Effectively Scheduling Your Retail Workforce

Scheduling practices that help attract and retain employees

Overview

Faced with low unemployment and a tight labor market, retailers are assessing what they need to do to attract and retain quality employees. While some are adding costly benefits like tuition assistance and increased compensation, the solution could be much simpler. Give associates more control over their schedules.

For people who experience a range of demands on their time, working retail provides great flexibility as they can choose to work days or nights or part time. According to the ManpowerGroup Solutions Retail Candidate Preferences Survey, eight out of 10 retail candidates cite time for school, family, another job, or work/life balance as the primary appeal of non-full-time work.[1]

Offering retail candidates and current associates more flexibility and greater control over their schedules could prove valuable in filling open positions, both full-time and part-time, and retaining staff. Retailers that utilize modern scheduling technology can empower their employees to take greater advantage of the flexibility that retail already offers. Leveraging this technology also can give retailers a competitive advantage in delivering a valued benefit that retail employees really want: predictable schedules.

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Retail industry scheduling challenges

For retail managers, the scenario is familiar: an unexpected rush of customers sends associates — and managers — scurrying to meet customers' needs. In the retail world, customer traffic can fluctuate daily and by time of day, as well as weekly and monthly. Managers using manual scheduling processes are often operating blind, with no insight into what customer traffic might be tomorrow or next week so they can appropriately schedule associates. Those who rely only on prior sales or their gut instincts when scheduling can risk overstaffing or understaffing shifts, leading to unnecessary added labor costs or unhappy customers and lost business. Underworked, bored employees may feel unengaged with their work, whereas overworked employees may experience burnout and leave. Both situations negatively impact the customer experience — and a retailer's bottom line.

Impacts of unpredictable schedules on retailers and associates

Retailers that struggle to accurately predict scheduling requirements may resort to last-minute scheduling tactics that may have a negative impact on their employees. Some rely upon on-call shift scheduling to meet last-minute staffing needs while others set associate schedules only a few days in advance. Both situations can leave associates feeling they have little control over their lives. Many are juggling multiple responsibilities — child care, elder care, classes, and appointments — in addition to their work duties. Having little notice of their schedules or a request to fill a shift can leave them feeling stressed and off balance.

This lack of control over their work lives can diminish the engagement of associates and worsen turnover in the retail industry, where the turnover rate of hourly employees is 65%.[2] Retail and food service workers with unpredictable work schedules have higher turnover rates than workers with predictable schedules, according to research for The Shift Project at the University of California at Berkeley. Employees who received less than three days' notice of their schedules had a 39% turnover rate while those given at least two weeks' notice had a turnover rate of only 24%.[3]

Employee turnover can be costly for retailers. Online publication World of Work estimates that the cost of replacing a retail associate who makes $10 an hour can be upward of $3,300.[4]

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Predictive scheduling: why, what, and where

To help employees better plan their schedules and anticipate their pay, some states and municipalities have curbed or are in the process of curbing on-call and last-minute scheduling practices in the retail and fast-food sectors by enacting predictive scheduling laws.[5] Oregon was the first state to enact such a law in 2017 for retail, hospitality, and food service organizations of 500 or more employees, and other states are considering predictive scheduling legislation.[6] Also, the cities of San Francisco, San Jose, and Emeryville in California; Seattle; Chicago; and New York City — as well as Philadelphia as of April 1, 2020 — have predictive scheduling laws in effect.[7]

Although the laws vary by state and locale, they include provisions such as requiring retailers to provide employees with an advance schedule, in some places up to two weeks in advance; predictable hours; and predictable pay, on-call pay, and reporting-time pay.[8]

How predictable schedules can improve employees' lives

When retail associates receive their schedules one to two weeks in advance, they can schedule child care as needed, make appointments around their work schedule, and otherwise plan their lives, improving their work/life balance. Predictable schedules also allow associates to take classes or work another job. When associates have predictable schedules, they have predictable earnings, enabling them to demonstrate anticipated income when renting an apartment or applying for a loan. The stability provided by predictable schedules can improve employee satisfaction and engagement with their work, helping reduce turnover.

> **We're finding that by offering a consistent, predictable schedule, and predictable leadership too, employees stay around longer. And when they stay around longer, the entire store thrives. It's a huge benefit for our associates, for us as a company, and for the customers.[9]**

Todd Meiners, Senior Operations Manager, Kum & Go

Benefits of predictable schedules for retailers

Retailers operating in states or municipalities with predictive scheduling laws are required to comply with these regulations, but retailers that aren't currently subject to these laws can benefit from providing associates with predictable schedules. The lower turnover rate seen by retailers that offer consistent, predictable schedules delivers many benefits.

Seasoned associates who are familiar with their positions' tasks are typically more productive, enabling them to focus on customers rather than on learning the details of their jobs. Associates who enjoy the work/life balance provided by predictable schedules are more apt to feel satisfied and engaged with their work, enhancing their performance. Satisfied associates also are more likely to deliver excellent customer service, increasing customer loyalty.

