



RetailWeek
CONNECT

WHITE PAPER

In association with  KRONOS®

Engaging your workforce

Making people count in the tech revolution



INTRODUCTION: ATTRACTING THE BEST EMPLOYEES

The retail industry’s reputation has taken a bit of a battering of late. From Asos being accused of exploitative working practices to Boohoo’s alleged poor working conditions, it is no surprise that the sector is not thought of as the most appealing to work in.

So how can retailers ensure they are attracting the very best employees possible into their workforce? What can they do to make sure retail is high on the agenda for jobseekers? And, once they’ve enticed their staff, what measures can retailers take to retain them?

Employee engagement is a huge talking point today. Not only is it proven to increase productivity, but it also helps to improve the service customers receive and, most importantly, boost sales. But how do you engage with a workforce?

Furthermore, as the industry turns to automation and artificial intelligence (AI) in the pursuit of increased productivity, how will the rise of the machine impact jobs?

This white paper, produced by Retail Week in association with Kronos, assesses how and why employers should strike a balance between technology-led productivity gains, and nurturing skills and talent in their workforce.

“Employee engagement is proven to increase productivity and boost sales”

CHAPTER 1: RECRUITMENT AND RETENTION

Recruiting and retaining staff is getting tougher in retail, reflecting wider trends in the working world.

Gone are the days of ‘jobs for life’ and carriage clocks presented on retirement – the average UK employee takes on nine jobs in their lifetime and encounters one major career change during that time.

While Britons typically change jobs every five years, official statistics in the US show those on the other side of the Atlantic switch employment just over every four years.

Retailers are therefore struggling with the dual challenge of finding the right skills to help meet the needs of a fast-changing sector and keeping their staff satisfied when they do manage to recruit suitable people.

Research by Retail Week found that 71% of chief executives are finding it hard to recruit the right people for jobs, particularly those with social media, data management and digital skills.

Meanwhile, US insurance company Aflac’s *Workforces Report* study last year found that only 14% of retail workers are extremely satisfied with their jobs – 5% lower than the national average – and some 58% of new retail employees are apparently likely to look for another job within the next year.

Recent research by OC&C Strategy Consultants on behalf of the Fashion Retail Academy looked into the specific issues facing the fashion sector, with UK retailers seemingly struggling to fill the 60,000 new roles the industry requires over the next four years.

“UK retailers may struggle to fill the 60,000 new roles required over the next four years”



Sought-after roles will predominantly be in head office, with a particularly urgent need for better analytical and technically skilled workers to cover jobs such as customer insight, digital content creation, customer relationship management and systems analysis.

So, what is holding things up? One explanation could be that the retail industry’s reputation has been negatively impacted of late, with Sports Direct and Asos among those accused of exploitative working practices, as well as the BHS pensions scandal and the alleged poor working conditions at Boohoo.

Another explanation is that retail is still seen too much as a transient industry that provides jobs for people in between doing something else.

Aside from ensuring working practices are of the highest standard possible, retailers should be proactively doing more to attract and retain the best talent by making sure they are relevant, rewarding, diverse and digitally in tune.

Putting these building blocks in place can help retail appear on jobseekers’ radars and ensure employees have a reason to stay.

THE CURRENT STATE OF PLAY IN THE UK



77% of UK retail employees are **not engaged** with their company brand values

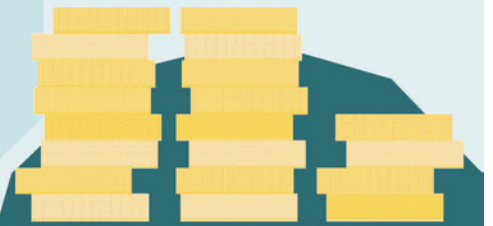
Retailers with **higher engagement** are **18%** more productive



