resources and diminish their ability to sell. This is achieved by taking residual labor capacity for performing such tasks in each store into account.

REGIONAL DRUG STORE CHAIN IMPROVES EFFICIENCY AND INCREASES SALES

A large East Coast regional drug store chain with over 250 stores in commercial districts and residential neighborhoods is staffed by more than 6,200 associates in a complex, unionized environment. Scheduling store personnel using spreadsheets was inefficient and caused frequent mismatches between demand and staffing levels. There was also no effective way to schedule pharmacists across multiple locations.

To improve scheduling efficiency and optimize staffing levels based on demand, the drug store chain implemented an advanced workforce management system, including time & attendance and auto-scheduling capabilities. Auto-scheduling enabled store managers to spend 53 percent more time on the sales floor, while reducing schedule-based union grievance filings by 70 percent. Associates had more faith in schedule fairness, resulting in improved morale. Most importantly, better matching staffing to demand enabled sales per hour to increase 27 percent.

*"Retail companies invest heavily in planning technologies such as merchandising and the movement of products, yet all is for naught if they can't execute product on store shelves."*⁴

Gale Daikoku,
Gartner

So, retailers create a science out of scheduling labor around service oriented tasks, but a significant percentage of labor is spent on tasks not considered in the schedule, thus creating the case for an integrated task management and scheduling solution.

Task management systems allow corporate planners to communicate tasks to stores electronically, in a prioritized, store specific way, calling out deadlines and instructions, so store teams have a clear picture of what they are being asked to do. By integrating this plan with traffic-based workforce scheduling, store managers now have a total picture of what resources they need and how to best utilize them. Plus, they can respond to corporate planners electronically when tasks are completed to create a closed loop of "assign – execute – verify" so everyone is in sync.

But there is one more important aspect of task assignment that must be addressed – how do corporate planners know if individual stores have the capacity to execute the assigned tasks? The workload planning capabilities available with some task management systems allow planners to view the

capacity at each store based on work content. With this knowledge, planners can better prioritize and position corporate programs to maximize results.

Clienteling

While the EWFM building blocks discussed so far can reduce labor costs and position associates to better serve customers, incremental impact on revenue comes from equipping your associates with clienteling capabilities. Clienteling or 'assisted-selling' applications not only enable associates to better understand customer needs and serve them more effectively, they also enable targeted outreach to get customers more involved online or visiting stores.

Unfortunately, the consumer standing in your store with their smart phone often has more information about your products and promotions at their fingertips than your associate who is trying to serve them. Your associates need mobile customer relationship management (CRM) applications that provide customer and product information on their mobile device – what is on shelves, in the back room, available at other stores or in the DC, as well as what the correct price is and if there are any current promotions on the item, plus detailed information about the customer, their preferences and their past shopping patterns – allowing the associates to better understand and serve customers.

But clienteling goes way beyond this to proactively engage customers in a positive way to increase visits and revenue. For example, when the new fall collection arrives, salespeople tweet to their customers to let them know, and to schedule personal appointments. Or a contact center representative searches the CRM data base for customers whose warranty is soon to expire and contacts them about purchasing extended

coverage. Or a store manager searches the CRM data base for the store's best customers and invites them to a private promotional event. The examples could go on and on, but the key is that putting customer information into associates' hands allows them to generate revenue in ways they did not have available before.

This proactive approach to engaging customers in stores and beyond is referred to as "sales optimization." Technology now exists within EWFM suites to support sales optimization by enabling retailers to capture, organize and distribute collective sales knowledge

to customer-facing personnel when and where they need it. As should be obvious, EWFM solutions that empower associates with CRM sales optimization capabilities provide much more value to the organization than traditional time and labor systems focused on just cutting costs. Empowering your associates with superior inventory and customer information drives up conversion rates,

increases transaction size and raises the lifetime value of that customer to your organization.

Performance Measurement

After you have scheduled your workforce, assigned tasks and equipped them with clienteling tools, it's critical to measure the results to drive continuous improvement. Obviously, the annual performance review in HR systems isn't going to be much help in this regards. Your enterprise workforce management system must address this need by using work content based standards, along with discrete tracking of task completion, to evaluate performance. This is equally true whether you are evaluating a cashier, an associate setting up a promotional display, or a picker filling orders in the DC.



JEWELRY RETAILER IMPROVES CONVERSION RATES

A high-end retailer of fine jewelry and other luxury items did not have an effective way to engage customers. Sales associates were using paper-based “black books” to attempt to manage customer relationships, but results were spotty. The retailer implemented a clienteling solution at all stores to create a consistent, customer knowledge-infused approach to campaigns and customer engagement.

