

BY JOE SKORUPA

THE EMPLOYEE ENGAGEMENT IMPERATIVE

Employee engagement has emerged as one of retail's top strategic priorities

Retailers routinely say that employee attitudes and workplace feelings, which are becoming increasingly recognized as core elements of employee engagement, are critical to sales, brand image and customer satisfaction. However, proven methods to nurture and improve the levels of employee engagement have been largely ignored by most retailers. That is about to change.

In a major trend that has recently become a hot-button issue, employee engagement has emerged as a strategic priority in retailing. As retailers seek to become more competitive and relevant to shoppers, they are leveraging workforce management and human resource tools to find new ways to manage schedules, make easy shift changes, improve communication, and ensure employee fairness, all of which contribute to nurturing employee engagement.

This represents a major shift by retailers. Instead of asking their solutions to find ways to reduce labor costs and squeeze payroll, many retailers are now using them to adapt to a more customer-centric approach that recognizes the business value of using employees as front-line facilitators for creating strong customer experiences and satisfaction. In this view, the workforce is an essential asset of the business and a smart target for investment.

This new mindset is based on the principle that if you take good care of your employees, your employees will take good care of your customers and your business. We explore this hot-button topic in this month's Custom Research report.

Emerging Recognition

Nurturing employee engagement has not yet fully risen to the top of the priority list in retail as seen by its 7.2 rating as an important mission emphasized in corporate communications. (This is on a scale of one to 10 where one stands for unimportant and 10 highest importance.) However, it is worth noting that a rating number in the 5 range should be interpreted as being of neutral importance. A rating in the 6 range should be interpreted as being of minimal importance. A rating above 7 indicates a medium level of importance, which will no doubt grow over time.

However, it is also worth noting that when asked if the employee engagement mission is backed up by action and is being fully implemented retailers give it a lower rating – 6.5, which indicates a gap exists between the mission and execution at this early phase. (See Figure 1.)

Figure 1

Rate the importance of actively nurturing employee engagement (On a scale of 1 to 10 where 1 stands for unimportant and 10 highest importance)

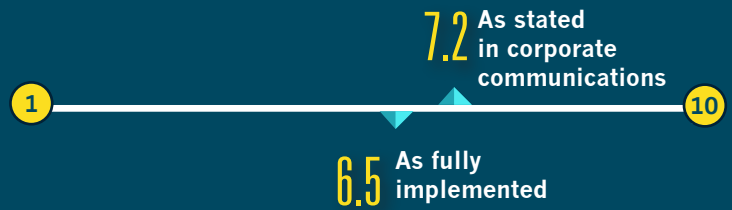


Figure 2

How important is the role played by associates in achieving business and financial performance goals?

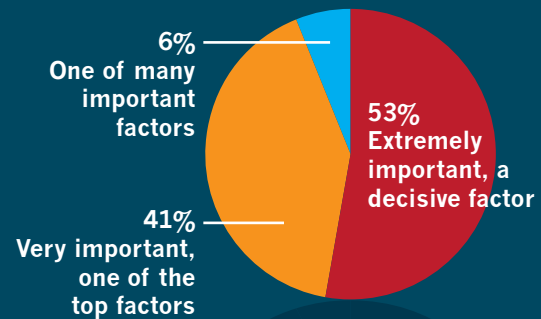


Figure 3

Who owns employee engagement in your company?

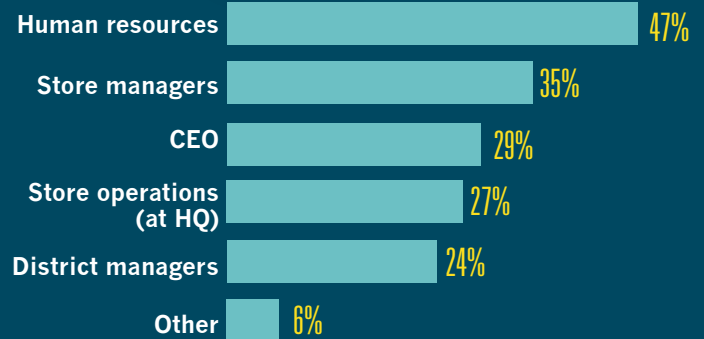


Figure 4

Ability of current workforce management application to support tracking and managing employee engagement programs.

