

WHITE PAPER

The backbone of retail success: Enterprise planning for today's workforce

How modern workforce planning can
help retailers navigate and optimize
planet earth's largest workforce



/anaplan

The retail industry is a vast but intricate global fabric, spanning sectors that include supermarkets, convenience, luxury, apparel, restaurants, hospitality, home improvement, electronics, automotive, and pharmacies, among others. While the retail industry holistically serves as the cornerstone of GDP and the entire global economy, it has entered a new era marked by economic constraints, labor shortages, rising wages, supply chain disruptions, inflation, fluctuating demand, and evolving consumer expectations. With this in mind, how can the retail workforce stay resilient as uncertainty ripples through the global and domestic economy?

The reality is that legacy enterprise resource planning (ERP) systems and offline tools like spreadsheets are incapable of strategically and tactically keeping up with the dynamic nature of interdependent planning needs across store operations, warehousing, fulfillment, logistics, contact centers, and associated labor capacity in today's modern retail reality. To achieve maximum profitability and resiliency, retail leaders must embrace enterprise workforce planning technology and capabilities that enable scenario analysis, real-time forecasting, continuous planning, and end-to-end visibility into workforce operations - across all lines of business.

This whitepaper will explore current challenges and how retailers are leveraging modern enterprise workforce planning solutions can help drive successful last-mile operations and deliver best-in-class 'moment of truth' customer experiences, margin improvement, and three ways retail leaders can implement a modern workforce planning solution for future success.





Today's retail leaders must navigate an increasingly complex omni-channel operations landscape

The retail industry operates at an immense scale, heavily dependent upon a massive workforce and receptive to automation, where it can improve productivity to compete effectively. Labor costs can account for 20-35% of retail gross margins, to as much as 50% in more service-oriented retail sectors such as hospitality, food service, and luxury – and in most retail sectors, labor is higher than inventory costs. In effect, optimizing workforce costs and productivity can be the biggest ‘lever’ a retailer can pull to improve financial performance. This encompasses stores, properties, venues, commissaries, distribution centers, transportation, logistics, and specialized, even fluid, ecommerce fulfillment capabilities.

Persistent inflation, rising minimum wages, and a tight labor market continue to contribute to slowed economic growth. This shift comes with rising workforce costs and intricate touchpoints across the retail value chain that include relatively new complexities of an omnichannel ecosystem. An ecosystem that now requires new job roles, skills, and allocations at the store frontline – including pick, pack, restock, ship (direct to consumer, another store, or a distribution center) and fulfillment (curbside, lockers, or customer service center) – commonly referred to as BOPIS (buy online pick-up in store), BORIS (buy online, return in-store). This multifaceted and complex workforce landscape and economic volatility present formidable challenges throughout the retail value chain.

The sheer size of the retail workforce inevitably affects the broader economy as businesses struggle to balance workforce requirements by format, channel, role, competitive value proposition, and ever-changing seasonality and unpredictability of demand. According to recent research from McKinsey, **the retail sector employs more people than any other sector**. However, half of frontline employees are considering leaving their jobs. Meanwhile, the distribution, fulfillment center, and logistics workforce has faced staffing challenges due to varying workplace conditions, regulatory changes, automation disruption, and labor shortages. Against these challenges, the last mile of retail operations excellence has been elusive for many, as it requires dynamic demand forecasting, efficient resource management, and timely order fulfillment across a myriad of channels to achieve promised delivery timelines and customer expectations.

Store managers often grapple with staffing challenges to align with the fluctuating volume of in-store customer traffic, expectations, and shifting business models to accommodate the complexities of the omnichannel reality. The growing importance of ecommerce has also affected contact centers, which increases call volume for customer sales and service requests. Without connected data and efficient workforce planning, the influx of calls (and chat, email, text, etc.) may overwhelm contact center employees, creating longer hold times, backlogged issues, and ultimately frustrated customers who may simply want to know, “Where is my stuff?”

Supply networks face complexities in demand forecasting and resource management. Seasonal demands and targeted marketing programs may create a surge in online orders for retailers, resulting in warehouse and fulfillment optimization decisions and the struggle to staff the right employees in the right places at the right time to manage and process orders effectively and efficiently depending upon promised customer SLAs (online) and to prevent out-of-stocks (in-store).

Amid these challenges, retail leaders are bogged down with legacy systems, spreadsheets, and old paradigms of workforce planning that are not responsive nor scalable to consider the intricacies of their diverse workforce to meet real-time response requirements. Instead, retail leaders are looking for modern scenario planning capabilities that enable agility, forward-thinking strategies, and response-driven decisions to stay resilient and on track for growth during uncertain times.

Here, the spotlight shines on long-range workforce planning – an imperative that, if neglected, can cause frenetic activity rather than a thoughtful response to meet ever-changing consumer expectations and enterprise needs. With proper workforce planning capabilities, retail leaders can identify and address the gaps across their various enterprise workforce segments.