The clienteling system allowed the retailer to get rid of the manual black books and better engage customers on an efficient and consistent basis. As a result, the retailer saw increased customer visits, conversion rates and transaction sizes.

And as the HR people will tell you, it is important that performance measurement be fair and consistent across all associates. This reinforces the need for workforce management systems to be the same across all operational areas. And they should be interfaced to HR systems so there is a single, consistent view of performance across the enterprise.

Real-time intra-day performance capabilities within EWFM systems also allow managers to make tactical adjustments during the day or shift to better balance resources to ensure the highest priority tasks are completed on time. Managers can receive alerts of problem areas on their phones or mobiles devices so they can take immediate corrective action before the problem leads to missed deadlines or lost sales.

On a longer term basis, performance measurement systems help management to spot trends, analyze problems, and simulate the impact of potential changes. As the saying goes, you can’t manage what you don’t measure, and effectively managing your workforce is critical to your success. Therefore,

performance management systems should be a key component of your approach to enterprise workforce management.

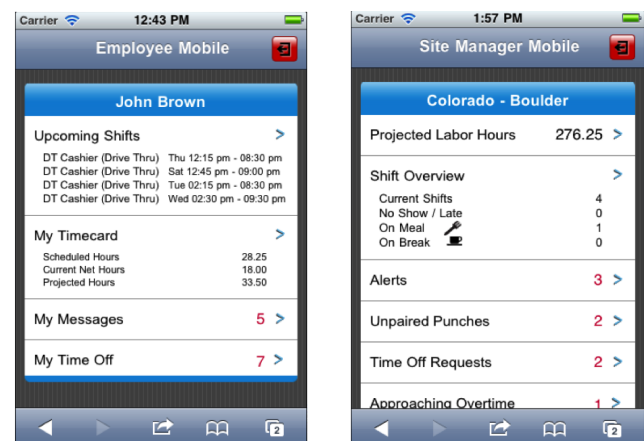
Fostering Productivity

So far we have covered how to better utilize your workforce through improved tools for forecasting, scheduling, measurement and deployment of your resources, and how to improve customer service through empowering associates with task management and clienteling tools. But enterprise workforce management systems can also improve associate and management productivity through applications that reduce administrative burden and improve communications. These tools can be deployed through PCs, kiosks, tablets, cell phones or other mobile devices.

Employee self-service applications allow associates to perform such tasks as specifying work preferences, reviewing their work schedule, requesting time off, and entering time. This information is automatically fed into the scheduling engine so managers don’t have to keep track of it when creating schedules. This reduces administrative burden, improves schedule compliance and increases associate morale and retention.

In the field, mobile applications empower management with visibility to information about the stores, workforce and inventory for which they are responsible. These role-based applications display only the information

Fig. 4, Employee Self-Service Mobile App



and tasks relevant to their jobs so they are not burdened with cluttered screens or navigating through multiple levels to retrieve data or execute their tasks.

In distribution centers, productivity tools provide DC workers with mobile devices and applications to enable them to more efficiently and accurately execute their tasks. These include devices such as radio frequency (RF) and voice-enablement that free workers to move from task to task without being tethered to paperwork or stationary terminals. This speeds fulfillment, reduces order cycle times, and provides improved service levels to stores and customers.

A Superior Customer Experience

While all of the capabilities described in this paper have value in themselves, their real power comes from what they can produce in an integrated solution – where the total benefit is much greater than the sum of the parts. By integrating all of these capabilities into an enterprise-wide approach to workforce management, forecasting, scheduling, task management and clienteling build upon each other to create a well-planned and executed enterprise program for more productively utilizing your workforce, while creating

a seamless, superior customer experience across all touch points. This drives more revenue and optimal return on your invested labor.

In today's highly competitive marketplace where the consumer is in charge, those companies who can best engage consumers seamlessly across all touch points will drive sales and profits. Those who can additionally engage customers on a proactive basis will win market share and loyalty. An enterprise approach to workforce management is the foundation for this success.

- 1 *"Consumer-Centric Order Management Maturity Delivers Success to Cross-Channel, Retail Supply Chains," Jessica O'Brien, Gartner, July 28, 2011*
- 2 *"Enterprise Workforce Management: Redefining the Boundaries of Customer-Centric Retailing Benchmark Study," Brian Kilcourse and Nikki Baird, RSR Research, March 2010*
- 3 *"Next Generation Retail Store-Level Workforce Management Strategies: It's All About the Customer," Sahir Anand and Jayson Saba, Aberdeen, August 2011*
- 4 *"Retailer Approaches to the Time and Labor Management Challenge," Gale Daikoku, Gartner, Sept. 16, 2010*

About RedPrairie

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