

Transforming Retail Operations

How inefficient staff scheduling is damaging employee wellbeing and the bottom line



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Foreword



Big retail brands once owned the high street. Those household names seemed invincible – like they'd always been there, and always would be.

But in the past decade we've seen a massive and shocking shift in consumer habits that many of those once-great brands have been unable to survive.

Overall sales for British fashion retailers, for example, fell 2% year-on-year (YoY) in 2016, according to Kantar World Panel. Yet online-only players enjoyed a 7% rise in revenues. Even Christmas sales – the high street's saving grace for the past few years – seem to be showing signs of stagnation. Total revenues across all high street retailers were 0.1% lower last year than in 2015. Meanwhile, online sales jumped 19% YoY.

And as if the threat of online competition wasn't enough to keep retailers awake at night, a new challenge looms on the horizon: Brexit.

Almost three-fifths (58%) of the retailers we surveyed believe Brexit will negatively impact their organisation's access to labour, while 56% say it will put extra pressure on their workforce.

But the brands that failed in the past tended to be slow adopters – the ones that put off change until it was too late. Look at Blockbuster – that company fell because it clung on too long to the old way of doing things.

Today, the story is different. Any high street brand you can think of has some kind of digital presence.

Yet while companies have improved their online offering, our research found that many are still working to get things right where it arguably matters most; appropriately scheduling staff to meet customer demands and improve employee satisfaction.

Outdated internal processes are slowing down retailers, as small inefficiencies add up and impact the bigger picture. When it comes to staff scheduling, this is costing retailers hugely in terms of time, money, productivity and the impact on their employees.

Now, more than ever, retailers need employees who are engaged, productive, and retained. Yet three-quarters told us they could do more to improve employees' work-life balance and reduce staff churn.

This is positive, of course. Retailers are aware of the problem and they're aware that something needs to change. But what's the answer? What do they need to do now to ensure they remain productive and competitive in future?

We surveyed 102 UK-based retail decision-makers to find the answers, uncovering a huge number of concerns about the influence of staffing on customer experience and employee morale, which ultimately relate to a lack of digital transformation.

But they also showed an appetite for future transformation, providing some brilliant insights into how retailers could improve.

Read on to find out what they had to say...

Chris McCullough
CEO, Rotageek

The story so far

It's fair to say retailers have had to navigate some pretty troubled waters these past few years.

As online giants and disruptive newcomers have put increasing pressure on prices, some household-name high street brands have struggled, while others have sadly disappeared altogether.

But while there are many external factors putting pressure on retail brands, our research shows many headaches come from within. None more so than being able to accurately predict demand for staff and balance this with their employees' own needs.

More than a fifth (22%) of retailers say staff scheduling issues are their biggest frustration.

The extent of this frustration can partly be explained by the fact that more than half (51%) say empowering staff to work as efficiently as possible is the biggest challenge affecting their bottom line.

65%

of retailers say having the **right people**, in the **right place** at the **right time** is a significant challenge



It seems retailers have the desire to streamline their staff processes, and in particular scheduling, but for a number of reasons – which we'll explore later

on in this report – they have so far been unable to overcome the problem.

Many have struggled, for instance, with wrongly predicting the number of staff they need in-store at any one time – 41% agree this is a challenge, while 14% strongly agree.

41%

often **wrongly predict** the number of staff needed in-store



But as any of you reading this will no doubt know, staffing is often not just a numbers game. Having the right people with the right skillsets working at the right time is crucial.

In fact, more than three-fifths (65%) of retailers believe this is a significant challenge, with 17% saying they strongly agree.

And if you think that's where the complexity ends, you'd be wrong – more than half (52%) of retailers agree that matching staff to customer needs is problematic, while almost half (47%) struggle to predict footfall and adjust staffing levels accordingly.



49%



of our respondents told us their employees are **unhappy with the shifts they've been given**

41%



of employees have had to **miss important appointments** (a child's school play, for example) as they couldn't switch shifts

The impact on employees

The above outlines the frustrations of retail decision-makers, but what about those on the front line: the employees themselves?

