

Next Generation Workforce Management: The ROI for Accurate Scheduling

Every day, companies around the world must solve the jigsaw puzzle of scheduling – matching available talent and skills with business demand to create an efficient, effective schedule that maximizes productivity while minimizing costs. Despite years of struggling with this critical issue, many organizations still face overstaffed shifts, shorthanded rushes, and unacceptable levels of productivity. Based on data from 167 organizations collected in May and June 2012, this Research Brief will look at how organizations optimize and automate scheduling to improve business results, customer satisfaction, and employee engagement.

Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

Savings Driven by Accuracy and Automation

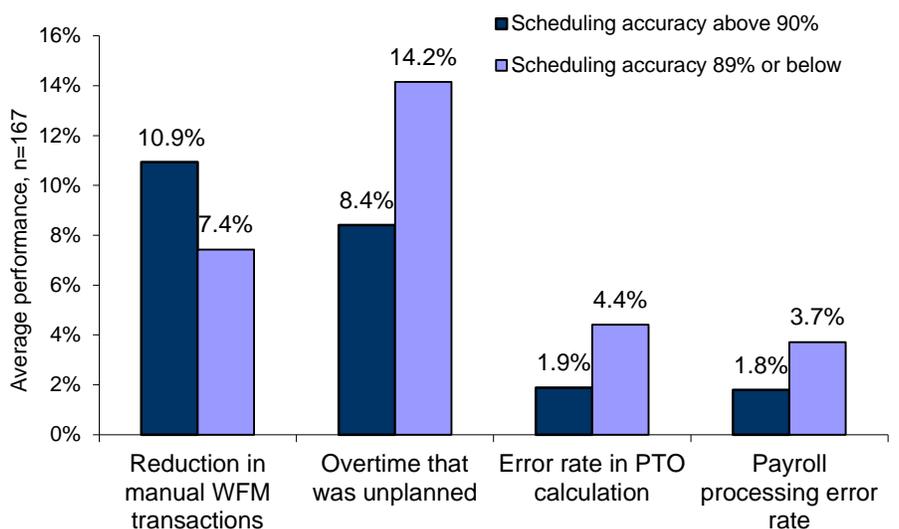
If the right workers with the right skills are not in place at the right time, the organization cannot deliver a profitable, engaging, and satisfying customer experience. But building an accurate schedule to accomplish this goal can be a huge burden, particularly on operational managers. In Aberdeen's July 2012 [Workforce Management](#) study, Best-in-Class organizations (see sidebar for Best-in-Class definition) achieved, on average, a 93% scheduling accuracy rate. The investment required to achieve this heightened level of accuracy yields returns in many forms (Figure 1).

Defining the Best-in-Class

In its July 2012 [Workforce Management](#) study, Aberdeen used three key performance criteria to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%) and Laggard (bottom 30%) organizations, with mean performance among the Best-in-Class as follows:

- ✓ 91% average workforce capacity utilization
- ✓ 93% of schedules accurate at first pass
- ✓ 0.8% payroll error rate per pay period

Figure 1: Impact of Accurate Scheduling



Year-over-year change
Source: Aberdeen Group, June 2012

Organizations with a 90% or better scheduling accuracy were also 44% more likely to use automated scheduling solutions than organizations achieving lower levels of accuracy. Working towards more accurate, automated schedules allows these organizations to reduce the time spent on manual workforce management transactions, incur 41% less unplanned overtime, and significantly improve accuracy. Investing in automated solutions to achieve accurate and effective schedules is also critical because the people involved in schedule creation must balance time spent on customer-facing and revenue-driving activities with time spent on internal processes like schedule creation and management. So it's not surprising that organizations seek to automate this important, complex, and time-consuming task.

