



## Merging Store Operations Technology Makes More Productive Employees

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Labor--costs and productivity--is a huge but necessary drain on retailers. Cutting labor costs often comes at the expense of productivity and customer service. But there is hope for retailers to better meet labor and customer needs.

**The Bottom Line:** An integrated store operations architecture lets retailers better control the \$250B in annual labor expenses, increase productivity, and provide the highest level of customer service.

**What It Means:** An integrated platform capitalizes on data across applications, and provides a single interface and workflow for the applications employees to do their jobs. To further explore the benefits, see the *AMR Research Report* "A Retail Employee Information Portal Brings Order to Field Management-Headquarters Communication," June 2002.

In the meantime, a first step in the long-term strategy is integrating workforce management--Time and Attendance (T&A) and labor scheduling--and Point-of-Sale (POS) applications. Grocery and large footprint retailers have been the first to adopt such a strategy. While most POS applications used in general merchandise and specialty retail contain some labor T&A functionality, these systems historically have not provided the breadth of functionality generally found in best-of-breed Workforce Management (WFM) systems. Thus, retailers expect standardized data and process integration among these store operations technologies, which can reduce payroll by 1% to 3%.

Areas that make up these savings include the following:

- **Optimized schedules**--Automated POS scanning feeds, along with data from firms like **Brickstream**, that track foot traffic, will help refine workload predictions and forecasted labor requirements
- **Increased productivity**--Employees would sign in at their actual work location, avoiding latency from the time they clock in to the time they begin working. Accessing the store's WFM application from multiple locations creates the efficiency. Saving the 15 minutes it can take an employee to walk from the point of the traditional time clock to the spot he actually starts working adds up to significant dollars. A grocery client of **Timera** has sited this as a major issue, and has deployed up to five T&A touch points throughout each store. Note, however, that state laws on when an employee is actually working remain unclear, and debates remain on the legality of postponing punching in until the employee arrives at his workstation.
- **Improved performance measures**--This is more accurate accounting/tracking of tasks and productivity. Knowing what specific task an employee performs, and understanding how efficient he performed the function lets retailers schedule the right person for the right job.
- **Single sign-on**--Integrated, role-based, secure, single sign-on for both systems. A national specialty retailer is seeing increased productivity, and lower administrative costs by integrating **Kronos'** T&A application with **360 Commerce** POS for single sign on.

### Recommendations:

- **Create the broadest access to T&A applications**--Deploy WFM applications to allow access to multiple touch points throughout the store. Look closely at browser-based WFM applications. This more flexible architecture can operate on other existing store technology and help lower the overall cost of store technology ownership.
- **Capitalize on the openness of retail technology**--Create a stronger integration to support a single user interface and workflow. **Workbrain's** openness, for example, allows for bi-directional data feeds among store technology, so there is no redundant data entry needed to build schedules or add employees.

- **Press your POS vendor to articulate its WFM development or partnership/integration plans**--Currently, these systems do not handle the more complex functionality like validation of schedules, punch types, pay rules, or union contracts. With **Radiant Systems'** recent divestiture of its enterprise software business, it has already begun joint development projects with third-party POS vendors to help clients improve store associate processes.

- **Avoid possible push-back from employees**--Along with potential legal issues, requiring sign-on at an employee workstation, rather than at entry to the store, can have negative effects on morale, which will ultimately affect customer service. And requiring sign-in at the workstation lays open the question of what happens when an employee is moved from one part of a store to another. Will requirements to punch in and out create a morass of workflows, rules, and procedures that ultimately negate the purpose for which they were created?

**Conclusion:** With any technology, there is fundamental business change that takes place. Retailers must work with the field personnel so they understand the benefits. Retailers should also provide incentives based on this new business process.

Remember, profitable differentiation in a difficult retail environment will come from ongoing improvements in your controllable cost structure and better leveraging your technology investments. Building a connected store operations technology framework that helps lower the largest variable cost goes along way toward accomplishing those goals.