Customer experience advisor Jon Picoult found a direct correlation between a client's employee turnover rate and its Net Promoter Score® (NPS)®, a measure of customer experience. When turnover rates increased, the NPS decreased, whereas when turnover dropped, the NPS rose.[10] The quality of the employee experience has a direct connection to the quality of the customer experience.

Finally, in a tight labor market, offering predictable schedules to candidates and associates can be a differentiator, providing these retailers with a competitive advantage in hiring and retaining staff.

Gap: Stable schedules improve sales and productivity

A randomized experiment at 28 Gap stores in the San Francisco Bay Area and Chicago showed that predictable schedules increased sales and labor productivity. Associates were given consistent weekly schedules of 20 or more hours, standard shift beginning and end times were established, and associates could swap shifts without supervisor approval by using a mobile app. At the end of the 35-week experiment, retail sales in stores using predictable schedules grew by 7%. Typical industry sales increases are 1% to 2%. Labor productivity rose by 5%, whereas the average industry yearly increase over the prior 27-year period was 2.5%. The Gap earned an estimated $2.9 million because of predictable schedules during the experiment.[11]

How forecasting technology can improve scheduling of employees

For retailers doing business in areas that require adherence with predictive scheduling laws, technology can be critical in ensuring their compliance, especially for retailers with locations in a variety of states or locales where regulations may differ. For retail establishments not currently subject to these regulations, technology can play a valuable role in helping them better align scheduling of associates with customer traffic in order to enhance both the customer experience and employee engagement.

Forecasting technology can predict each retail location's customer traffic and demand and help managers more efficiently and effectively schedule associates. Typically, manager scheduling time is greatly reduced, and access to data on forecasted labor needs helps retailers predict wages to better manage labor costs.

In retail, customer traffic can vary by time of day, season, and local events such as concerts, festivals, and college move-in days. Automated forecasting technology uses historical point-of-sale data — customer traffic, sales, transactions, and units sold —to predict sales and labor needs down to quarter-hour increments. Using a retailer's point-of-sale data and workforce data, artificial intelligence (AI) and machine learning (ML) technologies gain an understanding of customer patterns and employee schedule preferences, so associates can be scheduled according to their preferences and in alignment with customer demand.

Each associate's particular skill set (e.g., store opening and closing capabilities) can be included in the integrated forecasting and scheduling solution. Algorithms built into the solution determine which associates have the right skills to fill a position and when, according to their preferences, these associates are available to be scheduled. When open shifts become available, only qualified associates are notified via solution mobile alerts, and only associates with the same skill sets are allowed to swap shifts in the solution. Through ML functionality, the solution also can identify which associates are most apt to take open shifts offered.

Demand forecasting with ML has been shown to improve forecasting accuracy by 20%,[12] resulting in cost savings from better alignment of labor allocation and reduced overtime. AI and ML are expected to play a larger role in scheduling as these technologies become more ingrained.

Delivering the scheduling predictability and flexibility employees want

Automating the scheduling process can help retailers provide the predictable schedules that associates desire so they can earn a predictable income and enjoy work/life balance. A scheduling solution that offers mobile functionality can further increase associates' satisfaction and engagement as they can check their schedules while on the go, at any time and from any place. Associates also can enjoy the flexibility of using a mobile app to request shift coverage and make shift swaps if they need to care for a sick child or family member or have other unexpected responsibilities interfere with a scheduled shift.

Technology-based shift swapping enables managers to quickly approve shift swaps using a mobile device instead of fielding associate calls about swapping shifts. Automated scheduling also removes a manager's conscious or unconscious bias in selecting associates to fill open shifts, creating more equitable shift assignments — and happier associates.

In addition, technology makes it easier for retailers to ensure they follow predictive scheduling legislation "rest rules" so an associate isn't scheduled to close a retail store late at night and then open the store early the next morning without first agreeing to this. If the associate has agreed, he or she could earn special "clopenings" pay.

If a retailer has multiple locations in the same geographic area, managers can use an automated scheduling solution to easily alert associates from local area stores about open shifts. Associates enjoy having this opportunity to pick up extra shifts at different locations — if their schedules allow — to earn extra pay.

Using automated forecasting and scheduling solutions also reduces manager time in creating schedules, often cutting this time from many hours to less than a single hour. This frees up managers to devote more time to their managerial duties and the needs of employees and customers.

Case Study: Stable schedules improve sales and productivity

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Delivering what retail employees really want

Putting associates in control of their time through predictable schedules is an easy, cost-effective solution to the challenges that retailers face in attracting and retaining associates and filling shifts during a tight labor market. Utilizing forecasting and scheduling technology that aligns customer traffic and demand with associates' preferred schedules can help retailers meet the needs of both customers and associates. Offering predictable schedules is a sure way to enhance associate engagement in an effort to minimize turnover to keep retail stores staffed and operating smoothly.

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