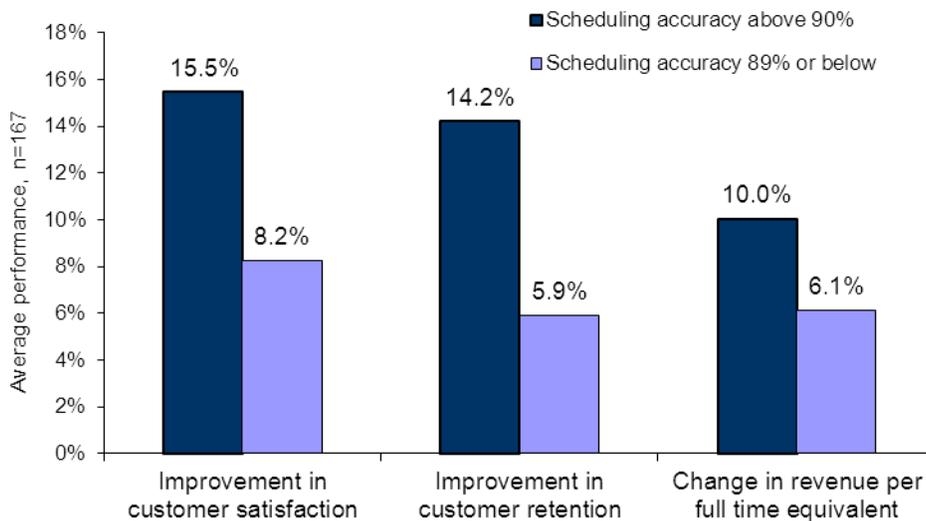
And as Figure 2 shows, organizations with higher levels of scheduling accuracy are doing a better job of ensuring they deliver a quality customer experience. They are better able to anticipate business demand and staff appropriately to deliver quality service at an appropriate labor cost. This allows the organization to achieve higher revenue per employee by improving productivity.

Fast Facts

Organizations with 90% or better scheduling accuracy are

- ✓ **44%** more likely to use automated scheduling solutions; and incur
- ✓ **41%** less unplanned overtime

Figure 2: Customer Impact of Automated Scheduling



Year-over-year change
Source: Aberdeen Group, June 2012

Case in Point — PUMA North America, Inc.

One organization benefiting from improved schedule accuracy as a result of scheduling automation is PUMA North America, Inc., a sports lifestyle brand that sells shoes, clothing and other gear in over 90 retail outlets in

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the US alone. With over 2000 retail associates, managing the costs, complexity and effectiveness of each store is an ongoing challenge. In 2009, PUMA was ready to transition from a largely manual and spreadsheet based scheduling and forecasting process to a more automated solution that also offered increased data analytics capabilities. The organization implemented a scheduling and timekeeping solution in May of that year and added an additional analytics module in October.

The benefits of an automated scheduling process were apparent almost immediately. Not only was the amount of office time required of store managers cut in half because of streamlined and automated scheduling, but the new process was more transparent and fair to staff members. Associates now saw that the schedules were not being created based on favoritism or other perceived biases. Schedules were the results of equitably administered scheduling rules. And, with analytics tools that brought in point of sale and other business data, managers also had ongoing real-time visibility into who the most productive staffers were, helping them to make better decisions around staff allocation.

