FAIR WORKWEEK INITIATIVE

WORKFORCE MANAGEMENT TECHNOLOGY

Employer Practice, Employee Experience and Public Policy

THE CENTER FOR POPULAR DEMOCRACY

What is workforce management (WFM) technology?

A suite of tools and applications to automatically manage:

- Staffing and employee scheduling
- Time, attendance, PTO and other HR functions
- Work assignments, productivity and task management
- Employee training and qualifications

How does WFM technology operate in the workplace?

WFM technology can be accessed through:

- ✓ Web-based interface (a proprietary network)
- ✓ Internet (cloud-based)
- ✓ Smartphone or mobile device
- ✓ In-store kiosk

The technology can be used as a **stand-alone system** or **integrated with** other tools (eg. customer traffic counter, payroll systems such as ADP, mobile shift swapping).

Reports can **integrate data from other operational areas**, e.g., HR, finances, operations, marketing and more.

How do companies use WFM technology?

Forecast

- **Forecasting algorithms** use historical sales and customer traffic data, the weather, planned promotions to predict demand.
- The forecast determines the **labor budget** for each store.

Schedule

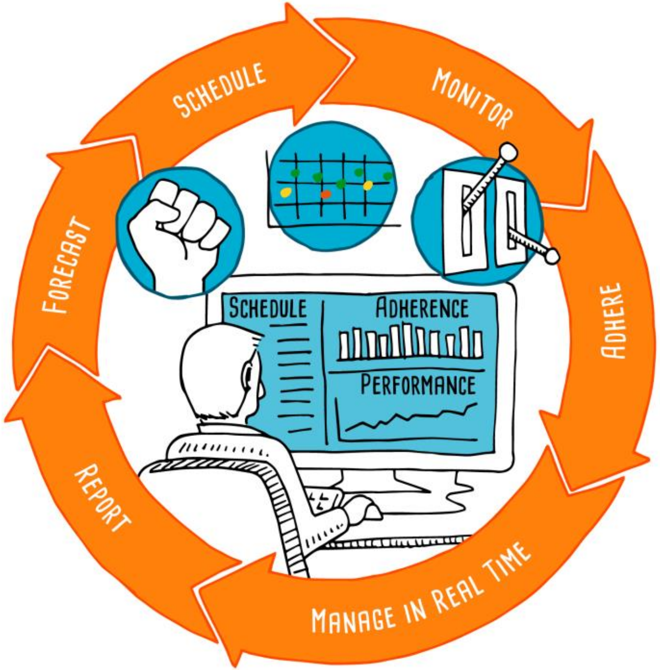
- Create **worker schedules** based on total labor budget and employee availability, preferences, qualifications and even to reward productivity.
- Program **compliance** with state and federal laws as well as collective bargaining rules.

