

Empowering the Hourly Workforce Through Enterprise Workforce Management

By Tim Lett

Introduction

Organizations undertaking an enterprise workforce management (WFM) initiative typically focus on acquiring the business tools to control labor costs and improve productivity. Modern WFM solutions achieve these goals through the implementation of automated time and attendance, scheduling, and leave management systems that not only enhance manager productivity, but also generate the detailed data about labor costs that will help lower overall costs and increase revenue.

However, in the rush to embrace this new technology, many companies overlook other equally important benefits. At the top of the list of overlooked benefits is the impact from enterprise WFM on the attraction, retention, and motivation of a company's most important asset: its employees.

With the need to recruit and retain top talent from an ever-shrinking pool, it's ironic that very few organizations consider how these solutions can improve the day-to-day life of the average hourly employee. By automating and streamlining the systems that manage the commodities important to hourly employees, WFM provides the means to empower and motivate employees.

How Workforce Management Can Empower Employees

If your company has a large contingent of hourly employees, you are no doubt aware of the key issues that impact their job satisfaction: family leave, vacation, flexible hours, and shift swapping are top-of-mind issues for employees, many of whom are trying to strike the tenuous balance between work and personal life. These issues determine whether your best employees stay, and they are the issues that new recruits will scrutinize when considering an offer to join a company. Human resources surveys consistently show that benefits like flexible work hours are deciding factors when an employee considers joining a new company.

And yet, despite the critical importance of these issues in the life of an hourly employee, many organizations continue to use manual systems that create significant problems, both for management and employees. Prone to error and immune to precise oversight, manual

systems do not provide management with the comfort of knowing that benefits such as family leave or vacations are being utilized properly. For the employee, cumbersome systems for requesting time off and shift changes serve only to create aggravation in the workforce.

A WFM solution utilizing advanced scheduling features, which puts leave management in the hands of employees, can actually improve employee control over working hours and increase job satisfaction dramatically. This can involve on-line, real-time access to work schedules, balances, and hours worked that not only satisfies the employee's immediate need for information, but also eliminates frustrations common to manual processes.

Survey Reveals Increases in Productivity and Employee Satisfaction

A 2007 Bureau of National Affairs/ADP study¹ (Best Practices in Healthcare Workforce Management) of health care facilities employing WFM solutions found that the introduction of self scheduling and shift bidding not only increased employee satisfaction, it freed up human resources staff and nursing managers from routine paperwork related to leave and shift changes.

Nurses form the backbone of hospitals, and managing their shifts and time off can be a nightmare because of the number of employees required to cover the facility's round-the-clock hours. Large hospitals around the world are suffering from a chronic shortage of nurses, a condition that leads to significant morale problems. If not addressed, low morale leads to retention and recruitment problems in a segment of the labor market that is among the most competitive in the world.

The BNA/ADP study found leading health care providers responded to this competitive market by introducing signing and retention bonuses, flex-time, job sharing, compressed workweeks, increased overtime, cash and non-cash incentives, and limitless part-time work. They also increased the recruitment of foreign workers.

These incentives and benefits increase wages and benefits, and also overwhelm human resource staff. Ironically, while health care providers were ramping up benefits and incentives, the study found they did not introduce the tools necessary to oversee and control the costs associated with them.

The study found that those health care providers who deployed WFM solutions enjoyed a marked increase in both productivity and employee satisfaction. The solutions allowed employees to update personal information, review their hours worked, swap shifts or request time off without involving a supervisor or staffing manager. The on-line system allowed the nurses to view schedules for single or multiple units, and view lists of nurses, jobs, and schedules for the next week or month. The WFM solution also allowed nurses

¹ Bureau of National Affairs, Washington, DC/ Automatic Data Processing Inc., "*Best Practices in Healthcare Workforce Management*", 2007.

to communicate a desire to swap a shift or sign up for additional open shifts. Health care managers were able to take the data produced by these systems to match the right nurses to the right shifts, which not only resulted in higher job satisfaction, it also helped to optimize patient care.

Other WFM applications can provide benefits to both hourly employees and organizations. For example, attendance management solutions, which monitor employee attendance and provide mechanisms to reward exceptional attendance and penalize poor attendance, can have a profoundly positive effect on the workforce. By rewarding employees who rarely miss work, you are motivating positive behavior, increasing job satisfaction, and boosting morale. Disciplining poor attendance can alter unacceptable behavior or, ultimately, weed out below-average performers who often lower employee morale. This creates a work environment that helps you attract and retain the best employees.

The Carrot and the Stick

Many organizations that use this “carrot and stick” approach to accrue significant benefits on both sides of the equation.

THE CARROT: Employee A has a flawless attendance record over a three-month period. An email congratulating the employee is automatically sent out, with copies to both the employee’s supervisor and HR department. The employee’s name is also published in the quarterly newsletter. Over the course of the next nine months, if attendance remains flawless, the employee receives more recognition and rewards on a quarterly basis.