Almost half (49%) of our respondents told us their employees are unhappy with the shifts they've been given, with more than two-fifths (41%) of workers having to miss important appointments or personal commitments – a child's school play, for example – because they've been unable to switch shifts.

Imagine the negative impact that could have on somebody's life: having to let their son or daughter down because it was too difficult, or not possible, to make a change to the staff rota. Manually created rotas are inflexible and not designed to adapt to unexpected changes – something can easily be solved by having the right technology in place.

As a result, 28% of retail workers have told their employers the scheduling

system is too inflexible, and a further 29% say they want more control over their own shift patterns.

In business generally, but particularly in sectors like retail and hospitality where customer contact is almost always in person, you can't expect employees to make customers happy if those employees are not happy and engaged themselves.

We can deduce from the findings above that having little control over their working schedule is impacting retail employees' general wellbeing. Empowering them to have more ownership of their hours, then, seems like a relatively simple way to increase their happiness and engagement.

But given only 5% of the retailers we surveyed say they never receive complaints about their rota system, it seems there's a long way to go yet.

Clearly something has to give.

The impact of outdated technology

We've talked about the frustrations of retailers and retail employees, but how is all this actually impacting the companies involved and the people who work within them?

Let's take a look at some of the figures...

Employee engagement and wellbeing

Almost half of those surveyed say not being able to accurately predict the number of employees needed in-store has had a negative impact on staff morale.

We mentioned the benefits of having highly engaged employees above, but the potential negative effects of having unengaged or unhappy workers are equally significant.

According to the Great Place to Work institute, the 100 best companies to work for enjoy significantly higher stock market return than those outside the top 100. It's fair to assume, then, that unhappy employees are not good for business.

47%

say not being able to **accurately predict** scheduling requirements has **negatively impacted staff morale**



And while the direct link between employee engagement and wellbeing and the bottom line can sometimes be difficult to define (although it clearly exists), our report highlighted a number of issues that leave no doubt as to their business impact.

One such issue is employees being less able to work together cohesively and effectively as a team, as a result of inaccurate staffing predictions.

33%

have **fallen behind competitors** on customer service as a result



Almost a third (32%) say this results in a lack of teamwork and organisation in-store.

The customer experience

Customer experience – or CX – has become something of a buzzword in recent years. But that shouldn't detract from its importance.

When market research firm Forrester compared five pairs of companies – in which one had a significantly higher CX score than the other based on Forrester's own index – over a period of five years, the CX leader outperformed the other company in every single pair. The CX leaders also averaged 14% higher growth than the other companies.

With that in mind, it's fair to say CX matters. But more than two-fifths (43%) of retailers say not being able to correctly predict the number of staff they need has made employees less able to give attention to customer service.

As a result, the number of complaints from customers had increased.

If these findings alone weren't enough cause for concern, one-third reported their customer service levels had dropped behind their competitors, because they failed to predict staffing.

43%

say it has resulted in more **complaints** from customers



29%

have **lost sales**



Financial performance

We know employee engagement and wellbeing can have an impact on the business performance, and we've shown that brands with strong CX tend to perform relatively well against those with weaker CX.

But what about the direct financial effect of an inability to predict staffing levels in retail?

According to our research, it has a clear and significant impact.

Almost a third (29%) of those we surveyed say it has actually caused them to lose sales because they couldn't meet customer demand.

This is an enormously damaging but ultimately avoidable situation. Simply by being able to better predict, and therefore meet, business demands, retailers could immediately increase their revenues.

Efficiency

Finally, let's look at the impact on arguably the most precious commodity in any organisation: time.

Our research found retailers are spending an enormous amount of time each week managing all the admin and issues that surround accurately predicting staff numbers and expertise.

More than a fifth (21%) spend between three and four hours each week creating staff schedules, while a further 22% spend between five and six hours.

Perhaps most alarming, however, is that 14% of retailers spend between nine and 10 hours creating schedules every week, while 11% spend more than 15 hours – almost two whole working days.