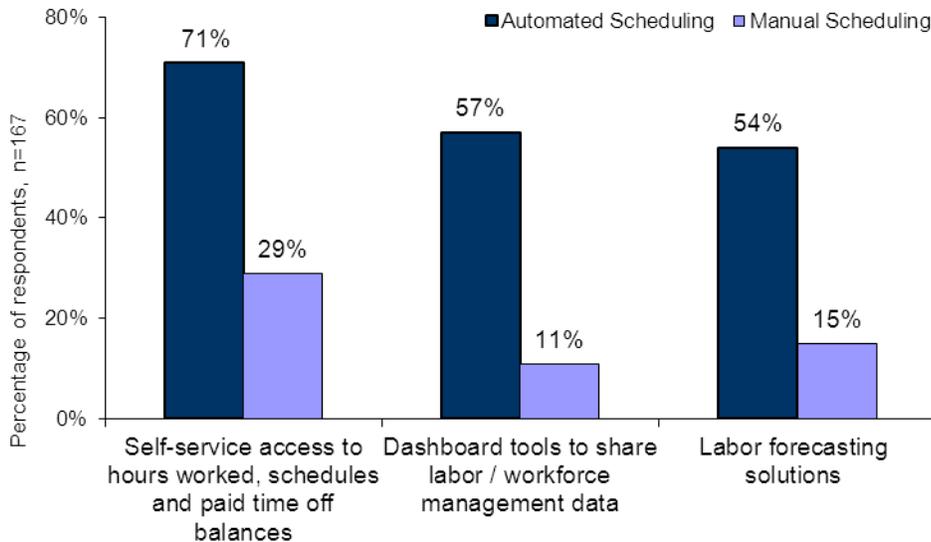
One of their major goals in 2011 was to achieve a 2% overall decrease in operating expense. The real-time data from PUMA's analytics solution allowed them to cascade this goal for each individual store, and focus managers on achieving this goal within their own operations. Through better tracking of how much time was actually required to perform various store tasks, PUMA significantly reduced the total number of payroll hours in most stores without impacting customer service or revenue. With this kind of focus distributed to every store manager throughout their system, PUMA was able to come within a few hundredths of a percent of achieving its overall Opex reduction goal.

Automated scheduling can improve the lives of scheduling's many stakeholders. Operational managers who are held accountable for creating schedules must do so quickly and efficiently. Financial and business executives want to deliver performance at an acceptable cost. HR leaders need to streamline tactical activities and focus on strategic priorities. And employees want a transparent and fair scheduling process. Automated and accurate scheduling addresses all of these issues.

Workforce Analytics Deliver Business Results

Not only can automated scheduling improve efficiency and performance, it also allows organizations to use scheduling data in new ways (Figure 3).

Figure 3: Technology Capabilities



Source: Aberdeen Group, June 2012

Organizations with automated scheduling solutions are more than twice as likely as organizations without automated scheduling to provide self-service access to employees – a critical element to improving employee engagement and schedule accuracy. When employees and managers can see and correct scheduling problems in advance, and feel their voice is heard in the scheduling process, they will be happier with the overall experience.

Organizations with automated scheduling solutions are also more than four times as likely to use dashboard tools that can share workforce management data with executives. Labor is the biggest expense in most organizations, and this expense must be balanced against business results. Workforce and labor data dashboards help executives understand how labor budget is spent, and enable better conversations between operational and financial managers about talent needs and investment. This data can also help with future labor forecasting. Understanding past patterns, and the business and financial results of various schedule scenarios, helps organizations plan better in the future. While this can be done manually, organizations that automated scheduling were more than three times as likely to use automated tools to forecast future labor needs, improving accuracy and results.

Automated solutions can also offer additional functionality to manage complex issues like variable business demand or other factors that may require organizations to staff up or down rapidly to meet business needs. By integrating data, modeling demand, and automatically and dynamically creating and modifying schedules, this functionality can rapidly improve productivity and workforce utilization. Forty-two percent (42%) of organizations with automated scheduling tools also use scenario planning software – solutions that can play out multiple possible scenarios based on

various demand drivers calculate the most effective combination of shifts or day models based on staffing needs. Only 2% of organizations with manual scheduling are taking advantage of this kind of functionality, so clearly automation is critical to optimizing schedule performance. This capability is also a critical differentiator of Best-in-Class performance. Automated solutions also save time and improve efficiency by helping managers fill open shifts. Organizations with automated scheduling in place are nearly 10 times as likely (29% vs. 3%) to enable managers to automatically send notification of open shifts to employees via text, interactive voice response or email, helping to avoid managers spending hours tracking down employees to fill in for an unexpected absence.

As illustrated in the case study below, an automated scheduling solution can be the foundation of organizational efficiency, quality customer experience, and improved financial performance. Life Time Fitness has used scheduling to bring together operations, finance, HR, and employee stakeholders to deliver business results.