Traditional, siloed workforce planning practices can't keep up

To ensure you can achieve your overarching business objectives, your people are perhaps the most critical ingredient to success – and your greatest risk. Workforce planning plays a pivotal role in driving and enhancing the overall performance of your entire retail business, influencing both individual facets and the organization as a whole. A wellstructured workforce plan extends well beyond the bounds of HR and Finance departments, creating a direct and significant business impact across enterprise performance, especially in operations and supply chain, by addressing critical operational activities and customer-facing experiences.

Consider transportation and logistics impact on the retail industry, for example. According to the [American Trucking Association](#), the industry currently faces a shortage of more than 78,000 truck drivers to meet the increase in freight demands. In the face of the logistical labor shortfall, retailers will be dealing with far-reaching consequences such as delayed delivery of time-sensitive and perishable goods, increased operational costs, and added pressure on supply chain efficiency. For retail leaders to remain resilient and vigilant during this logistics labor shortage, an advanced workforce planning solution can support them in proactively optimizing their workforce and delivery timelines.

Retail leaders who currently find themselves reliant on rigid, or even homemade planning systems or spreadsheets are likely no strangers to the delays and headaches that arise when attempting to consolidate data and attain comprehensive, accurate, and long-range workforce assessment and forecasts. These tools are often static or are composed of systems that feel cobbled together and prevent timely adjustments to rapidly changing workforce needs. The limited visibility offered by these traditional solutions hinders comprehensive scenario analysis and timely and effective decision-making across the entire retail value chain.

What's more, the traditionally siloed approach and inflexible offline tools make it nearly impossible for retail leaders to access real-time insights across the business and adapt to shifting needs, including accommodating peak demand periods and identifying accurate headcount costs across all lines of business.



Conquering workforce challenges

Workforce planning is not a siloed exercise. The complexity of the omnichannel retail ecosystem and changing consumer expectations demand a greater emphasis and need for connected workforce planning underpinned with a solution that can facilitate an agile and responsive approach compared with what legacy, siloed, and offline tools can offer. For example, advanced solutions with connected planning capabilities provide a rapid, scalable scenario-based planning, modeling, and forecasting platform that helps retailers connect strategic and operational plans in real-time.

With a unified platform, you can use your demand drivers and forecasts to refine your enterprise workforce planning, streamline staffing to better manage over- and understaffing, optimize labor costs across your enterprise, and meet business demand across your entire operations – from warehouses and fulfillment centers to logistics to storefront. Purpose-built platforms that incorporate workforce planning drive better and faster decisions at both strategic and operational levels.



How a fresh produce company leverages advanced technology for real-time workforce planning:

With warehouses operating around the clock, a fresh produce company needed a more efficient way to manage staffing needs. The company's workforce planning of its distribution centers is complex as it operates in more than 50 countries to supply vegetables, fruits, and mushrooms to international supermarket chains and wholesalers.

Due to the perishable nature of its products, its warehouses required daily – sometimes even hourly – adjustments to labor levels. The reliance on traditional spreadsheets proved inadequate due to the increasing scale of data volumes and the siloed nature of spreadsheet management. The inefficiency resulted in inaccurate staffing plans, leading to costly and unnecessary employee overtime or shift cuts.

Implementing a comprehensive workforce planning solution not only brought forth precision to staffing plans but also enhanced agility in decision-making. Through connected planning, this fresh produce supplier gained real-time insight into the required capacity on any given month or day, better understanding what is ahead in its warehouses, and translating that insight into the workforce to realize savings and ensure enough manpower, even during unexpected moments.



Connected planning fuels accurate forecasts across Circle K's last-mile operations:

With over 12,000 convenience stations worldwide, Circle K requires a connected approach to demand, supply chain, and labor planning. Before integrating a connecting planning solution, the company managed its plans using a conglomeration of spreadsheets and ERP solutions, causing inaccurate and conflicting forecasts.

With end-to-end planning capabilities, Circle K can now connect the planning processes for its last mile of operations, enabling its teams to break through silos and accurately predict supply, demand, and labor down to the individual station level. Currently, Circle K has adopted a connected planning solution for its supply and demand planning and has seen success.

Leveraging its scenario-based planning capabilities, the planning teams at Circle K now have a dynamic capacity forecast per product and station, pinpointing exactly where and when to send fuel. As a result, the company can accurately predict labor needs for fuel delivery, identify gaps in its logistical fleet, and scale its workforce based on realtime metrics.

NORDSTROM

Nordstrom successfully leverages connected planning to meet complex labor needs across its distribution and fulfillment centers:

Nordstrom is a leading provider of luxury retail products across 400 stores across the US and Canada, supporting major selling channels including full-price, off-price, and eCommerce. The company faced planning difficulties in its distribution and fulfillment network, comprising fourteen facilities. With a revolving door of its supply chain workforce, it became difficult to properly train new employees on advanced systems, especially as its plans lacked depth in procedural best practices. As a result, Nordstrom regressed planning and operations back into spreadsheets. To better assess its labor needs, the company needed a technical assessment and transformation for end-to-end inventory flow planning across its distribution and fulfillment network.

