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RESEARCH NOTE A CLOSER LOOK AT THE ROI FROM SCHEDULING

THE BOTTOM LINE

Scheduling solutions improve manager productivity and enable managers to make more informed scheduling decisions. Companies should look to these solutions as a way to reduce costs, deploy their workforces more effectively, and improve morale.

Scheduling - expensive, manual, and distracting

The vast majority of managers who perform scheduling do so on a manual basis. In scheduling employees, a potentially large number of factors must be considered, including the availability of each of a large number of workers, their skills, preferred work, and eligibility for overtime. With any additional complexity, such as a collective bargaining agreement, scheduling can quickly become a daunting task requiring several days of work by managers who have been hired to perform skills other than scheduling.

The more time managers spend on scheduling, the less time they spend on more value added tasks such as improving process and quality control, or working directly with employees or customers.

The bottom-line impact of scheduling

Consider the manager of a Home Depot in early December. When scheduling, this manager needs to consider a handful of relatively complex variables, including the weather, holiday seasonality, anticipated customer demands, and the various skills and availabilities of potential workers. The quality of scheduling in this situation can have a direct income statement impact. Overstaffing wastes payroll dollars, while understaffing can reduce both sales and the quality of customer service. Worse, managers who feel they have insufficient information for scheduling decisions tend to take on extra employees in order to prevent understaffing, which increases payroll costs.

Scheduling also has a meaningful impact on a company's ability to avoid fines. Proper scheduling allows for compliance with various bodies of rules such as federal, state, and local laws, as well as rules arising from union agreements. These rules are relatively complex, frequently unintuitive, and not always readily known by managers. Scheduling solutions have rules engines that automatically incorporate these bodies of regulations into the scheduling process, thereby automating and improving compliance.

TOPICS

Employee Management
Applications
Human Resources
Operations

Demographics make scheduling more important

Scheduling as a task is becoming increasingly important. In the coming years, the number of baby-boomers retiring from the work force will exceed the number of new workforce entrants, resulting in a significant worker shortage. As a result, businesses will be competing for the best workers among a shrinking workforce. Additionally, as the number of workers on a given payroll decreases, overtime expenditures will increase. Effective scheduling can be a way to minimize costs related to expensive payrolls.

The morale benefit

While effective scheduling can cut costs, it can also accommodate worker preferences as a way to improve morale and reduce turnover. Certain scheduling features, such as employee self service, are employee facing, give employees more control or flexibility, and can improve morale. The resulting reduction in turnover is an important indirect benefit, since the cost of a new hire can be substantial. Replacing an employee who has gone to a firm that can better accommodate their work-life balance includes costs in the areas of recruiting, interviewing, training, relocation, and new worker inefficiency.

SCHEDULING – THE BASICS

Scheduling solutions have been effectively deployed and are generating benefits in a variety of sectors, including hospitality, manufacturing, finance and healthcare. These solutions incorporate data on the operating environment with statistics regarding the available workforce and its members, and use this information to generate optimal schedules based on a manager's inputs regarding the anticipated demands of the operating environment.

At the base of a scheduling solutions is the rules engine, into which a user programs all of the conditions which impact scheduling, such as union rules, minor laws, federal regulations, Family and Medical Leave Act rules, and any other relevant body of rules. Scheduling deployments also require employee-related data, such as employees' skill sets, proficiencies, ages, work preferences, costs, and eligibility for overtime. This portion of the solution is frequently integrated into an HRMS solution for ease of data transfer. The primary features of a scheduling solution are the following:

- Modules into which managers input anticipated operating conditions such as customer traffic, sales volumes, or the desired throughput of a manufacturing facility.
- Output in the form of a schedule that recommends placement of employees in such a way that minimizes costs, maximizes efficiency, and maximizes customer satisfaction while accommodating the relevant rules in order to avoid fines.
- Publication functions that distribute schedules to employees via email, Web, or to employee self-service terminals on the shop floor.

Where scheduling is headed

Nucleus research observed that sophisticated users of scheduling solutions get increased ROI with moderate amounts of integration and data incorporation. These deployments had the following features:

- Self-service kiosks, which are dumb terminals located where the employees work, and at which they can complete simple tasks such as shift swapping and leave applications with little or no intervention by managers.
- Incorporation of employee performance statistics into the scheduler. In one large deployment, the scheduling solution was integrated into the time and attendance solution that had been enhanced to compile a large body of performance statistics of each employee. These statistics included tasks completed per-hour, keystrokes per hour, and phone calls taken per hour. This integration allowed the scheduling solution to seamlessly incorporate the performance quality of every employee into its selection of employees for tasks, thus further optimizing the efficiency of the overall operation.

BENEFITS

Nucleus Research found users of scheduling solutions received a number of benefits from their deployments:

- Reduced time spent on scheduling. With scheduling automation, managers spend less time manually juggling scheduling complexities, and more time in their area of competency. With scale, the reduction in time spent on scheduling can reduce the number of management FTEs required in an operation.
- Improved worker placement. Scheduling solutions enable managers to deploy the right worker to the right task at the right time, based on a large body of data regarding both the employees and the operating environment.
- Increased revenue. Optimal placement of workers results in improved customer service and increased sales opportunities. For example, when a large retail outlet is properly staffed, each customer in the various departments – TVs, PCs or Home Audio – receives the proper amount of sales assistance, and is more likely to make a purchase. To the degree that customer service is improved across the numerous outlets of a business, its brand identity improves and it attracts more customers.
- Reduced payrolls. In the absence of automated scheduling, managers frequently pad a schedule with extra employees in order to avoid an operational breakdown such as a bottleneck in a manufacturing operation. By giving primary consideration to employee costs and business demand, scheduling solutions tend to reduce over-staffing, which in turn reduces payroll costs.
- Reduced time spent on tactical tasks. Scheduling solutions enable managers to spend more time on value added activities. People become managers not because of their scheduling skills, but rather because of their competencies as managers in their particular industry. With a scheduling solution, they spend more time performing value-adding tasks, such as managing employees, motivating staff, overseeing projects, and ensuring quality of products and process.
- Rapid selection of the least-cost resource. Potential workers for any given project are available from a number of sources, including the employee base, temporary worker sources, and partners. Additionally, all of these potential

workers vary according to cost, benefits, and overtime eligibility. Scheduling solutions not only track and maintain information on these labor sources but also select the least costly resource when needs arise.

- Improved employee retention. Employees know that they are in short supply and can be aggressive in changing employees if it is beneficial to them. In selecting employers, or deciding whether to stay at a job, more than half of employees indicate work-life balance is a priority. Additionally, more than half of employees indicate that flexible work time is the most important way to balance work and personal lives, with other benefits trailing far behind. Given these priorities, an end-to-end scheduling system that includes employee self-service functions is critical in streamlining the scheduling process, reducing turnover, and competing for good employees.

CONCLUSION

Scheduling solutions can deliver significant value to companies. These solutions optimize employee scheduling so as to maximize customer service, improve managers' tactical focus, raise morale, retain employees, and improve compliance. It is important to note that the seemingly indirect benefit of improved customer service can be substantial. When customer service improves as a result of the optimal deployment of customer facing employees, sales increase and both brand and reputation improve. Similarly, the indirect benefit of improved morale will have increasing importance as employers compete for the best employees among a steadily contracting workforce.

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