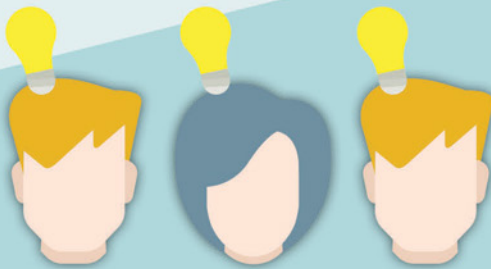
A disengaged retail workforce costs

£ 6 2 8 m

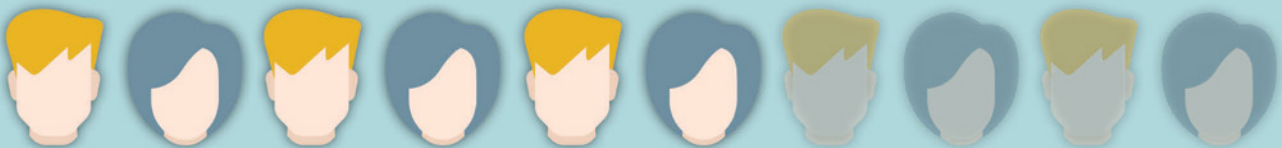
a year to the UK



Retailers with **higher engagement** produce an average **2.5 times more revenue** than those with lower engagement



74% of retail workers know how to **do things better...**
...but **58%** don't believe their ideas will be taken seriously



Sources: Benefex, Hay Group, Kronos, Maverick

CHAPTER 2: SHORT-FIX SOLUTIONS

The statistics published in Chapter 1 show that there are some seismic recruitment issues facing retail, highlighting the need for necessary steps to improve the industry's appeal and retention.

There are various short-term fixes retailers can implement to boost their position and tackle what, at present, could be regarded as a disengaged workforce. Here are the basics to consider:

- » Offer clear benefits such as bonuses and overtime schemes
 - » Create focus groups so that staff feel their opinions are being heard
 - » Establish clear development paths for employees
 - » Make sure each of the individuals you employ fits with your culture
- Of course, many of these solutions have been in place within the retail industry for years, but there is a growing feeling the

landscape is changing and these techniques need to be modernised for a different type of employee and a new digital retailing era.

With fewer final salary pensions available across all UK industries, and experience-hungry millennials entering the workforce looking for flexibility and jobs that can be wrapped around their busy personal lives, retail will need to get creative to ensure it is the industry of choice for a new generation.

This year, drinks retailer Majestic Wine decided it needed to give its people more influence over their lives and money as they progress through the organisation.

As a result, it has started trialling the Majestic Partners programme, with those involved given the chance to run their own shop.

Louise Ellis, people director at Majestic, comments: "Instead of earning a percentage of sales for their bonus, they will earn a significantly larger percentage of their store's contribution by having more control over the day-to-day running of their store."

"We currently have a test group pioneering this new experiment, and over time we expect 50-60% of our store managers to be part of it. We believe this new programme has the potential to pay for itself several times over."

Ellis adds: "We believe that the best way to build sustainable growth is to look after your people and your suppliers, so your customers become loyal."

Sian Field, group retail and HR director at specialist fashion retailer Long Tall Sally, suggests creating a suitable company culture can play a significant role in boosting staff retention and morale.

With staff now able to access work remotely on their mobile phones, people are working longer hours as the line between office and home blurs, she notes.

"Screens occupy a lot of our waking hours, and so keeping the balance and making the office/store a great, vibrant, fun place to work can make all the difference."

"Early Friday finishes, weekly wine-tasting and baking competitions all add to the type of culture that will have people begging for more. If you want to really keep it simple, say 'thank you' – the most underestimated phrase in the workplace."

Flexible workforce

Kurt Salmon, part of Accenture Strategy, has been working with a number of international retailers looking at how to make employees' lives more fulfilling and deepen the pool of potential applicants by attracting staff who are interested in part-time or freelance work.

The consultancy has identified a growing trend, described as the "adaptive workforce", which is supported by cloud-based platforms and online talent marketplaces that make it easier for people to freelance.

This will also impact retail, says the organisation's managing director Helen Mountney, and lead to increased employee expectations around the level of flexibility they have in their working lives.

She adds: "In addition, gamification is transforming training sessions for retail employees. Leveraging technology, such as video-based training, can improve staff

engagement and result in higher levels of information retention."

It is fair to say that technological advancement in retail is creating wonder and fear in equal measure.

On one hand, those in the industry are identifying huge opportunities by embracing the new tools available, but on the other there are concerns about its impact on human jobs.

It leaves leaders in the industry needing to quickly achieve two things: ensure the sector becomes a shining light in terms of its digital deployment and innovation – so it does not get left behind other forward-thinking industries – and arm the workforce with the skills they need to flourish in a tech-led world.

As members of digital agency SapientRazorfish explained in a presentation at the Cannes Lions creativity event in June: "You won't lose your job to a computer, you'll lose your job to a human who is better at using a computer."