But it isn't just creating the schedules that eats into retailers' valuable time. Almost a third (28%) spend between one and two hours sharing them every week, while more than a fifth (22%) dedicate between three and four hours to this task.

Again, however, there is a significant minority for whom it takes up much more time. 12% spend between five and six hours sharing staff rotas while 16% spend between seven and eight hours doing so.

Naturally there are going to be some issues surrounding staff schedules, some of which we've already outlined above. Managing these issues – on top of the many hours spent creating and sharing them – is hoovering up a huge part of retailers' time.

Almost a third (28%) spend between three and four hours managing issues caused by scheduling each week, while almost a fifth (17%) spend five to six hours.

But most shocking of all was that 16% spend almost a whole working day (between seven and eight hours) every week dealing with staff scheduling issues, and 13% dedicate even longer than that at between nine and 10 hours a week.

All those hours have a cost attached to them. But more importantly, those people could be spending their time doing something much more valuable.

One interesting point to consider is that more than a third (36%) of retailers we surveyed plan to reduce head-count this year in order to remain competitive.

It's surely not too much of a stretch to say retailers could limit that reduction simply by employing the right digital tools – ones that could eradicate much of the time and financial costs outlined above.

Chris McCullough, CEO, Rotageek commented: *"Business intelligence technology has advanced significantly in the last 3-5 years and it is no longer the domain of expensive and cumbersome on premise systems. Lean and agile cloud-delivered platforms like Rotageek can ensure that not only*

are retail teams working efficiently, but that staff are also engaged and that matching employees to the everyday demands of the business becomes a co-operative process. If data is a new currency,¹ now is the time for retailers to use this data to drive operational efficiency."

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If data is a new currency, now is the time for retailers to use this data to drive operational efficiency ”

Chris McCullough

Joanne Attenborough, Director of HR, Maplin commented: *"At Maplin we aren't only about making our customers' lives easier, we feel it's just as important to make our colleagues' lives easier too. Giving colleagues the opportunity to be involved and have more input in their working life is a key part of achieving this.*

"Rotageek has given our people much more control, providing easy access to up-to-date information and better visibility around their shift patterns.

This has made it much easier for colleagues to better manage and balance their work commitments with life at home outside of Maplin, but still ensuring we have the right people in the right place at the right time to support our customers' needs. Rotageek has enabled us to empower our colleagues to make decisions with their personal wellbeing in mind and has in turn had a positive impact on engagement and work satisfaction - without compromising on the delivery of a great customer experience."

Have retailers been too slow to transform?

35%

of retailers **still use printed spreadsheets** for staff scheduling



Clearly there are a number of employee scheduling issues causing headaches for retailers – whether that's wasted time, dented staff morale or simply lost sales.

So what have those organisations already done to overcome their problems?

More than two-fifths have allowed employees more flexibility in their shifts, which is a positive cultural and practical step in the right direction.

Many of the challenges outlined above could easily be solved by technology, however, and one thing highlighted by our research is the relatively outdated tools many retailers are still using to build and manage staff rotas.

Almost three-fifths (59%) use spreadsheets shared online, meaning

the vast majority of input has to be done manually.

But more than a third (35%) are still using printed spreadsheets – likely the same technology shops were using twenty or thirty years ago.

It's easy to see how some organisations are suffering from a lack of flexibility or an inability to predict requirements with any accuracy, or having to spend a huge number of hours managing these processes every week.

And when you look at retailers who are using the digital tools that are out there and available to them, the numbers are much lower.

Just a quarter currently use an integrate enterprise resource planning (ERP) platform, while only a fifth have digitised staff scheduling using an app or online process.

42%

want employees to **have more control** over their own shift



20%

have **digitised staff scheduling** using an app or online



O₂

O2 is the commercial brand of Telefonica UK Limited and is a leading digital communications company with the highest customer satisfaction for any mobile provider according to Ofcom, with over 23 million customers.

