

Empowering the Employee



How technology will play its part in
creating a more efficient workforce
in retail

Foreword:

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Welcome to the revolution. Not since the Industrial Revolution of the late nineteenth century has the world of work and workers, and indeed the world of job and product or retailing faced such radical pressures. The future is here and it is volatile. It demands unprecedented levels of agility.

This report casts a welcome spotlight on the competing pressures on the world of work in the retail sector in particular, and the unique challenges but also opportunities we face in designing and futureproofing the workplace as best we can.

I could be pessimistic and say that the costs, crosswinds of change and pressures are so considerable that it is all doom and gloom for leaders and workforces alike. But as this report shows, taking a detailed and drilled down approach to the issues will always yield solutions.

Optimism always peeks around the corner of any cloud.

The challenges and opportunities all hinge around connectivity itself, and the axis of human-to-machine-and-back-again which workforce management technologies provide. The risks

and rewards of skills, productivity, customer engagement, flexibility and scale all hinge on this axis in a way not seen before.

This is because the revolution is not static. It is, quite literally, mobile. In the UK, mobile phone usage has jumped in twenty years from 20 percent in 1997 to 95 percent today. This brings into context the prescient 1970s lyrics of the late Gill Scott-Heron who wrote in the poem and song The Revolution will not be Televised, ending with the line “The revolution will be live”.

This resonates with me because one feature of our fully connected, always-on era is the fact that there is now constant connectivity, rendering obsolete the isolation in which workplaces often operated: It is one hundred and thirty long years since the first shop floor time clock recorder was invented. The whole history of manual labour in industry can almost be summed up by the time clock. And yet within a decade technology is rendering that obsolete. ed up by the time clock. And yet within a decade technology is rendering that obsolete. Now you can have real-time, app-led workforce management, augmented by AI and algorithm-designed workflows.

This report correctly lays out the impact culturally and in terms of hardcore productivity which this revolutionary moment heralds. It articulates the impact on workforce diversity and construction which considerable regulatory upheaval such as Brexit will bring about, as well as bringing into the picture GDPR and the increasing pressure to manage securely the privacy and proper use of mass data.

We are, it feels, at a global tipping point in terms of the workplace, and the ways in which the world of work is changing in every nation and sector. It is often the case that white papers such as this focus on the retail sector from the perspective of the knowledge worker rather than the worker based in situ, less at desk or laptop but on a shopfloor.

The revolution has arrived for them now, as it did for the Starbucks generation who could work in a different, revolutionary and mobile way. The challenge is to see what can happen for everyone at work and this paper is the beginning of that in-depth conversation. I for one welcome it.



Introduction

The retail sector – like many others in the UK – is currently facing a variety of challenges that means organisations need to stay very much on their toes if they are to maintain competitive advantage. Falling high street footfall and sales figures, sluggish productivity, increasing labour and business rate costs, the ongoing uncertainty around Brexit and job losses brought on by the inexorable rise of online and mobile shopping are all contributing towards a climate where it can be extremely difficult to plan and manage resources effectively.

In order to meet such challenges, retailers need to prioritise the creation and development of new initiatives designed to make workforces more efficient in such a cut-throat environment. While the issues may be easy to see from the outside, figuring out how to tackle them with such limited resources is another matter entirely. Technology has come to dominate almost every aspect of our daily lives, both inside and outside the workplace, so it is logical to view it as a powerful enabler of greater productivity and a happier workforce. Workforce management technologies have been created very much in this mould: strip out inefficiencies, automate cumbersome processes, and generally make it easier for managers and other employees to focus on adding value for their customers.

The potential of such technology is evident, but maximising its impact and appeal will not be achieved by suddenly imposing complex new systems on employees, without taking into account their own working preferences and particular

needs. Any such technology should be designed, built and implemented as part of an overall drive to empower employees to do their jobs more effectively, in a way that encourages pride in their work. Workers at all levels of an organisation need to be at the forefront of such initiatives, so the human impact of new workforce management technology should always be assessed before it is introduced. This “holistic perspective” has been cited by Gartner as being crucial to the future success of workforce management.

In short, building a more productive and efficient workforce in retail is about empowerment, not imposition.

This paper explores the wide range of challenges being faced by today’s retail sector, and how new and emerging technologies will play a vital part in enabling smarter working and increasing employee satisfaction.



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Struggles Both at Home and Abroad

While Napoleon’s alleged labelling of Britain as “a nation of shopkeepers” may be a little wide of the mark, the retail sector has been a powerful contributor to the strength of the UK economy for decades. Its continued importance is encapsulated by the fact that the total value of UK retail sales in 2016 was £358 billion, with the sector employing 3.1 million people in 2017.