This one sentence succinctly highlights how success in the digital commerce era needs to be about training staff with the right skills, arming them with the correct equipment for a new way of retailing and encouraging creativity and innovation from within. It is not, as has been reported on multiple occasions, a case of robots taking everyone's jobs.

WHAT ARE RETAILERS DOING TO ATTRACT AND ENGAGE STAFF?



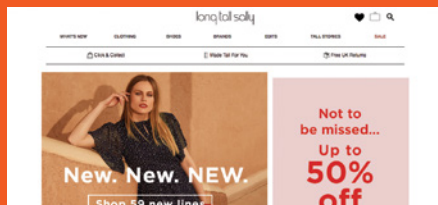
MAJESTIC WINE **Changes driven from the top**

People director Louise Ellis says: "The only way Majestic can be one of the winners is by helping our customers discover wines they couldn't find for themselves. The only way we can do that is by having experienced and engaged staff."

Many changes have been instigated since Majestic Wine bought Naked Wines in 2015, a move that resulted in Naked's chief executive, Rowan Gormley, taking the helm at Majestic.

"We are a living-wage employer, we removed caps on bonuses and we offered free shares to everyone in the company. We've also removed more than 76,000 hours of unproductive, dull task time from stores, allowing our teams to spend more time with customers."

Ellis says the catalyst for so many of the changes has been Gormley's arrival, highlighting how employee engagement can be driven straight from the top of an organisation.



LONG TALL SALLY **Creating a common goal**

Sian Field, group retail and HR director, says there are a number of tactics the retailer uses to keep staff engaged and working towards a common goal.

She says: "We keep our mantra simple and repeat it frequently: 'Did we make a tall woman look and feel great today?'"

"If the answer is yes, we did what we are here to do. We talk about that frequently, from board meetings to coffee chats in the kitchen, and that therefore penetrates the business – from headquarters, to store, to warehouse."

Long Tall Sally also gauges staff sentiment via a global biannual staff survey.

"The staff survey is carefully dissected with department heads and we focus on driving real action, so that our employees feel and see the changes as a direct result of their feedback," explains Field.



AO.COM **Would your mum be proud?**

At online electricals retailer AO.com, staff are empowered to make the call on what's best for their customers.

The company's board encourages employees to ask themselves: "Would my mum be proud of the decision I'm making?"

Since emerging on to the retail scene in 2000, AO.com founder John Roberts has regularly spoken publicly about the importance of looking after staff and fostering a positive, rewarding internal culture to ensure that the business is successful.

"We spend the majority of our lives when we are awake at work, and so we want to have fun while we do it. We want to work hard and play hard together," he notes.

AO.com creates the right environment for its staff to flourish and is transparent with its team about business performance.

CHAPTER 3: LONG-TERM APPROACHES



Looking further ahead, the retail industry cannot rely on short-term fixes to make improvements, increase productivity and retain the best workforce. Instead, a long-term plan needs to be established to position retail as the workplace of the future.

The recent *Retail 2020* series of reports by the British Retail Consortium (BRC) maps out a route over the next four years that leads to “fewer but better jobs”. The trade association suggests that there could be as many as 900,000 fewer jobs in retail by 2025 than there are today, but those that remain will be “more productive and higher earning”.

Retail’s evolution is expected to be driven by factors such as the advent of new technology, increased cost pressures at a time of conservative consumer spending and incremental national living wage rises. Against this backdrop, retailers must think carefully about growing their workforces, while at the same time providing those already employed with better levels of pay.

But the BRC is confident that the retail industry, although more streamlined, will become a better place to work. It is tracking how the industry is responding to structural changes, and at present notes that retail productivity growth is outperforming the rest of the UK economy, the pay gap between

retail and the wider economy is closing, and there is an upward trend in staff motivation and satisfaction levels.

To build on this momentum, the future of retail should see companies using systems that will allow staff to take control of their own career paths and working weeks.

Tailored to the individual

Personalisation of work will be a common factor in new retailing, with businesses taking into consideration the skills, capabilities and preferred working period for each worker.

In the head office, this could manifest itself in more remote working, with colleagues able to use the growing number of tech tools available to keep in touch with their colleagues from afar.