Before working with Rotageek, O2 used spreadsheets to schedule staff across the O2 stores. This meant a number of challenges: spreadsheets are time-consuming to write, difficult to share and are inflexible once published. What's more, they don't

provide a central team oversight nor staff metrics. The O2 team set out to implement a scheduling solution that would allow stores more agility to adapt to customer needs, giving central teams the necessary insight to always meet customer demand.

After a 2-month proof-of-concept trial in July and August 2014, we implemented Rotageek across the 267 company-owned O2 UK stores in two phases between January and February 2015. With a series of daily

webinars, we achieved 84% store engagement within 14 days and 99% store engagement within 21 days.

By Q3, O2 saved £2.5m through better scheduling – a large return on investment. O2 was able to identify 6,300 hours per week of staff time that was reinvested in the customer experience without increasing costs. As a result of more targeted, data-driven staff scheduling, stores have also seen improved operational efficiency.

An appetite for change

Online retail is arguably the world's leading industry when it comes to deploying digital technology, so why are things so different when you look in-store?

It's certainly not born of a lack of desire for change, as our research found.

When we asked retailers what they would change if they could start again and build their scheduling process from scratch, we uncovered a significant appetite for improvement.

More than two-fifths (42%) would allow employees to have more control over their own shift patterns, while almost two-fifths (38%) would increase the visibility of available staff.

A further 37% would stop being paper-based, suggesting many are keen to leave the old ways behind and embark on a digital transformation journey.

But true digital transformation is about much more than simply swapping paper for screens. Many of those we surveyed said they want to go further in terms of providing functionality fit for the modern employee.

A third say they would make sure staff and managers could access schedules from their mobile devices.

This latter point ties in with the idea that employees want more flexibility in their shift patterns – not just around the hours and days they're working but also in terms of the way they access information.

Many retailers would also like to make it easier for employees to request or provide further information through a scheduling tool – almost a third (28%) would use their scheduling tool to create a two-way communication channel for staff.

It seems retailers are also seeing the potential business opportunities in overhauling their scheduling tools, with almost a third (27%) saying they would create better integration between sales demand analytics and staff availability.

As we discussed above, this final point is a major headache for retailers, and comes with a big cost attached in terms of its impact on staff morale, the customer experience and ultimately, productivity and the bottom line.

Most, if not all, of the challenges and desires outlined above could be solved by investing in the right kind of digital scheduling tool.

Which retailers will take that leap first (of those that haven't already) remains to be seen.

37%



of retailers would like to stop being paper-based, suggesting many are keen to **leave the old ways behind** and embark on a digital transformation journey

28%



of retailers said they would like to overhaul their scheduling tools to create better integration between sales **demand analytics and staff availability**

A bright future (for those willing to embrace it)

In this report we've highlighted a number of problems surrounding matching staff levels and expertise to deliver the service customers expect, not because we want to paint a negative view of the industry but because we don't want to shy away from the reality many businesses face.

But despite the many challenges facing retailers today, most of those we surveyed are optimistic about the future.

When asked what impact a collaborative approach – i.e. a tool that allows employees to switch and manage their own shift patterns – could have on their business, the response was hugely positive.

Almost three-fifths (57%) said it would increase staff happiness in the workplace, while more than half (54%) believe it would make employees feel empowered.

57%



say a collaborative digital scheduling tool could **increase staff happiness**

A further 46% said this flexible, technology-led approach has the power to improve employee wellbeing.

This latter point is particularly powerful. It has a massive impact on the lives of individual employees. Imagine being able to make your people happier simply by changing the way you manage their day-to-day shifts.

54%



say digital scheduling could make employees feel **more empowered**

And employee wellbeing can have a knock-on effect on performance, too. Not only that, but happy employees are likely to be more engaged and therefore less likely to leave the company.

Given that more than half (52%) of retailers cite attracting and retaining talented staff as their top business challenge, the ability to hold onto brilliant team members is a very valuable prospect indeed.

If that alone isn't enough to prompt change, what about direct cost savings – something that could have an instant impact on the bottom line?