Case in Point — Life Time Fitness

Life Time Fitness is an organization focused on enabling healthy living. Life Time runs fitness events like triathlons, and delivers fitness and wellness programs for companies, but one of the largest portions of their business is running health clubs. The organization just opened its 100th facility, and operates in 20 states, focusing on clubs with large populations and multiple departments including fitness training, kids' camps, swimming lessons, and spa services. John Schuele is director of operations at Life Time, responsible for overseeing operations for the facilities and their 18,000+ employees. "We knew we had an opportunity to save time and money by finding a new way to schedule each of our clubs," said Schuele.

In 2004 the organization implemented a time and attendance solution to streamline time tracking and integration with payroll. But each department manager in each location was still creating schedules based on Excel spreadsheets and paper lists. In addition, many managers were creating schedules to accommodate employee needs for various shifts, rather than the demands of club members. Managers did not have the information they needed to accurately forecast demand, or to have conversations with employees about shift scheduling priorities. And, as good as the paper staffing models had become, they could not take into account the complex compliance rules in each state where the organization operated.

Before selecting a scheduling solution, Life Time Fitness knew it needed to understand the drivers of its scheduling demand. "We had our time and attendance and other club data, and had built some good tools in spreadsheets that allowed us to select and test multiple demand drivers to make sure we actually understood which variables were driving the

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Fast Facts

Organizations with automated scheduling in place are

- √ **10x** as likely to enable managers to automatically notify employees of open shifts by text, phone, or e-mail

Making the Case

Since implementing an automated scheduling solution in 2010, Life Time Fitness has seen significant improvements in labor efficiency. In the first year the organization saw a 9.5% reduction in labor hours, and to date they have seen a 15% reduction.

Case in Point — Life Time Fitness

need for staff in various departments," said Schuele. "The tools are only as good as the information you feed them, and no vendor can know your business well enough to determine the right drivers without your help." This allowed the organization to find a solution that could meet their needs, rather than implementing a solution and hoping their process and data would fit.

Since implementing an automated scheduling solution in 2010, the organization has seen significant improvements in labor efficiency. In the first year the organization saw a 9.5% reduction in labor hours, and to date they have seen a 15% reduction. When building the business case to invest in a scheduling solution, the organization determined that a .5% reduction in payroll would cover the costs of the initial investment. Through pre-implementation analysis, they determined which departments had the largest potential cost savings, and focused on those departments first to ensure that the business saw a rapid return on its initial investment. The program exceeded goals not only in the first year, but in every year since. "People often assume to get savings you have to make a trade-off in quality," said Schuele. "But we run annual customer quality surveys and it is very important to us to maintain our level of service while optimizing costs and schedules. Our new Kronos system allowed the organization to have staff available when client demand is high, and reduce staffing when demand is low." In this way, the organization delivers a high quality of service while reducing costs.

Life Time Fitness took several steps to ensure success with its scheduling solution implementation. First, the organization understood their scheduling demand drivers up front. Second, they led from an operations point of view, rather than from HR or IT, to ensure that schedules were designed to meet operational and customer needs while also being more efficient from an HR and IT perspective. Lastly, they understood how to measure the success of their implementation, and actively communicated it as they have gone along. "I have a clear set of metrics by which I can monitor the business, and it makes a huge difference in how we're able to run our clubs," Schuele said.

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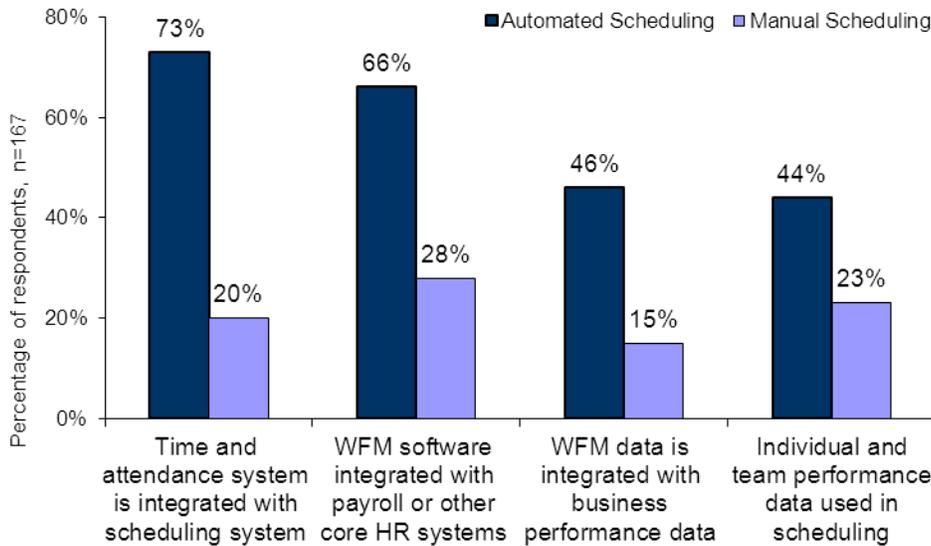
~ John Schuele,
Director of Operations,
Life Time Fitness