“Treating employees as individuals and ensuring you know what makes them tick can take recognition from zero to hero,” notes Long Tall Sally’s Field. “Reward and recognition needs to be specific, personal and tailored to an employee’s needs.”

In the store, employee control over their working hours could be achieved by allowing store associates to view schedules and swap shifts.

“There are platforms that retailers can use to share their available rotas and employees

APPRENTICESHIP LEVY IMPLICATIONS

The Apprenticeship Levy came into force in April 2017, requiring all employers in the UK with an annual wage bill of more than £3m to pay 0.5% of it towards funding apprenticeships.

The money will be invested in quality training for apprentices and is expected to double the annual investment in apprenticeships in England to £2.5bn by 2019-20, compared with 2010-11 levels. Although the BRC called for a delay due to the added financial burden this brings retailers at a time of rising costs, it also offers significant potential for the industry.

The levy is effectively a mandate from the government to businesses to invest in training for apprentices. The Department for Education believes it will encourage employers to invest in high-quality schemes that will help more people to reach their full potential.

Former skills minister Robert Halfon, who was removed from his role by Prime Minister Theresa May as part of her post-election Cabinet reshuffle, was a key player in the roll-out of the levy.

Speaking in April when it launched, he said: “More than 90% of apprentices go into work or further training, and the quality on-the-job training on offer will make sure we have the people with the skills, knowledge and technical excellence to drive our country forward.”

“Building an apprenticeship and skills nation is essential in ensuring that we have the home-grown workforce we need in post-Brexit Britain to address the skills shortages facing the industry, and give everyone the chance to succeed.”

The retail industry may not have wanted the levy until 2018, but its arrival means businesses in the sector will need to start investing now.

It is a chance to work on the skills gaps that can complement technological advances, and it will provide school-leavers with more opportunities to join the retail industry and potentially start planning their progression through the ranks.

can apply to work any number of shifts depending on their personal needs,” Kurt Salmon’s Mountney explains.

“This practice, known as shift-bidding, empowers employees, who can also carry out training in advance. Some innovative platforms provide the facility for the manager to rate staff at the end of each shift – and the staff can provide a rating for their line manager too.”

More than just transient

Retail has served – and is likely to continue to serve – as a fantastic gateway into the world of work for many young people across the UK.



Saturday shifts and after-school hours for teenagers have been a key part of many retailers’ employment

strategies for years. Often, these workers will leave their retail job when it is time to go to university, or they seek other careers, perceived as more challenging or as having greater prospects.

With the right communication and the relevant investment, this is an area where leading retailers can start changing people’s perceptions.

Engaging school-aged employees in the business’ roadmap and highlighting potential career paths for them at an early stage could ensure the talent of tomorrow is kept within retail and not lost to academia and other industries.

At a time of huge innovation in the industry, as it moves from bricks-and-mortar to sophisticated omnichannel trading, today’s retail industry should be a mecca for data analysts and scientists.

They can effectively name their salary and put their skills to real tangible use

at a time of huge change impacting the industry.

The opportunity of using these technical skills to help create “new retail” could be much more heavily promoted than it is today.

Retail is no longer about operating a till and stacking shelves; it involves detailed digital development, sophisticated data management and the use of predictive technologies to get to know customers better.

For Field at Long Tall Sally, encouraging people to stay within retail can be a simpler process than that.

“Of course, remuneration plays a part in people staying loyal to a business but, as we all know from countless surveys and polls, employees value recognition above most things,” she argues.

“Being made to feel special and working for a business that puts the effort into making their employees feel special can be make-or-break when dealing with staff retention.”

MACHINE LEARNING MATTERS

The long-term technology trend set to impact retail over the coming years is the growing capability of machine learning and AI.

Although some of the benefits of this tech will help automate customer service jobs, arguably the best example of its usage will be when man and machine work together.

Larger retailers, such as Morrisons, are using machine-learning technology that helps forecast and plan inventory based on multiple factors including the weather, special events and historical sales data.

The likes of Marks & Spencer and Tesco’s F&F are using RFID tags to keep better track of inventory from the point of procurement to the point of sale.

With these sophisticated systems now deployed in retail, it means businesses can more accurately align staff with demand – thereby making the work more worthwhile. Growing automation in the back end will also free up staff to undertake more rewarding, front-line, customer-facing roles in stores.

And AI chatbots are now starting to be used in retail, with Shop Direct embedding this tech into its Very.co.uk mobile app to answer customer queries. It is in situations such as this where you can see humans and technology combining for commercial gain.