Adjust

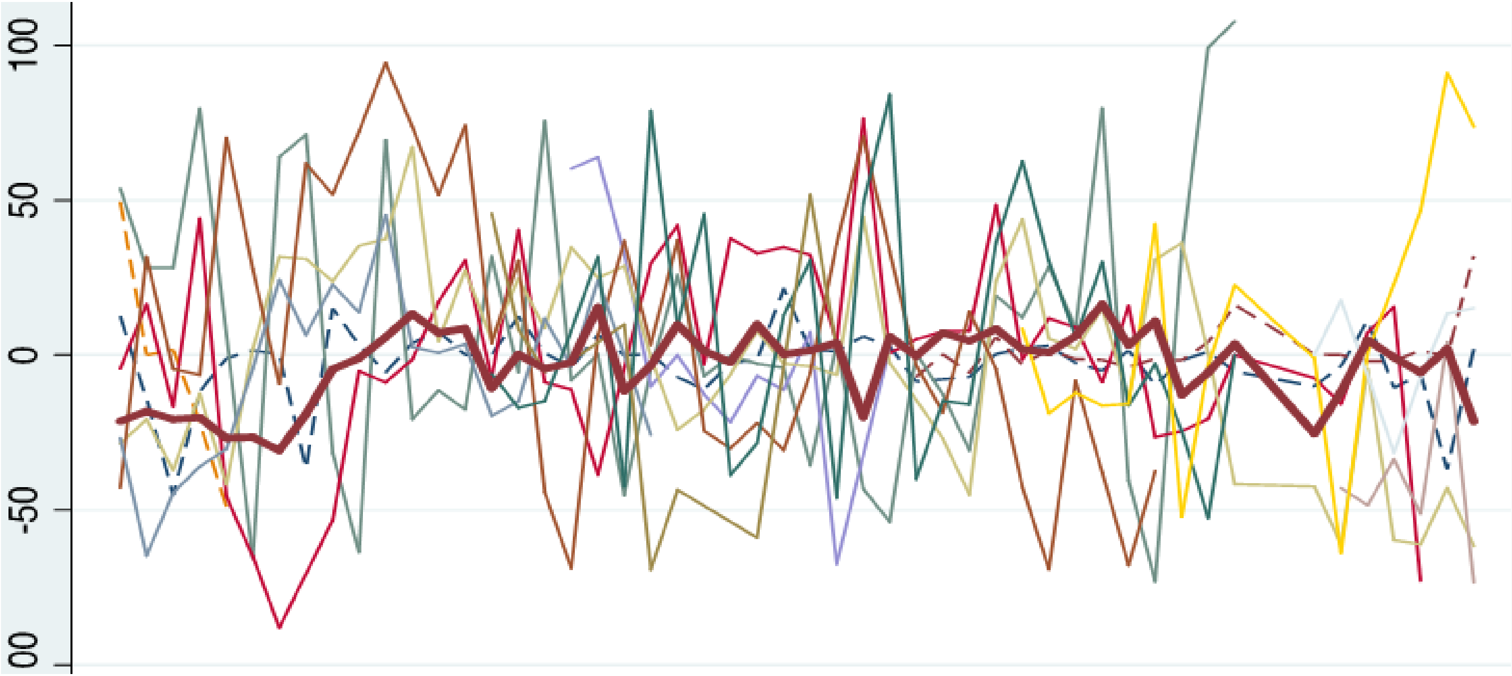
- Monitor store operations, employee performance and make **real-time adjustments** based on changes in sales, customer traffic, and labor analytics
- **Communicate** from corporate to front-line locations and also across locations and teams.

Scheduling Optimization in Workforce Management

Managers use technology to “optimize” work schedules to match staffing with demand to maximize sales. Some managers will “over-optimize” to keep labor costs low and increase profits.



Erratic hours are widespread despite “hidden stability”



Individual worker schedules over a year at one retail store.
The thick line shows the actual store staffing hours and the hidden stability.

Source: Susan J. Lambert and Julia R. Henly “Work Scheduling Study: A Profile of Retail Sales Associates in a Women’s Apparel Firm,” The University of Chicago, September 2015.

The Rise of Just-in-Time Scheduling

- ✓ **Shift to Part-time:** Oregon saw a rise in involuntary part-time employment from 11% of part-time workers being under-employed in 2007 to 24% in 2014.
- ✓ **Erratic Hours:** Managers staff leanly and adjust in real-time to perceived fluctuations in demand.
- ✓ **Last-minute Schedules:** On-call scheduling keeps workers under-employed and scrambling.
- ✓ **24/7 Availability:** Employees feel pressure to maintain “open availability”, yet aren’t guaranteed hours.
- ✓ **Increased Pressure:** Employee productivity closely monitored: sales-per hour and the number of items scanned per minute at cash registers.