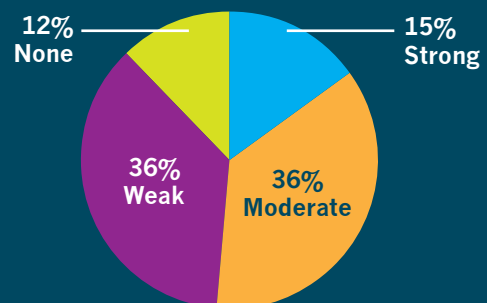


Figure 5

Status of your company's ability to execute employee engagement functions and programs through mobile apps accessible through employees' own devices?

Many functions enabled	0%
Some functions enabled	27%
Will implement in 6 months	9%
Will implement in 12 months	6%
Will implement in 18 months	6%
No plans	53%

Figure 6

What are the top labor goals your company wants to achieve through employee engagement programs?



Figure 7

What are the top corporate goals your company wants to achieve through employee engagement programs?

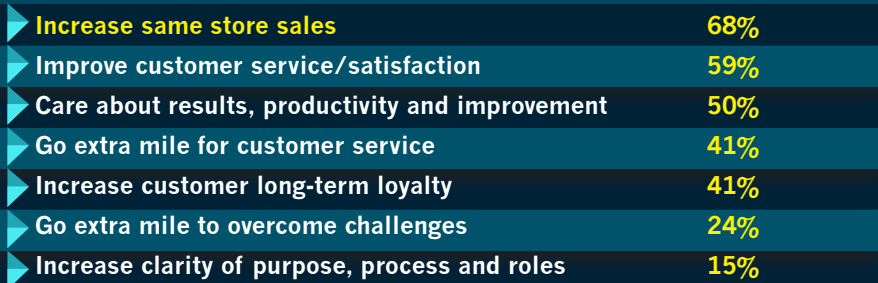


Figure 8

Rate impact of the following national labor trends on employee strategic planning. (On a scale of 1 to 10 where 1 stands for no impact and 10 stands for the highest impact.)



DRIVE EMPLOYEE ENGAGEMENT AND OPERATIONAL EXCELLENCE WITH KRONOS FOR RETAIL

Kronos® for Retail is the most widely deployed workforce management solution available. With over 35 years of industry experience, we've designed our solutions to meet the unique needs and challenges of retail organizations. At Kronos, we recognize that investing in your associates creates an engaged workforce, so we're committed to innovation that supports that investment. Our solutions provide associates with preferred scheduling options, mobile self-service tools, fair application of workplace policies, and perfect paychecks. The result? Associates who are more loyal, productive, and motivated to deliver exceptional customer service – allowing you to achieve a true competitive advantage. That's why more than 1,000 retail organizations use Kronos to foster growth and drive operational excellence.

Learn more about Kronos for Retail at kronos.com/retail. Kronos: Workforce Innovation That Works™.



Custom Research

Is there a genuine basis for investing in associates as frontline contributors to improving customer experiences and satisfaction? Retailers widely agree that the answer is “yes” (94%) and that associates play an important role in achieving business and financial goals – 41% say it is very important and 53% say it is extremely important, a decisive factor. (See Figure 2.)

To get a baseline understanding of how executing this mission works in a retail enterprise we asked respondents to tell us where the executive resides in the corporate structure that owns employee engagement in their enterprises. The largest block said it is human resources (47%), which is not surprising when the respondent pool consists of national or large retail chains. In enterprises like these, human resources controls many of the levers associated with workforce management, more so than store managers (35%), which were the second largest block. (See Figure 3.)

Surprisingly, 29% say the CEO is in charge of employee engagement. While the CEO is in charge of many things, executing a change of tactics to thousands of employees is not one of them. It will be necessary for these organizations to shift this responsibility to a department head at a lower level.

Executing the Mission

A little more than half of retailers say their current workforce management applications and tools do a good job of tracking and managing employee engagement programs – 15% say their tools are strong and 36% say they are moderately effective. However, this means that nearly half of retailers say their tools are inadequate – 36% say they are weak and 12% say they have no tools to support tracking and managing employee engagement. Clearly, there is a need in retailing for future investment in new or upgraded tools to carry out this important mission. (Figure 4.)