With the help of a modern workforce planning solution and a leading retail business consulting firm, Nordstrom created a transformation framework to enable planning pillars of adoption, agility, and accuracy across the supply chain while establishing industry best practices for omnichannel supply planning capabilities. The established roadmap addresses labor requirements to support inventory flow and distribution at every operational planning stage, including distribution center, fulfillment center, store supply, returns management, and labor planning.

With the integration of a connected planning solution that offers holistic unit inventory capacity planning, Nordstrom gained the ability to leverage “what-if” scenario capabilities, enabling full-time and contingent labor needs to support inventory flow through each distribution and

fulfillment center. Through this digital transformation, Nordstrom’s team is realizing reduced planning cycle times from one week to two hours. Additionally, with accurate inventory forecasts, labor utilization across distribution and fulfillment center facilities increased by 15%. The company projects savings of \$3M in annual operational costs from aligned labor and inventory volume projections.



Three best practices to master agile workforce planning in retail

It can be challenging to know where you can start when figuring out what changes will make the most significant impact on your bottom line. Here are three best practices to keep in mind as you optimize your workforce planning strategy:

- 1. Align with your business strategy:** Understand which segment(s) of your workforce can become your biggest bottleneck and risk when executing your business strategy. Uncovering workforce gaps (e.g., slow hiring and high turnover) and understanding the cost and business impact of your talent decisions on your business is vital for successful business execution. With a modern planning solution, leaders can accurately calculate the workload and workforce demand by incorporating data from different areas, including stores, warehouses, logistics, customer service, call centers, and more. Additionally, considering external factors like local events, weather and traffic, and projecting them forward will help to forecast staffing levels more accurately.
- 2. Leverage cost models and “what-if” scenarios:** Leaders must respond swiftly to local market, regulatory, and talent-supply changes to optimize their workforce. Here, an advanced planning solution can support leaders to create complete transparency into their headcount. Additionally, leveraging “what-if” scenarios will allow you to explore and assess the impact of different labor decisions. For example, hiring full-, part-time, or temporary workers and the timing of it will affect cost and business outcomes. The dynamic modeling capability from an advanced planning platform enables proactive and well-thought-out decision-making and agility to adjust based on market fluctuations.
- 3. Take control with confidence:** Forecasting and planning cannot be done effectively in silos. Connecting workforce data from various systems, from digital customer interactions to warehouse to storefront, allows you to streamline workforce planning and processes, reduce operational complexities, and respond quickly to market changes across your entire supply chain. With a connected plan, you can align across finance, store and distribution center operations, supply chain, merchandising, contact centers, e-commerce, and HR to gain accurate workforce insights and optimize enterprise workforce resources, align on the facts, and make real-time, data-driven decisions.

Planning and forecasting the future

Workforce planning will never be more critical than in the coming years. The growing uncertainty in the economy, the shifting labor market, and the upcoming Baby Boomer retirement surge all signal a turning point in the talent market. With these disruptions in mind, how will the retail industry be affected when planning for tomorrow's workforce? Here are a few predictions:

1. Artificial intelligence (AI) will transform decisionmaking:

AI integration in planning solutions has already revolutionized the planning process. AI-powered algorithms can analyze large amounts of data, providing more accurate insights into workforce trends, customer behaviors, and market changes. This predictive analysis will become more advanced, enabling retail leaders to optimize staffing levels, increase operational efficiency, and improve response times and the customer experience.

- 2. Autonomous planning will create better outcomes:** Adopting advanced planning tools will become more commonplace in retail. Automation will create more precise forecasting, ensuring optimal inventory levels for warehouses. It will also create better demand forecasting for logistics teams to pinpoint accurate volume per road. Finally, it will improve store operations processes with enhanced labor planning capabilities.

- 3. There will be a rise in reskilling:** According to McKinsey, new technologies will transform retail roles in the coming years as automation takes on routine tasks. Retail leaders will be required to rethink roles and build comprehensive reskilling programs to ensure their workforce is adaptable.

Retail leaders expect constant change and disruption. They understand the need to be adaptable in this environment and how advanced and integrated workforce planning capabilities can become a secret ingredient to their success. With a connected planning platform like Anaplan, retail leaders gain the ability to understand the enterprise cost and business impact of both economic disruption and leadership decisions across their vast workforce to pivot and even embrace competitive opportunity and advantage when unforeseen economic factors arise.





About Anaplan

Anaplan is the only scenario planning and analysis platform designed to optimize decision-making in today's complex business environment so that enterprises can outpace their competition and the market. By building connections and collaboration across organizational silos, our platform intelligently surfaces key insights — so businesses can make the right decisions, right now.

More than 2,500 of the world's best brands continually optimize their decision-making by planning with Anaplan.

To learn more, visit www.anaplan.com