Growing Public Concern about a Just-in-Time Workforce

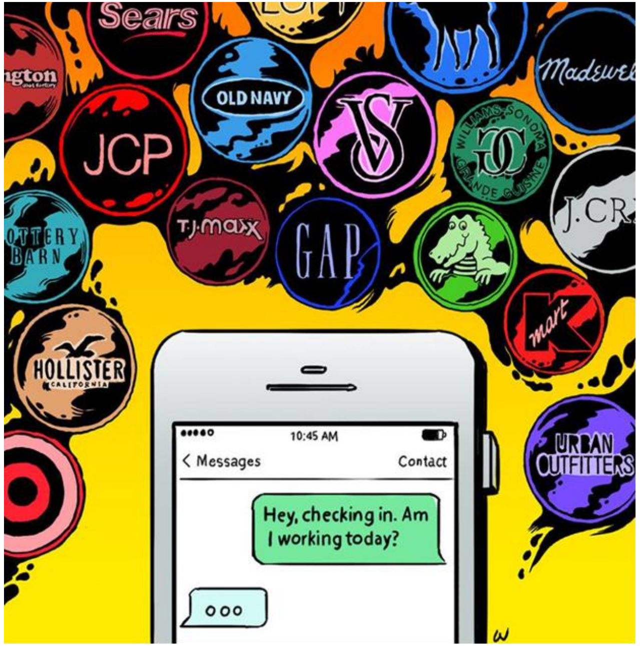
"You're waiting on your job to control your life… How much sleep Gavin will get to what groceries I'll be able to buy this month." Jannette Navarro, Starbucks Barista and mother, *New York Times*, 2014.

"It's almost like sharecropping — if you have a lot of farmers with small plots of land, they work very hard to produce in that limited amount of land. Many part-time workers feel a real competition to work hard during their limited hours because they want to impress managers to give them more hours."

– Burt Flickinger, Industry Analyst, *New York Times, 2012.*

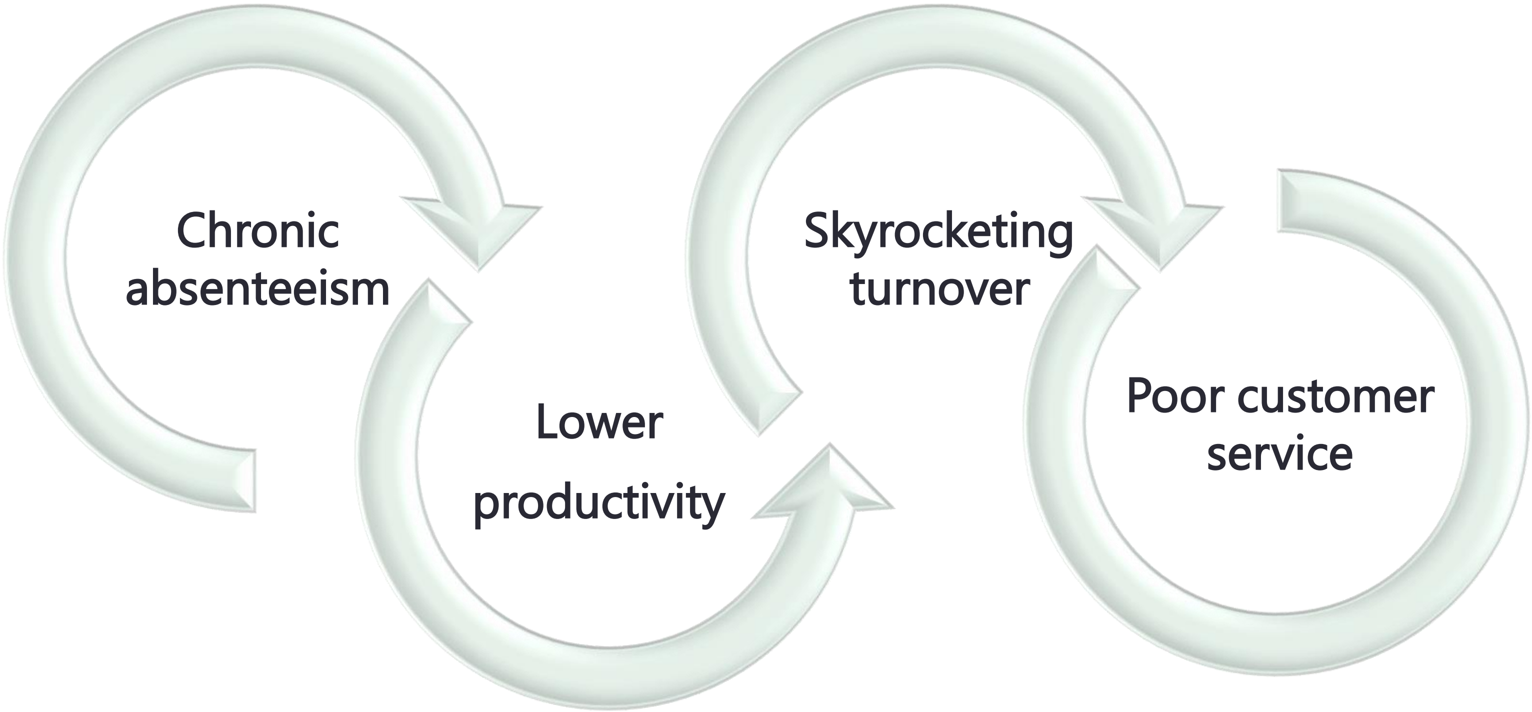
Scrutiny into On-Call Scheduling Spurring Industry Change