Despite its ongoing prominence, broader national and international matters impacting the wider UK economy and society at large are having an effect on organisations and employees in the retail sector. These factors should be taken into account if the sector is to stand strong in the face of upcoming challenges.

Brexit imminent

As one of the most monumental political and economic issues of our time, it is almost impossible to escape from the constant discussions about Brexit. Given the long-winded nature of negotiation procedures and the time and effort it will take to unstitch decades of European regulation, it will remain a key concern for the majority of UK businesses for years to come.

The implications of Brexit for retailers are wide-ranging. With the nation’s future following withdrawal from the EU shrouded in so much uncertainty, organisations are having to contend with shaky consumer confidence, alongside a likely slowdown or reduction in growth depending on how the final negotiations pan out.



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However, from a workforce management perspective, the most powerful impact of Brexit will likely be on the status of thousands of employees plying their trade in the retail sector. According to figures from the Office for National Statistics, 14 percent of the wholesale and retail trade, hotels and restaurants workforce is made up of international migrants.

Taking this figure into consideration, there is a real possibility that retailers could face a shortage of workers if Brexit leads to an exodus of migrants. To effectively address this, retail businesses will need to do everything in their power to retain as many of their employees as possible, and have systems in place that ensure maximum output from limited resources.

Struggles Both at Home and Abroad

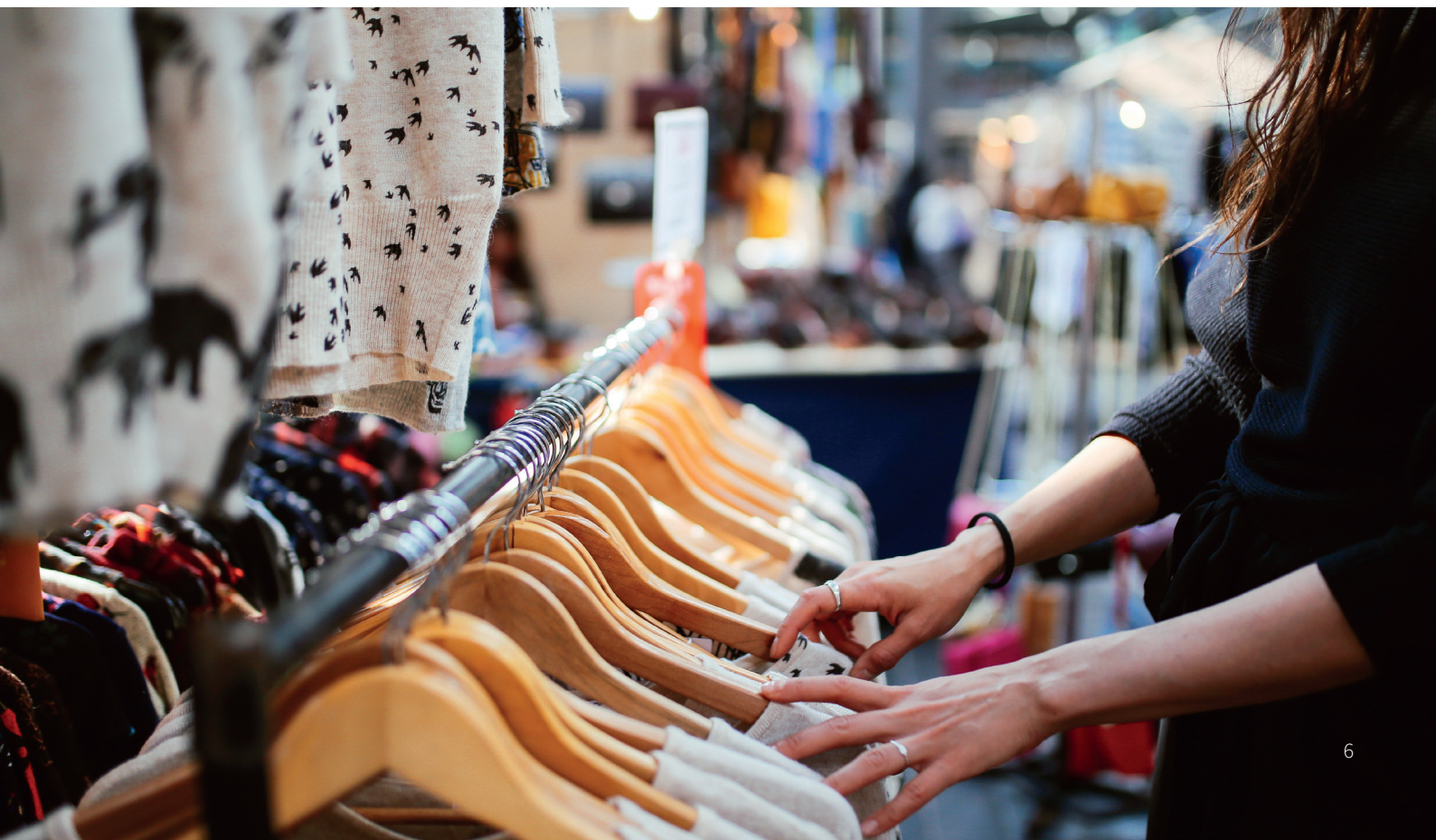
The productivity puzzle

The UK's flagging productivity has been front of mind for business leaders for some time now. While the retail sector has generally performed well against the UK economy as a whole in this respect, productivity growth has slowed in recent months in the face of challenging market conditions.

A recent Conference Board analysis revealed that the Eurozone productivity growth forecast for 2018 is 1.1 percent, putting it in sight of the 1.4 percent annual growth rate recorded before the financial crisis of 2008. The UK, however, remains behind the curve in this area: the same research showed that the projected growth rate for this country is 0.8 percent, a long way behind the pre-crisis rate of

2.1 percent. While this paints a somewhat negative picture of the UK as a whole, data from the British Retail Consortium (BRC) has revealed that retail sector productivity in the year to Q3 2017 grew by 4 percent, outpacing the rest of the UK market.

Despite retail's positive progress in this regard, this does not change the need to focus on productivity in both the long and short term. With this in mind, finding ways to make workforces happier, more motivated and more efficient is of paramount importance. Government-led initiatives to drive productivity may take years to bear fruit, so retailers need to look at what they can do in the here and now to make a difference.



A Rough Road for Retail

Industry challenges

Alongside the national and international challenges making their mark on retailers, there are also specific industry-based issues being faced by the sector that organisations will need to overcome if they are to stay one step ahead of their competitors.

Omnichannel evolution