THE STICK: Employee B arrives late for work four times in one month. In keeping with corporate policy, following the fourth occurrence, the employee receives an automated email warning that is copied to the HR department. When the employee is late twice the following month, the employee’s supervisor and HR department are notified again and a written reprimand is issued. The employee is notified that additional tardiness or unplanned absences will be punished on an escalating scale, ultimately resulting in termination.

The key to an effective Attendance Management system is automation and integration with Time and Attendance systems. Automation allows for constant monitoring and analysis of an employee’s attendance history with respect to corporate policies and other employees. Problems with attendance are identified immediately and can trigger automatic alerts for management and notification to the employee. The company may decide that a spotless attendance record can be a factor in determining who has earned promotion, pay increases, and other rewards.

Fears and Misconceptions: The Rush to Judge Automation

The Battle at Wal-Mart

The debate over the efficacy and ethics of WFM, in general, and automated scheduling, in particular, burst into the mainstream business media in early 2007 when *The Wall Street Journal* published a lengthy article² examining the implementation of an enterprise workforce management solution at the world's largest retailer, Wal-Mart.

Wal-Mart's relationship with its employees had already become volatile. Allegations from unions about unfair hiring and promotion policies, concerns about pay equity, and a rash of lawsuits pitting management against the workforce had already heightened concern about how the Arkansas-based Goliath treated its employees. The WSJ article in part played on those concerns as it discussed the impact of automated attendance management and scheduling on Wal-Mart's estimated 1.3 million employees.

While acknowledging that an automated system to match the number of sales associates with customer traffic would improve Wal-Mart's bottom line, there were still significant lingering concerns this would turn the lives of those associates upside down to meet the company's scheduling requirements. "The move promises greater productivity and customer satisfaction for the huge retailer," the WSJ article noted, "but could be a major headache for employees." The article identified a number of potential problems for employees, including reduced total hours, the inconvenience of "on-call" shifts, and irregular part-time work that would make it difficult to maintain work-life balance.

These concerns played into the vigorous campaigns waged by labor organizations and dissident employee groups that have sparred publicly with Wal-Mart. Organizations representing millions of U.S. workers, including the American Federation of Labor and Congress of Industrial Organizations, constantly monitor any Wal-Mart policy that affects wages, benefits, or working conditions. One of those groups, WakeUpWalMart.com, a union-funded watchdog web site, has expressed long-standing concerns about Wal-Mart policies that seek to keep employees in part-time positions to cut back on benefit and wage costs. Paul Blank, director of the WakeUpWalMart campaign told the WSJ that the new computerized system would be "devastating" for employees. "What the computer is trying to optimize is the most number of part-time and least number of full-time workers at the lowest labor costs, with no regard for the effect that it has on workers' lives."

However, preconceived notions and concerns about Wal-Mart policies may have obscured the potential benefits that can accompany a move to automated attendance and scheduling. In fact, there is no shortage of large retailers who have had very positive experiences with WFM solutions.

² Kris Maher, "Wal-Mart Seeks New Flexibility in Worker Shifts," *The Wall Street Journal*, January 3, 2007, page A1.

A Best-in-class Example

Consider the case of Company A, a large North American specialty clothing retailer that boasts over 300 large and small-format stores employing more than 10,000 associates. Company A undertook the implementation of a labor forecasting and schedule optimization solution to achieve more consistency and accuracy in the associate staffing process.

Ensuring adequate staffing to handle peak shopping periods is perhaps the biggest challenge facing retailers of all sizes and niches. Overstaffing can eat deeply into profit margins, while understaffing can severely compromise the retail experience for shoppers. Surveys of retail customers consistently demonstrate that the inability to obtain assistance from associates results in lost sales and in negative word-of-mouth that can discourage potential shoppers from ever entering the store.

Related to effective scheduling and labor forecasting is the impact of scheduling policies and practices on the retail workforce. Retailers are constantly battling turnover of employees, and scheduling practices can severely impact their abilities to retain and recruit top associates. Retailers also have to keep up with an increasingly complex array of labor laws and pay practices that can lead to significant penalties for non-compliance.

As was the case with Wal-Mart, Company A's primary goal was to better match customer demand with labor supply at the store level. However, Company A also sought to eliminate the time-consuming burden of manual scheduling for its store managers and supervisors, while providing associates with greater insight into the scheduling process and more control over when and where they worked.

Prior to implementation, Company A's store managers spent as much as eight hours per week organizing and editing associate schedules. This one task severely curtailed the time managers had to troubleshoot and oversee the quality of the customer experience. Managers required more time to complete scheduling in large part because they did not have detailed sales or other labor driver data (e.g. traffic, transactions) at their disposal to easily identify peak periods and shape scheduling. As a result, the managers had to rely on guess work to match associates with peak periods. It was a frustrating, anxious process that did not ensure that each store would have the right number of sales associates.

