



Workforce And Compliance Management In The Age Of Disruption

Prospective View

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Uncertain Times Make Demands on Retail Workforce

As we reflect on the still-spinning top of natural disasters, civil unrest and a pandemic of epic proportions, it's clear that along with a stunning toll to humans, flora and fauna, 2020 has brought a lot of retailer "nice to have" technologies into sharp relief - and made them urgent and necessary requirements.

While some of these changes are unique to specific retail verticals (those segments selling food and drug, apparel, and hard goods, etc.), there are three specific needs that span the entire world of retail in both stores and distribution centers. These three are:

1) Sophisticated Workforce Management

It's important to keep track of where COVID-19 outbreaks are happening and manage the workforce in those locations more carefully. Some retailers may choose to give local employees hazard pay. Others may choose to extend personal time off.

While retailers have established company-wide standards, situations are not static across the world. Pandemic hot spots come and go, natural disasters continue to happen at an astounding rate, and the pending US elections promise some level of civil unrest, regardless of who wins. Each store and distribution facility within each region must be treated separately, without an army of home office or work-at-home personnel doing the work. Further, as we'll point out in a moment, retail personnel, especially in stores, have new tasks and reporting requirements.

2) Compliance Reporting And Analytics

In some ways, this is an offshoot of workforce management, but really talks more to task management, which again, will have distinctive local requirements. Along with new tasks and roles associated with contactless sales, it's imperative to ensure that requirements are followed. Again, this is just too much for humans to keep track of in a chain with hundreds of stores. Technology is imperative to help retailers keep up. Is testing happening as per local requirements (temperature checks, etc.)? If an employee tests positive, has the facility been cleaned per regulations? Are social distancing guidelines being followed? Compliance reporting is critical. This has changed because retailers simplified their own guidelines, but each locale has its own mores – and while mask wearing may be de rigeur in Miami, it may not be quite as common in Hialeah (for example).

3) Adjusting Workforce Requirements For The New Era

Earlier this year, RSR published its last report with data gathered before the pandemic hit the US hard, "[The New Retail Model: Becoming Agile And Efficient.](#)" In that report we found retailers plan to accelerate the trend of trying new types of stores – from dark stores for fulfillment-only to pop-up stores to stores with broader assortments to facilitate one-stop shopping. Not all these models will be successful. It seems very important, especially in times when earnings and revenue are likely going to be scarce, to identify as quickly as possible how well these formats are working and either abandon or expand them.

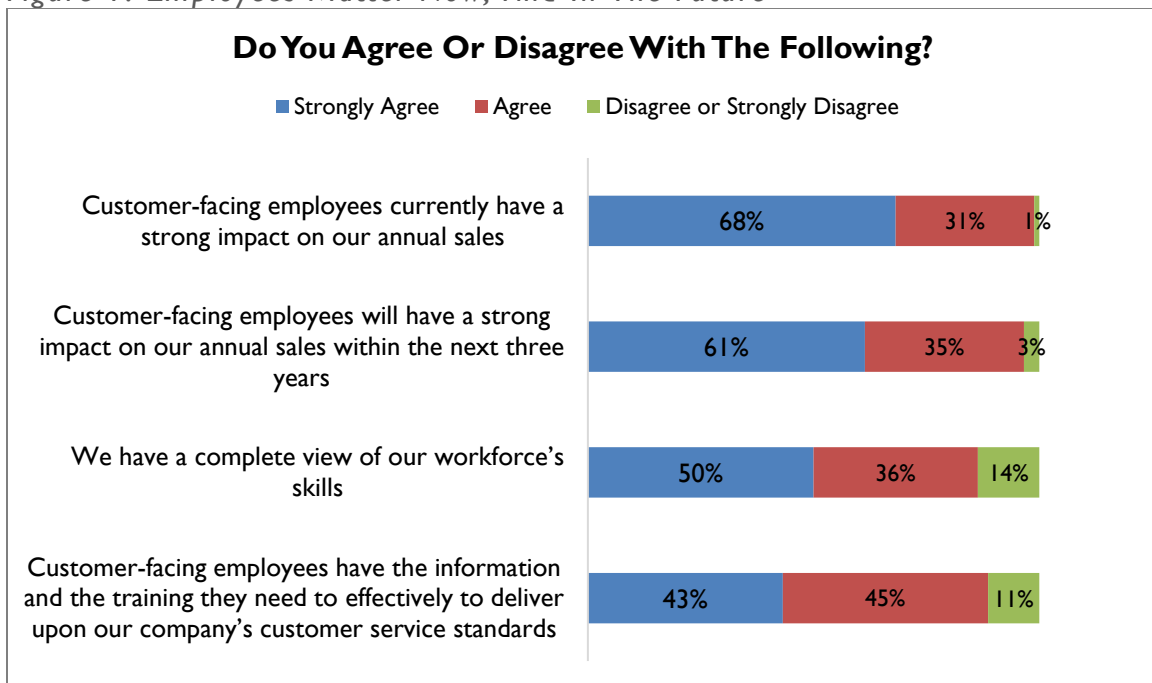
These new types of stores, along with extensive "contactless purchase" options, have also created new labor requirements. The remainder of this Executive Perspective will focus on the business value of these three workforce-oriented imperatives.