The modern world of retail is more diverse and multi-faceted than ever before. We have gone well beyond the days of every interaction between business and consumer being done in store, with online and mobile shopping becoming increasingly dominant parts of the sales mix. Indeed, recent figures have estimated that around 87 percent of UK consumers bought at least one product online between 2016 and 2017. Customers have come to expect a buying experience that can be done wherever and however they wish, which means that omnichannel is here to stay.

This rapidly evolving landscape requires retailers to be multi-disciplined in their approach to sales and customer engagement, in order to ensure that the needs of each and every customer can be met. For this to happen, companies need to have technology in place that enables workforces to be managed and linked together across all sales channels, in a way that helps people from all areas of the organisation to align their efforts with the goals of the wider business.

Finding the right blend of skills

Retailers may have plenty of staff, but the need to provide a comprehensive omnichannel experience is also putting pressure on these companies to make sure that their employees have the digital

skills required to keep up with this shift. This represents a significant challenge, given the fact that digital capabilities are in high demand across many other industries. What retailers need to work out here is how to incorporate these skills on a long-term basis, in a way that provides incentives for staff to remain in the retail sector.

For this to happen, retailers need to focus on identifying their most valuable and productive members of staff and make a concerted effort to retain them, and combine this with a drive to upskill employees and recruit new staff who have the relevant digital expertise. Effectively, it is about establishing a forward-thinking, digitally minded workforce and incorporating this into an operating model that balances the needs of customers, employees and the wider business.

The compliance conundrum

Like any other company, retail businesses also have to contend with a series of regulations designed to protect the privacy of customers and promote positive worker welfare. This could be a requirement to make sure that employees are not forced to work excessively long hours, or that customer data is not openly shared throughout the organisation or to unauthorised external parties.

Alongside the more long-standing regulations, the EU General Data Protection Regulation (GDPR) is now in full force. In short, GDPR will increase the scrutiny on businesses to ensure they are doing everything in their power to keep sensitive data secure, and represents another regulatory layer for organisations to take into account. Given the amount of sensitive data that retailers handle, the importance of this cannot be underestimated.

The Human Challenge

Reducing turnover

A certain amount of staff turnover is inevitable in the retail sector. Many people choose a job in retail for the flexibility it can offer, which means that staff may choose to move on once their personal circumstances change. However, a high turnover rate should never be accepted as the norm: retail leaders and management staff should always be keeping an eye on how many people are leaving an organisation and how long each person tends to stay, before focusing on retaining staff through the provision of strong benefits packages and the nurturing of a positive company culture. This requires retailers to see this need for flexibility from the perspective of the employee rather than the business: staff in this sector are more likely to be happy if their working conditions can be adapted to suit their personal commitments, so keeping these people on board is about providing this.