One of the primary weapons in the battle to help retailers succeed with an employee engagement plan is the mobile app, which can be accessible through employee’s own devices. Today, no retailer said its organization has many employee engagement functions enabled through mobile applications and 53% say they have no current plans to roll them out. Although it is still early days for this effort, the latter group risks putting itself in a dangerous game of catch up and when the light bulb goes off in the organization it may be too late. (Figure 5.)

The group of faster moving retailers includes 27% who say they currently have some applications enabled and 15% who say they will implement within 18 months (9% will implement within 6 months and 6% will implement within 12 months).

When setting top labor goals for employee engagement programs, 71% cite increasing productivity and 68% cite increasing retention. Is increasing productivity the same thing as increasing employee engagement? Not really. Does it even fall under the umbrella somewhere? Maybe not. But cost-saving productivity is a critical component in any business plan to fund employee engagement because it promises to deliver necessary return on investment. (See Figure 6.)

When we asked about top corporate goals we discovered a similar two-pronged approach. The number-one corporate goal is increasing same store sales (68%) followed by improving customer service/satis-

Figure 9

What associate metrics that go beyond transactions are you tracking?

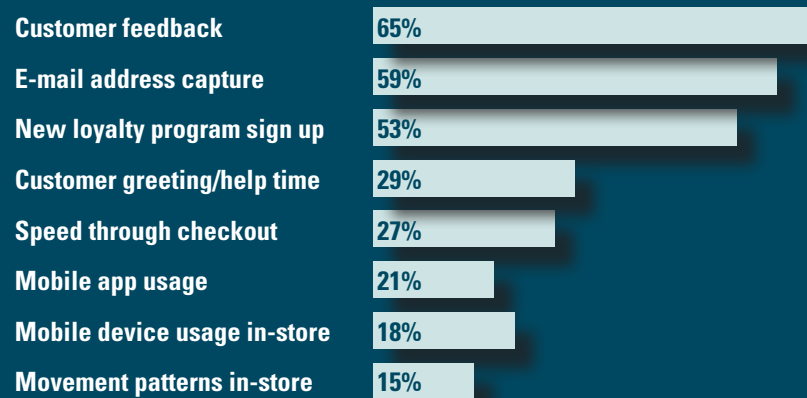


Figure 10

What mobile/online HR functions do you currently enable for in-store associates?

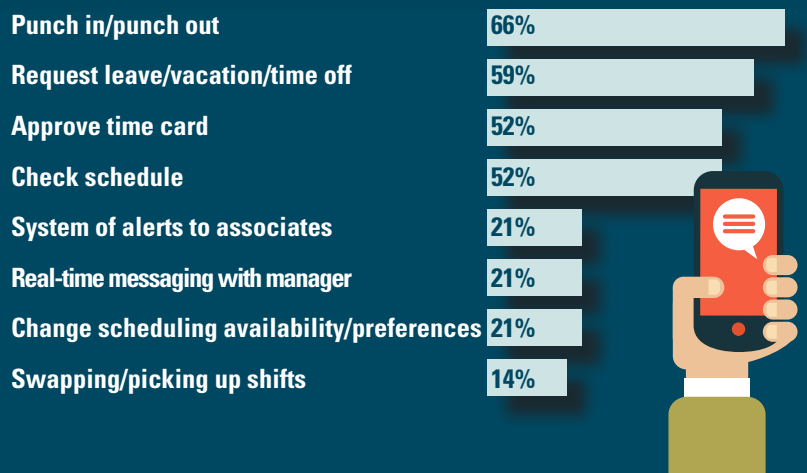
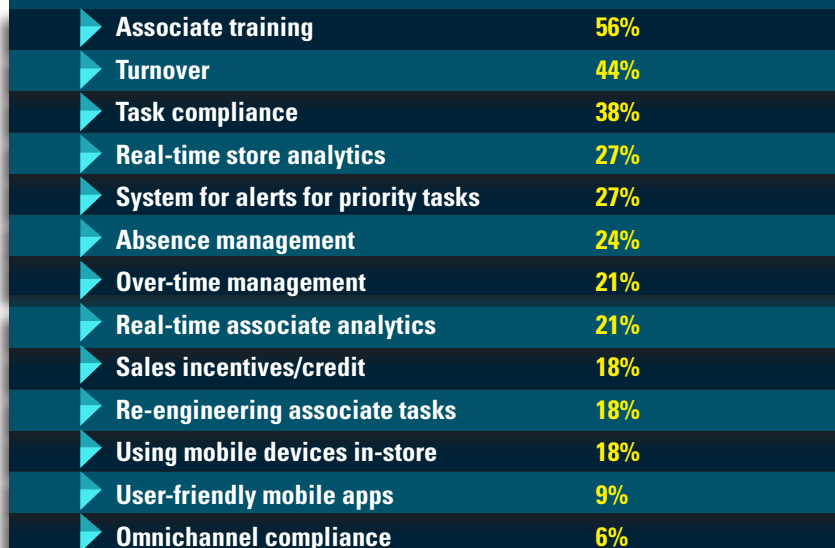