Sophisticated Workforce Management

Early on, we worried that a pastiche of local rules and regulations dealing with the pandemic would flummox retailers and completely complicate their lives. Luckily, most of the majors, led by Walmart and Target, early on decided to have ONE set of policies nationwide. Masks, social distancing, and limited number of people in stores at any given time.

This made things much simpler to keep track of, but the virus and other disruptions have added more stresses and uncertainty to an already over-worked and stressed workforce. As we can see from Figure 1 below, retailers recognize the impact their employees can have on sales, both now and in the future, but they are less emphatic about their view of workforce skills and training. This is a long-running theme in RSR's research.

Figure 1: Employees Matter Now, And In The Future



Source: RSR Research, April 2020

Though retailers have been saying this for years, the impact now is even greater. Should a shopper venture out into a store or mall, there is an expectation by the majority that masks and social distancing will be in place.

Of course, on the flip side, there are those shoppers who feel that masks and other pandemic-related rules are an impingement of their freedom. The implication here is that in-store employees must be non-confrontational by nature. The key questions retailers must ask themselves are:

- Do we have enough non-confrontational employees to cover all shifts?
- Do we need additional staff to manage difficult customers?
- How do we manage PTO for workers who become ill?
- What do we do if a store is damaged in a riot?

In other words, while training in the past has been sparse and has generally focused on product locations, features and functions, and in-store technologies like POS, it now must continually re-focus on *people*. Every customer-facing employee must be familiar with steps to take in confrontational situations, and every shift must include several who are capable of diffusing potentially explosive events in store. It takes sophisticated workforce management systems (complete with employee skillsets) to create optimal schedules in this environment.

Compliance Reporting And Analytics

Global instability across climatic, civil and political domains have driven retailers to take real steps to ensure safety of both shoppers and employees. This is a new world for retailers, and a lot of [anecdotal data](#) tells us that they haven't adapted well.

Wearing masks while working all day can be challenging, there's no doubt. Still, it's a requirement. It's clear from Figure 2 below, that retailers want their employees to be aware of their performance.

Figure 2: Employees (And Their Managers) Need To Know!



Source: RSR Research, April 2020

However, holding employees (and, frankly, their managers) accountable for in-store issues, while highlighting areas in need of improvement requires sophisticated analytics. These analytics should be both descriptive *and* prescriptive - *and available on mobile devices*. After all, we want events to be both recorded and reported as they occur, without requiring the user to run over to a computer screen to learn about them.

Adjusting Workforce Requirements For The New Era

This is perhaps the most fascinating and challenging shift retailers face. It threads from recruiting through hiring, labor scheduling and workforce retention. It runs across all retail verticals. And it's important.

Of course, there's the obvious: since the pandemic and associated lockdowns, **grocery** has delved deep into contactless sales and delivery (home delivery and ordering online with customer pickup either in-store or curbside). While the entire vertical experienced a top-line boon, those who had prior investments in technology to support these efforts experienced a similar boon in their bottom lines. Of course, this dramatic increase in eCommerce-based sales (for example, [Walmart](#) saw a stunning 97% increase in eCommerce sales in Q2 over the same period in 2019).

This also changes workforce requirements dramatically. While some grocers rely on outside services to perform home delivery, they still need their own workforce to support picking and restocking. Out of stocks and appropriate replacements are a far bigger challenge for orders made when the customer is not present.