Battling retail fatigue

The need to closely monitor the stability of the workforce is justified by a survey that UKG conducted in September 2017, which examined 3,000 British, French and German workers. The research found that, among those in the retail sector, a better work-life balance, faster progression and a change of career were some of the most popular reasons why they would change jobs. This underlines the importance of a positive, rewarding work environment where employees feel like they have a clear plan for development. Without these, employees are likely to lose their focus and become demotivated and disillusioned, and will be more likely to move on as a result.

The current attitude of retail workers towards their jobs is summed up in recent research carried out by Engaging Works, which found that only 58.2 percent of employees said they feel happy at work, which makes it the second worst of any sector measured.



The Customer Challenge

Keeping up with modern demand

In today's fast-moving, always-on world, consumers expect a level of service that is rapid and efficient, but does not compromise on quality. There are fewer sectors where this is more important than in retail.

In order to provide this comprehensive customer experience, retailers need to be able to seamlessly cope with peaks in demand at certain times of the year, as well as maintain momentum during quieter periods. This is just as relevant for back office staff as it is for those who are customer-facing, as a retailer's positive reputation hinges on its ability to demonstrate excellence across all areas of its business.

In order to make these approaches a successful reality, employees at all levels of the organisation need to be empowered to carry out their jobs more effectively. Integral to this is giving workers the ability to manage their schedules, record their shifts and plan for the future in as efficient a manner as possible.

A tough consumer outlook

Due to stagnating wages, rising inflation and ongoing debt problems, consumers are facing a series of issues that are certain to have a knock-on effect on retail. The Financial Conduct Authority recently warned that half of all UK adults are "financially vulnerable" and rely on credit to make ends meet, with lower disposable income meaning consumers have less to spend on products such as electrical goods. With the success of the sector relying entirely on the purchasing power of the average person, this represents cause for concern for retailers.



Many people choose a job in retail for the flexibility it can offer, which means that staff may choose to move on once their personal circumstances change.

Leaders at retail businesses need to be wise to these realities, and should be prepared to take the appropriate steps to make sure managers and employers have the means to direct resources to the right areas, so that they can continue to maximise returns in the face of consumer struggles.

An Always-On Generation

Given the challenges facing the retail sector, there is a clear need for organisations to enable their employees to work smarter. After all, modern pressures often dictate that managers and other workers are tasked with juggling making the most of limited resources with the need to scale up at times of peak demand, so any assistance they can get will always be positively received. This is where workforce management technology comes to the fore as an enabler of greater productivity.

Tech-savvy

Technology has become pervasive throughout our everyday lives: wireless internet connectivity is commonplace, much of the communication between retailers and their customers is done electronically, and new tech innovations such as AI and VR seem to make news headlines on a daily basis. Nothing sums up our love for – and increasing dependence on – technology more than our fixation on the smartphone.

According to recent research by Deloitte, smartphone adoption among UK adults was at 85 percent in the middle of 2017, and is expected to rise to 88 percent by the middle of 2018. This is a huge jump from just 52 percent five years ago. In addition, over 77 percent of adults use a smartphone on a daily basis. Clearly, the smartphone has become a fundamental part of our lives, and its status is indicative of the wider dominance of technology in modern society.

Not yet a fixture in the workplace?

Despite its almost omnipresent nature in our daily lives, technology is not yet being used to its full potential in the retail workplace. Basic technology applications designed to help manage the workforce have existed for several years, but there is still progress to be made before retailers can confidently say they are adequately catering to the needs of the modern, often mobile-orientated employee.

According to the UKG survey, half of workers in retail do not use business-related smartphone apps at work. This is despite the fact that 70 percent say that work technology makes their lives easier. Given the potential for technology to improve efficiency and enable retail workers to better serve their customers, this evidence suggests that employees are not being given everything they need to make doing their jobs as straightforward as possible. This points to a need for workforce management processes and technologies to be more comprehensive, more easily accessible, and better aligned with the needs of the technology-savvy worker.

Workforce Management and Empowering the Employee

For retailers to be able to carry out their duties more efficiently and maximise their value to their employers and customers, a step change is required in the way workforce management technology is implemented. By combining this with a philosophy that emphasises the empowerment of employees rather than the imposition of cumbersome new rules, organisations stand the best possible chance of streamlining processes and freeing up workers at all levels to focus on doing their jobs in the best way they can.