- ✓ 2015: NYS Attorney General probed the on-call scheduling practices at 13 major retailers, citing concern about potential violations of the NYS reporting pay law.
- ✓ 7 retail brands have since ended on-call scheduling, impacting a quarter of a million workers: Gap, Victoria's Secret, Bath & Body Works, Jcrew, Urban Outfitters, Abercrombie & Fitch, Pier One Imports.
- ✓ April 2016: Nine Attorneys General from NY, CA, IL, MN, MA, MD, CT, RI and DC issued another inquiry into on-call scheduling at 15 more retailers, including Payless, American Eagle, Forever 21, Aeropostale and Coach.



Buzzfeed News 6/22/15:
Attorney General probe into on-call scheduling

Business Recognizing Downstream Costs of Just-in-Time Schedules



A Return on Investment with a Fair Workweek

- ✓ **Improved Retention:** 27% of full-time hourly workers leave their jobs per year, versus 68.7% of part-timers.

- ✓ **Low Turnover:** Less than 10 percent among full-time Trader Joe's employees and 5.5 percent for Costco employees who stay for longer than a year. By contrast, **average turnover in the retail industry is 40 percent.**

- ✓ Average cost in the service industry for replacing frontline workers is 16 percent of the employee's annualized earnings, and that's not counting lost sales and productivity.

- ✓ A study of a large retail chain found that for **each additional dollar spent on monthly staff payroll, incremental profits increased by as much as $11.21** at stores that were previously under-staffed.

Yet Technology is a Part of the Solution

Technology can deliver a balance workweek, increase employee voice and monitor how work schedules impact employees:

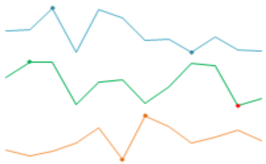
- ✓ **Flexibility:** How often do schedules match employee preferences?
- ✓ **Predictability:** How far in advance are schedules published? How frequent are scheduling changes?
- ✓ **Stability:** How much do schedules vary week-to-week?
- ✓ **Hours:** Are employees getting enough hours that matches their classification and preference?
- ✓ **Healthy:** Are employees taking earned sick time? Getting enough rest between shifts? Working too much overtime?
- ✓ **Equality:** Are women or people of color disproportionately experiencing the brunt of scheduling changes? Do they have access to better full-time jobs?