It was not surprising, therefore, that managers tried to simplify the scheduling process by limiting the number of shifts. Most of the stores offered associates three standard shifts: opening, midday, and end-of day. This model provided employees with very little choice or flexibility. Of greater concern was the general feeling among associates that the scheduling process was highly subjective and influenced by the whims and biases of the store managers. A perception like this can be pervasive and directly weakens workforce morale. Once it galvanizes, it can hamper a company from retaining and recruiting qualified associates.

After implementing the solution, some of Company A's large format stores went from three shifts per day to as many as eight shifts per day, as the software attempted to match staffing levels with customer demand. Even though the daily schedule had become increasingly complex, once store managers learned to trust in the results of the software, time spent editing schedules dropped to one hour per week on average.

A Win-win Situation

The WFM solution created a win-win scenario for managers and associates. Managers saw huge time savings from the implementation, giving them more time to walk the floor and oversee the overall shopping experience. Associates thrived with newly found flexibility and control over their own destinies. Post-implementation, associates were able to record their availability on a daily or weekly basis, and plug into the shifts that best matched their lifestyles. They were also able to trade and swap shifts with other associates without having to involve a store manager, which allowed them to cope with unanticipated life issues without having to take up the time of a manager or supervisor.

One of the biggest benefits of the solution for Company A was that it essentially created a larger workforce to staff all of its stores. Previously, each store managed its associates independently of other stores within the same retail jurisdiction. Once the solution was implemented, associates were able to swap or claim shifts at multiple retail locations. In the past, a single store may have been severely short staffed due to illness or poorly planned events. Now, store managers are able to get back up from associates at neighboring stores.

The most important lesson learned from the experience of Company A was that, despite the concerns expressed by labor organizations over the Wal-Mart implementation, the WFM solution did not adversely affect the ability of sales associates to earn a living.

Almost a year after the implementation at Company A, the average hours worked by an associate on a weekly basis has remained steady, clear evidence this technology solution was not designed to cut associate hours. In fact, in some of Company A's large format stores, associates found opportunities to increase their hours. Once detailed sales information was captured showing more clearly the peak customer traffic periods, these stores boosted the number of associate hours to meet customer demand. This resulted in an increase in total wage costs, but sales increased at a much greater pace as customers were able to get the help they needed. Sales per labor hour increased significantly, which justified the additional overhead and boosted the bottom line.

Most importantly, a post-implementation employee survey found greater overall job satisfaction. The associates indicated their lives were less hectic and stressful now that the new scheduling solution was in place. They had greater control over which shifts they worked, and could plan ahead for peak sales periods. Overall, there were no concerns about patronage or unfair scheduling practices. This has created a more motivated, more loyal workforce.

Implementation Challenges: Why Organizations Fail to Achieve Employee Empowerment Goals

Although employee empowerment and the accompanying boosts in productivity and retention are often identified as goals of a WFM solution implementation, it is not well articulated in many instances. Project managers will talk the talk about empowering employees, but they often don't "walk the walk" when it comes time to actually give those employees more control over shifts and schedules.

A further complication is that the benefits are not well understood or defined. The bottom line improvements from automated time and attendance and scheduling represent a leap of faith for many organizations; it is often difficult for project managers and executives to believe that more control and input over work schedules will pay off in the long run. They subscribe to the belief that the majority of benefits will come from efficiencies and increased productivity as a result of matching the right number of employees with the work that needs to be done. The impact this will have on the attitude of employees, and how that can improve profitability, is simply too large a leap for some companies.

As a result, implementation of employee empowerment tools is often postponed to the end of the project. It's not unusual to see employee self-service and other enabling technologies pushed to the back burner, and eventually dropped.

The Secrets of Best-in-class Organizations

These hurdles to employee empowerment can be overcome by studying the experiences of best-in-class organizations that have completed all aspects of the implementation and have realized improvements to productivity and profitability.

These organizations launch the implementation on the right foot by clearly articulating business goals related to employee empowerment, including the need to improve scheduling flexibility and reduce cycle times for vacation approval and shift changes. The consultants brought in to assist with the implementation can provide the hard evidence and case studies to show that the "leap of faith" on employee empowerment is worth the risk. These goals must be built into the business case along with expectations for soft and hard dollar benefits. The implementation team must communicate these goals clearly and early, and build organization-wide support at both the executive and grass roots levels.

Finally, organizations must make achievement of these goals an intrinsic part of the performance evaluations for project sponsors, project team members, and management. Once there is a requirement to review and track performance of the project against employee empowerment goals, it will be more difficult to set them aside.

Summary

Undertaking an enterprise workforce management initiative presents an opportunity to generate significant labor cost savings and potentially, increases in revenue. The benefits to the manager and the organization are widely known, but don't overlook the potential benefits to employees, because these systems can impact employee attraction, retention, and motivation.

Since the typical enterprise workforce management project touches every employee in an organization, implementing such a solution presents an opportunity to improve the "day in the life" of all employees. The simple fact is that best-in-class companies empower and motivate employees through workforce management. And they reap the benefits.

The author, Tim Lett, is a member of the Workforce Institute Board of Advisors.