A workforce management revolution

Workforce management has come a long way since the early days of adoption. Traditional software provides a host of useful features, such as shift planning, holiday scheduling or monitoring the working hours of a back office customer service employee. However, the greatest rewards of workforce management will be reaped by organisations that implement solutions that are optimised to suit the needs of the modern manager or employee, and leverage the latest technologies in pursuit of this goal.

When searching for a high-performing workforce management solution, retailers should be looking for a software suite that combines all elements of the workforce management equation in one place, including demand forecasting, labour scheduling, time and attendance management, holiday and absence management, labour analytics and employee tracking. Once this has been found, these are some of the additional attributes that companies should be looking for.

- Use of new and emerging technologies:** intelligent, intuitive technology such as AI can go a long way towards relieving managers of the burden of unnecessary administration and manually planning shifts or dealing with holiday requests. By analysing a broad range of employee data, AI can automatically recommend employees for a particular shift, based on factors such as the need to divide work schedules fairly or the benefits of placing employees who work well together on the same shift. This contributes to workplace harmony by making sure that each worker's schedule is planned fairly and in a way that promises a positive work-life balance. AI can also improve demand forecasting by automatically taking into consideration the external factors (such as weather, roadworks, promotions or sporting events) that will impact customer demand and hence staffing requirements.
- Embedded analytics:** managers should have the ability to closely monitor worker activity and productivity, using software that can analyse granular data and automatically present it in a manner that is easy to follow, such as bar or line charts. This makes it considerably easier for managers to get to the bottom of a particular issue – such as a sudden drop in productivity, sales or ATV – and take steps to remedy the problem. Such a function also saves managers from the hassle of having to contact head office or IT staff to get hold of data.

Workforce Management and Empowering the Employee

- **Device-agnostic:** given our penchant for the smartphone, it is no longer sufficient for WFM software to work solely on one device. The technology needs to be fully adaptable and responsive to different device types, whether a desktop, tablet or mobile phone, providing the same capability and user experience regardless of how the software is accessed. In this way, both managers and employees have a great deal more power over their own schedules and productivity, increasing motivation and output as a result.
- **Cloud-based:** with today's retail environment being faster-paced than ever before, employees need a solution that is both easily accessible and easily adapted and expanded as the sector evolves. By taking on a workforce management platform on a software-as-a-service (SaaS) basis, businesses can operate the software from anywhere and on any compatible device, and will receive critical updates and innovative new features as soon as they become available. This ensures that organisations are in the best possible position to maximise the output of their workforce while keeping a close eye on employee welfare. This echoes the thoughts of Gartner, which predicts that by 2023, at least 95 per cent of sales of new workforce management applications will be cloud-based.
- **Built with employees in mind:** any workforce management solution should be made so that anyone in an organisation can easily get to grips with it, and consult it on an ongoing basis as a means of planning and recording their work.

It should avoid pigeon-holing employees into one particular category, therefore it should provide separate functionality for salaried and hourly workers, and with all work elements – such as hours worked and holidays requested – integrated into a single piece of software. In this way, employees will feel empowered when using it, rather than hampered by complicated administrative tasks.

Creating a better working philosophy

While implementing advanced workforce management technology has immense potential to improve productivity and workplace well-being, this can only be achieved if it is brought in as part of a wider philosophy of fostering positive employee engagement.

With this in mind, the benefits of any workforce management solution should be made completely transparent to everyone at an organisation, regardless of their role or seniority. Training in its use should be comprehensive, and should communicate clearly how the new software is designed to make their jobs easier and their work-life balance greater.

Clearer Skies for Retail

There is much for the retail sector to contend with over the next few years, including Brexit, the National Living Wage, business rates, the relentless growth of omnichannel and fluctuating consumer confidence. Retailers will be forced to do what they can with limited or changing resources in the bid to stay ahead of their competitors. Workforce management has a pivotal role to play here, but maximum returns can only be achieved if companies are willing to break the mould when it comes to using the technology.

Technology is becoming more sophisticated almost by the day, so any workforce management solution should be taken on board with all of this in mind. Flexibility and scalability, allied to excellent performance and ease of use, are very much the order of the day. If all of this can be reached, retailers can put themselves in the best possible position to defy the current uncertainty and put themselves on a positive footing for future growth.

Most importantly of all, however, is making sure that employees are on board with a workforce management solution, and feel motivated, rather than disillusioned, by its presence. New systems or processes can often be greeted with scepticism, so it is of vital importance that the virtues of a new workforce management solution are communicated and embedded well throughout the organisation.

After all, workforce management success is about empowerment, not imposition.



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