Perhaps in response to its sky-rocketing eCommerce business, and overall comparable store increases, [Walmart recently announced a change](#) in its in-store operating model. Along with giving raises to 165,000 workers, it also created a "team-based operating model" for its supercenters that sounds a lot like Kanban in the auto industry. As the COO of Walmart U.S. wrote in a blog:

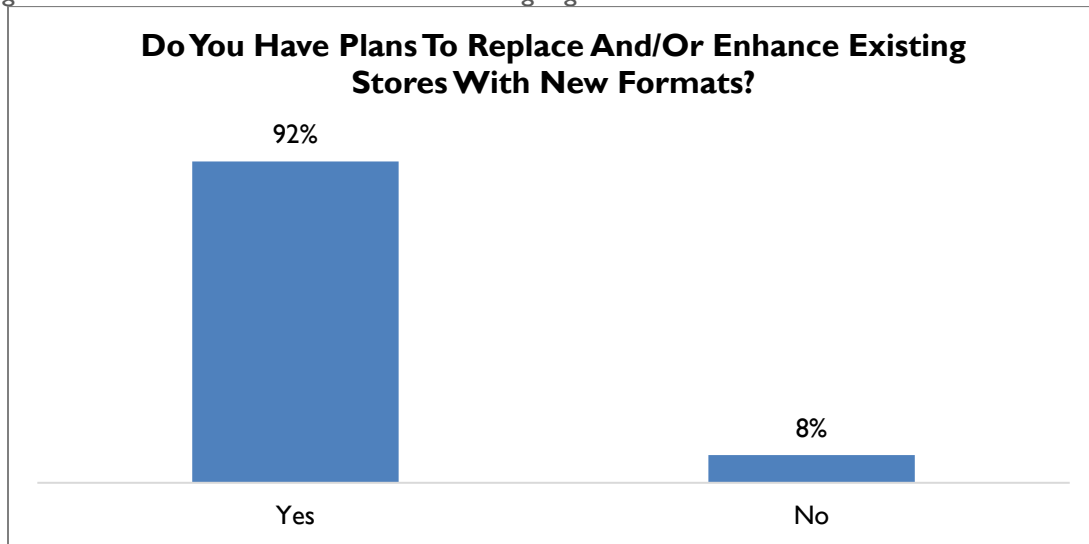
"For example, associates who prepare fresh food will be trained to maintain pricing and standards in their area – giving them broader skill sets that allow them to help customers and grow their own careers."

For a company that historically treated its entire company like a huge assembly line, from the supply chain all the way through to in-store activities, this is an enormous change. Clearly, a sophisticated workforce management system is required to support these new roles, responsibilities, and execution standards.

Then there are malls: very, very few are equipped for curbside pick-up at present. We can expect these changes to come quickly, and workforce needs will change as well. How will curbside associates report back to management that the pick-up has been made? How will wait-time be monitored?

We have far more questions than answers in terms of where we go from here. Even before the pandemic, retailers were reporting changes to store formats (Figure 3).

Figure 3: Store Formats Will Be Changing



Source: RSR Research, April 2020

Before the pandemic, retailers contemplated opening larger stores with broader assortments. However, we are seeing some indications of changes now.

- Home Depot [announced it plans to open more local distribution centers](#) to satisfy demand
- Amazon [announced its first “dark store”](#) for Whole Foods Market in Brooklyn, New York
- Early data results from a current RSR survey seem to indicate that retailers will also consider smaller stores, with targeted assortments
- Mall operators are buying some of their bankrupt retailers, with some implications of cross-training across retail chains

This will certainly change the mix of employees in all facilities, and while it appears as though there’s a large pool of potential employees, getting the *right* ones, and scheduling them appropriately based on age, local requirements, and the state of the pandemic will be a significant challenge.

The Bottom Line

The world is changing in ways and at a speed none of us could have predicted a year ago. “Nice to haves” have become table stakes. In this world of feast or famine, some retailers will simply have to manage the enormous volume of orders coming in for outside delivery. Others will struggle to bring customers back to their brands, and to sell items that are relevant in a quasi-locked down world.

All of this has implications on the workforce, and these changes simply can’t be managed manually without a dramatic loss of profits.

Savvy retailers will make investments now, document their process changes and ensure those process changes are reflected in their workforce management systems.

It’s not a small challenge. We hope this perspective helps in decision-making processes.

Appendix A: About Our Sponsor

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Appendix B: About RSR Research



Retail Systems Research (“RSR”) is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

- **Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;
- **Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;
- **Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.

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