Figure 11

What are the biggest associate challenges you need to overcome?



Custom Research

faction (59%) in second place. This validates the above point about balancing hard-to-measure benefits (customer service/satisfaction) with hard-dollar results (same store sales). (See Figure 7.)

Key Takeaways

Other key takeaways and highlights from the study include:

- Of all the macro-issues influencing workforce morale and attitudes toward the employer, the top one cited is medical coverage (given a 6.9 rating on a scale of one to 10 where one stands for no impact and 10 for highest impact). This is a fairly low rating of concern, not much above a neutral rating, so it does not appear to be a major issue among retailers today. Even lower are such concerns as expanding benefits, wage increases, and flexible scheduling. (See Figure 8.)
- The top three associate metrics that retailers are tracking that go beyond transactions are: customer feedback (65%), e-mail address capture (59%), and new loyalty program sign up (53%). (See Figure 9.)
- The top-five mobile/online HR functions that are currently supported for store associates are: punch in/punch out (65%), request leave/vacation/time off (59%), check schedule (52%), and approve time card (52%). (See Figure 10.)
- The top three associate challenges that need to be overcome are: associate training (56%), turnover (44%) and task compliance (38%).
- The top associate transaction-based KPIs tracked are: average sale per customer/transaction (74%), units per customer/transaction (65%), sales per store labor hour (56%), and sales per associate hour (50%).

Methodology

This study was conducted during the month of November 2015 and only senior executives from national or large regional retailers were invited to participate. The results do not include any store-level, field-level or regional employees. Only headquarters-level staff responses were included.

Conclusions

Employee attitudes and workplace feelings are becoming increasingly recognized as core elements of employee engagement, but we are in the early days of adoption. As retailers seek to become more competitive and relevant to shoppers, they are turning to workforce management and human resource tools to leverage their front-line assets – their workforce – to help boost sales, brand image and customer satisfaction.

Some of the methods retailers are using include finding new ways to better manage schedules, make easy shift changes, improve communication, and ensure employee fairness, all of which contribute to nurturing employee engagement. Others include rolling out mobile functions for employees, strong encouragement from top management, and the adoption of new goals that include customer-centric metrics that go beyond the traditional focus on transaction and productivity KPIs.

If you take good care of your employees, your employees will take good care of your customers and your business. No debate there. Retailers now need to find ways to make this a reality in their organizations and stores. **RIS**

Figure 12

What associate transaction-based KPIs are you tracking?

Average sale per customer/transaction	74%
Units per customer/transaction	65%
Sales per store labor hour	56%
Sales per associate hour	50%
Conversion rate	47%
Multi-channel sales	27%

Figure 13

How many employees are there in your organization?

29%	27%	12%
Less than 1,000	1,000-5,000	5,000-10,000
6%	6%	21%
10,000-25,000	25,000-50,000	More than 50,000



Figure 14

What was your company's revenue in the most recent 12 month period?

Less than \$100 million	33%
\$100 to \$500 million	3%
\$500 to \$1 billion	21%
\$1 billion to \$5 billion	15%
More than \$5 billion	27%