Kronos Scheduling Equity Tool

New metrics for measuring different dimensions of scheduling equity

Sparklines: Simple visual trends of the key variables

	Week to Date	Quarter to Date	Year to Date
Adequate hours	49.0%	66.0%	81.0%
Predictable schedules	92.3%	94.2%	93.3%
Stable schedules	40.4%	53.9%	61.3%
Store Tenure	0.47	0.77	1.30
Absenteeism	0.0%	3.4%	6.2%



Link scheduling practices to employee engagement metrics

Scheduling alerts for each of the key variables give managers a quick sense of where to look for potential problems

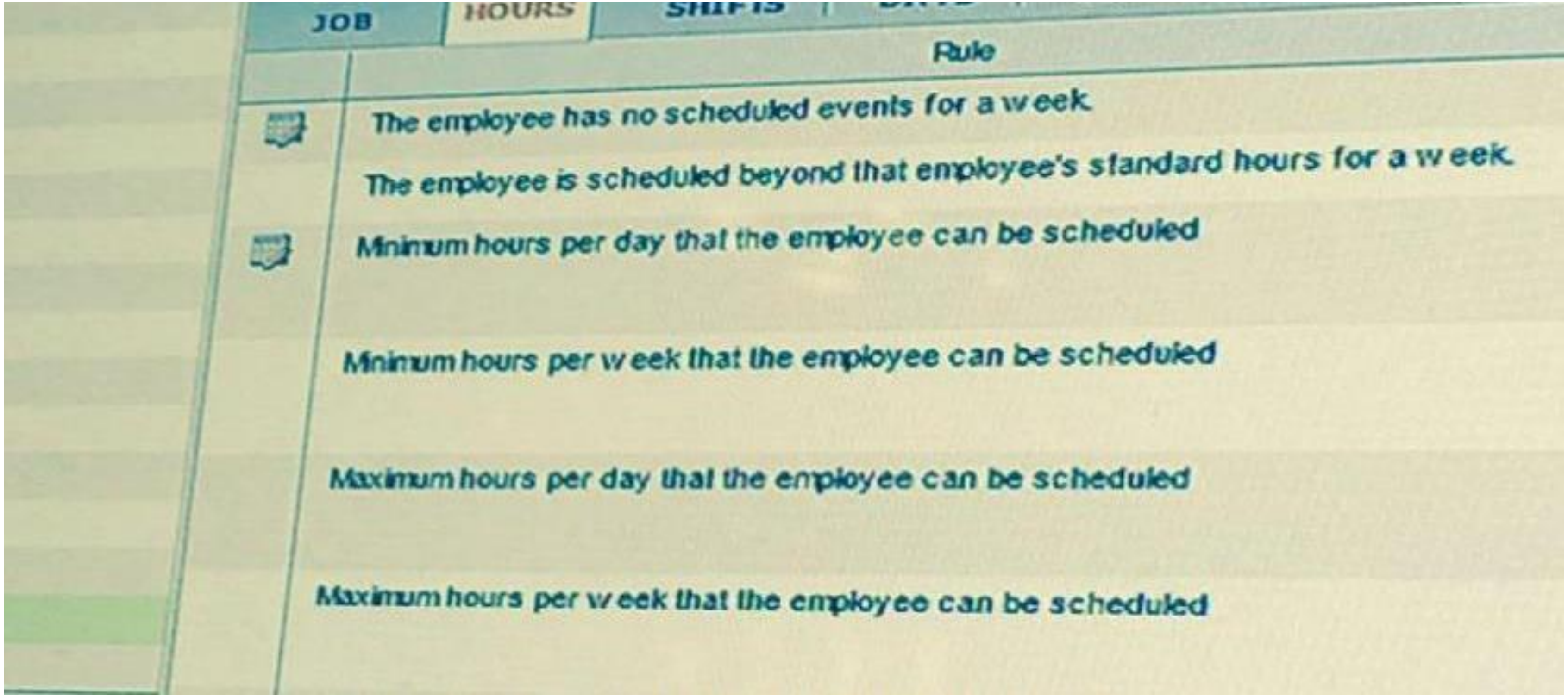
WFM technology can give employees greater flexibility

New WFM apps allow employees to:

- ✓ Provide **feedback** on their schedule and **communicate** with their managers and co-workers.
- ✓ **Update availability** and track schedule changes.
- ✓ Initiate **shift swaps** or find a replacement for a shift they can't work.
- ✓ Pick up **extra hours** (can be programmed to prioritize seniority or be visible only to qualified employees).
- ✓ Receive **training** and earn **badges** that reflect their skills and qualifications.
- ✓ View and manage **HR details** such as PTO accruals and requests.

workjam

Employers can program staffing rules and policies into their scheduling system.