Imagine the future shopping experience where a bot does the work to steer a customer towards an online purchase, before a member of staff steps in to seal the deal or up-sell on the phone or via web video chat.

Technology can effectively help to identify hot prospects for sales-hungry staff, therefore boosting conversions and efficiency (and commissions).



HUMAN INTERACTION

Although much of this new technology is reshaping the industry and helping it better execute traditional functions, the fundamentals of maintaining a human touch in retail remain as important as ever.

Using easy-to-access learning tools can help develop talent, while a dedication to training programmes is still one of the strongest ways a retailer can show employees it really cares. Above all, workplaces need to be fair and inclusive.

Finding the correct combination of all of these things – new systems, employee empowerment, relevant training and the correct pay levels – will enable staff to move retail forward. With engaged employees who feel a sense of belonging, the future of the industry will be bright.

Field at Long Tall Sally says aligning staff with the company’s wider goals is a key factor in her retailer’s success, and for that reason one of the business’s key values is ‘family’.

“A family supports and guides as it grows older, occasionally giving tough advice but always with the intention of moving forward as a collective group,” explains Field.

“That is how we function as a business. We make mistakes, we get things wrong occasionally and we also frequently get a huge amount of things very right, but we grow together regardless.”

Adopting a similar theme, while paying attention to the various techniques and evolutionary factors highlighted in this white paper, can help other retailers to create an underlying culture for developing, recruiting and retaining the best talent.

PARTNER COMMENT

For today's retailers, 'good' is no longer 'good enough'. Delivering value to both customers and shareholders has become increasingly difficult in the face of rapidly rising costs, greater competition, increasing legislation and a general sense of market uncertainty.

Technology has a critical role to play in helping retailers to mitigate many of these challenges, but no system alone will provide all the answers. The greatest differentiator to business is human capital. Technology that augments the flexibility, creativity and talent of humans holds the keys to success.

Just as personalisation of our shopping experience helps to drive higher sales revenues, the personalisation of our work experience improves employee engagement, which in turn drives greater productivity, customer service and cost efficiency.

Kronos for Retail solutions deliver the augmented technology that simplifies working lives for store managers and retail associates. Through real-time visibility, data-driven decision-making and workforce process automation, managers can spend less time on administration and more time with customers and colleagues.

Empowering associates through self-service (for example, mobile applications and touchscreen terminals) gives them greater visibility, input into and control of their working lives, helping them to feel more valued and engaged.

Personalisation – ie, understanding and adapting to the individual needs of your employees – has historically been difficult to achieve across a large workforce. But it is the key to making associates feel valued and engaged. Thankfully, technology such



as Kronos makes this easy to achieve. Using the right technology, having clear business objectives, building a strong culture and engaging your associates is the roadmap to retail excellence.

• **Neil Pickering, industry and customer insights manager, Kronos**

KRONOS' KEY POINTS

- 'Good' is no longer 'good enough' for retailers when costs are rising, margins are shrinking and consumer demand is constantly changing.
- The flexibility, creativity and talent delivered by human capital holds the key to retail success, but must be augmented by technology to maximise performance and profitability.
- Exploit technology to 'personalise work' by aligning worker preferences with customer demand and business objectives.
- Workforce management solutions (WFM) reduce the administrative burden on managers, helping store leaders meet objectives easier and freeing up more time to focus on customers and colleagues.
- Empowering associates through WFM self-service – by giving them greater input and control into their working lives – improves engagement and consequently customer service and productivity.
- Investing longer-term in employee engagement strategies will deliver greater returns than many large-scale capital investment projects.
- Do not expect technology to replace people. High-quality talent at all levels, treated with trust, transparency and respect – but augmented by technology – will be the key to your success.

ABOUT KRONOS

Kronos is a leading provider of workforce management and human capital management cloud solutions. It provides retail-specific solutions that help businesses to plan, schedule and manage their associates – salaried or hourly, full-time or part-time – to deliver exceptional service to customers every day. Hundreds of retailers around the world use Kronos to fuel growth, increase market share and improve customer loyalty.

In the UK, Kronos is working with leading retailers, including Boots, New Look, Poundland, Sainsbury's and The Co-operative Group, to manage their requirements. To learn more, visit kronos.co.uk. Kronos: workforce innovation that works.

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