Return on Scheduling Data

As the case study above illustrates, organizations can see an immediate return on their automated scheduling investment by using the data to better manage their business. Automation makes scheduling more efficient, but it also makes it more effective. Integrating scheduling data with business performance, productivity and business demand data allows organizations to optimize their schedules to reduce labor costs while delivering the same or better quality of service and improved levels of productivity.

Organizations using automated scheduling solutions integrate this data across the organization to drive better decision-making. As Figure 4 shows, automated scheduling improves the organization's ability to integrate time and attendance and scheduling data, workforce and core HR data, and workforce and business performance data.

Figure 4: Integration and Data Capabilities



Source: Aberdeen Group, June 2012

Organizations with automated scheduling solutions are almost twice as likely to be able to use individual and team performance data when creating schedules. This allows operational managers to make scheduling decisions based on knowledge of the skills, certifications, and experience of each team member, ensuring that the right individuals are available for each shift and that productivity is maximized. It also enables transparency, allowing managers and employees to see that scheduling decisions are made based on data, not favoritism, creating an enhanced experience for everyone.

Key Insights

Scheduling automation is a logical choice for improving accuracy and efficiency, and, when done well it can also have a significant impact on effectiveness and customer and employee engagement. When evaluating automated scheduling solutions, consider the following points:

- **Implement with all stakeholders in mind.** Automated scheduling solutions can be a significant investment, but this investment can be justified easily by building a business case that focuses on all key stakeholder groups – operations, finance HR, IT, employees and customers. By creating efficiencies and using schedule data to improve effectiveness and business impact, organizations can quickly measure the impact of automated

scheduling. As shown in the case study, it's smart to know how projected performance improvements will pay for the investment in automation when building a business case.

- **Make automation the foundation for integration.** Scheduling does not exist in a vacuum. Automation of scheduling alone can result in less manager time spent on manual processes, happier employees, and more accurate schedules. But automating scheduling and using scheduling data along with data from other workforce management processes (such as time and attendance) can have an even greater impact. Feeding performance data into the schedule and correlating schedules with business output creates a feedback loop that helps improve not only scheduling but overall business performance.
- **Know your business drivers.** In organizations that are highly schedule dependent –where the right person with the right skills to meet customer needs is critical to business results – HR and the business must be completely aligned. If HR and operations don't come together to design a scheduling process that speaks to key business drivers, scheduling solutions will never have the desired impact. A bad process, automated, will only produce disappointing results faster. Organizations must understand the business drivers and critical inputs to their scheduling process before automation begins.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[*Core HR: Becoming a True Business Partner*](#); March 2012

[*Analytics into Action: Workforce Planning for Talent Success*](#); March 2012

[*Workforce Management Goes Mobile*](#); February 2012

[*Human Capital Management Trends 2012: Managing Talent to Lead*](#)

[*Organizational Growth*](#); December 2011

[*The Engagement / Performance Equation*](#); July 2011

[*Time and Attendance Strategies: Beyond Compliance and Payroll Accuracy*](#); May 2011

[*Workforce Scheduling 2011: Automation Drives Accuracy, Efficiency and Business Outcomes*](#); March 2011

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