Kronos

WFM Systems can track the amount of notice, shifts that were added or deleted, and the reason for those changes.

Schedules Employees Time Off Fairness

areas for improvement in future schedules.

	Shifts	
Notice given to employees	Added	Deleted
1 day	1	2
1 week 1 day	0	0
2 weeks 1 day	0	0

Workplace Systems

How does WFM technology comply with new work hours policies?

- ✓ **Advance Notice:** When was the schedule published? What was the schedule actually worked? Were there changes, why and were they employer or employee driven?

- ✓ **Predictability Pay:** Wage and hour law are integrated into these systems already. For example various states have different overtime or reporting pay requirements

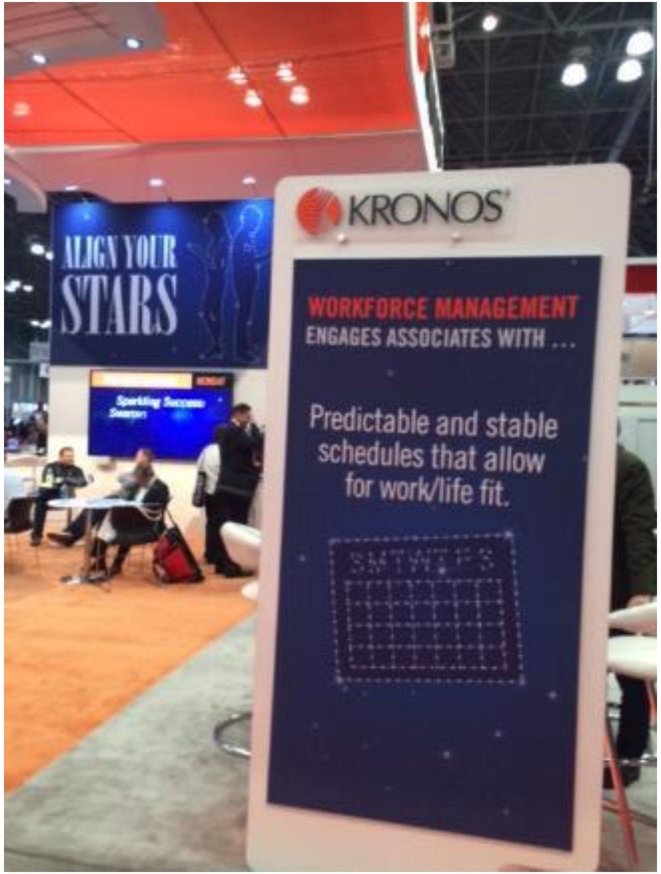
- ✓ **Clopenings**: Can program a firm rule that prevents managers from scheduling employees with back to back closing then opening shifts and guarantees at least 11 hours of rest between shifts. Or in compliance with the policy, the technology can track consent and provide premium pay for work with less rest.

How does WFM technology comply with new work hours policies?

- ✓ **Reporting Pay:** Already complying in several states, including OR, and can easily expand to cover pay for on-call shifts.
- ✓ **Hours:** Can guarantee a certain threshold of hours weekly and measure whether employees are getting expected hours.
- ✓ **Flexibility:** Can manage worker scheduling requests, allow workers to adjust availability, create schedules that match preferences, and allow workers to swap or add shifts.

Evolving WFM technology

- Policy action has inspired employers and WFM technology vendors to invest in new promising tools.
- With updated labor standards, it is possible to use technology and employee input to create perfectly aligned schedules that balance employee preference with business demand



Slide 11 Sources:

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