Almost a third (28%) of retailers believe a digital and collaborative approach to scheduling could create savings that would ultimately help squeezed margins.

And with half of retailers citing squeezed margins due to increased import costs as a key issue, clearly anything that can ease that pressure is worthy of investment.

When you bring together those benefits – an increase in staff engagement and wellbeing, higher profits thanks to a reduction in costs – there can be little doubt about the power of digital tools to transform the retail space.

As for the risks involved in adopting these new technologies, it seems retailers aren't overly concerned.

Only a quarter (26%) believe a collaborative digital scheduling platform would cause confusion, while only 16% say it would provoke accusations of favouritism and just 13% say it would be cause for conflict between colleagues.

The benefits, it seems, would far outweigh any potential negative side effects.

28%



say it could create savings to help **squeezed margins**

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The days of bloated, expensive, cumbersome enterprise software are over ”

Chris McCullough, CEO, Rotageek commented: *“The days of bloated, expensive, cumbersome enterprise software are over. Retailers are looking for agile solutions that can solve their scheduling challenges quickly and deliver a return on investment in year one. Rotageek delivers this. Our retailers have seen better matching of staff to customer need, decreased overtime spend, increased sales,*

reduced administration time, improved data visibility and business intelligence. We often find that retailers have been let down by suppliers in the past. We work with our clients to prove that we can solve their problems in a way that allows them to gain the reassurance that we are with them on a journey, to continually help them meet their business demands using predictive scheduling technology.”

Asher Budwig, Managing Director of Lola’s Cupcakes said: “The employees of an organisation are the business’ first and most important customer. Look after your team, and they will look after your business. I strongly agree that technology providing flexibility and control to employees and employers when it comes to scheduling is something that is able to deliver powerful and transformative changes in culture and employee satisfaction. At Lola’s Cupcakes it has significantly reduced the time spent both inputting and also managing the challenges of scheduling within the business. It also provides management with greater and more aesthetic controls, when looking at groups of locations and the wider business.”

LOLA’S cupcakes

For years, Lola’s Cupcakes has been growing from strength to strength. The bakery has a booming online store, concessions in Harrods, Selfridges, Topshop, a flagship store in Mayfair and a number of shops across London.

With growth come numbers: The bakery now employs over 200 staff

working across retail points and 50 bakery employees. Asher Budwig, Managing Director of Lola’s Cupcakes, says simplicity is what drew him to Rotageek.

Before working with Rotageek, Lola’s used ExCel to schedule its staff. This took up valuable management time

and was problematic to use by both staff and head office. Lola’s Cupcakes found it difficult to meet the needs and complexities of a growing business in this way. Using Rotageek the bakery is able to cut admin time from scheduling, whilst maintaining a really clear oversight of the business.

Who will be the first to make the change?

Clearly the high street has some changes to make – at least if those operating within it want to thrive in the coming years.

With Article 50 now triggered and the shape of the UK's future labour and migration laws to be determined – meaning access to labour from other European countries may well be restricted – the time to invest and protect your future is now.

But there is more at stake here than survival. As highlighted in our report, many retail organisations have yet to catch on when it comes to digitally transforming the way they handle staff resourcing, despite many having successfully overhauled their external online offering. When it comes to processes and operations like staff scheduling, it's about more than just digitising a manual task. It's about leveraging new technologies that were not available a decade ago. Just as much as online pushes on the boundaries of innovation, so should the high-street retailer.

What does this mean? It means there is a huge opportunity for your brand to differentiate itself by investing where your competitors haven't.

The positive effects of employee wellbeing and engagement we've outlined above are too strong to ignore, and the prospect of a better customer experience and an overall reduction in costs is also too valuable to pass up.

When all of this can be achieved simply by saying goodbye to spreadsheets and adopting a data-driven scheduling tool fit for 2017 and beyond, it's clear retailers have a real chance to stand out on the high street and improve their reputation as an employer.

The question is: who will be the first to make the change?

If you're concerned about any of the issues we've highlighted in this report, get in touch with us today and find out how we could help you solve these challenges.

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