

MANAGING THE POST-COVID WORKFORCE:

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SPECIAL REPORT

INTRODUCTION

The pandemic's transformation of retail hasn't been limited to customer expectations or supply chain logistics — it has had an equally strong impact on workforce best practices, though the effects have been delayed somewhat. Lockdowns and work-from-home mandates were the obvious cause of changes in 2020, but now retailers are emerging from COVID to find a whole new set of hiring challenges waiting for them.

"It's created real challenge in the workforce," said Art Mazor, Principal and Global HR Transformation Leader at **Deloitte Consulting LLP** in an interview with *Retail TouchPoints*. "**It's a high-pressure situation and an industry that certainly has its share of pressures, but they were historically more predictable.** I think that's created an increased challenge in terms of gaining access to the right workforce."

We are now in a world where new hires are scarce, while existing associates have more on their plates than ever. Retailers need to adapt to this aspect of the next normal quickly or they risk alienating returning shoppers. This *Retail TouchPoints* report will look at some of the most important advice and initiatives retailers need to pursue as they build and maintain their workforce, including:

- **Making job offers that go beyond the norm:** Retail is competing for workers with multiple industries, and attracting talent means looking beyond traditional recruiting tactics by offering greater benefits — especially new motivators like educational opportunities and childcare;
- **Finding the next level in employee satisfaction:** Associates are much more than warm bodies standing at a register, and making them not just happy but connected to their job will simultaneously reduce turnover, improve customer service and create more flexible workers;
- **Investing in tomorrow's leadership:** Investing in workers isn't just a means to recruit and retain them. Smart retailers are looking to the front line to cultivate leaders across the enterprise, from the store level through the upper echelons of corporate; and
- **Making each store part of the community:** Corporate responsibility is now just as important to workforce management as it is to customer satisfaction — after all, someone who wouldn't want to shop at a particular store is even less likely to want to work there.



CORPORATIONS ARE RETHINKING THE NATURE OF WORK

Work as a whole is changing: **61%** of executives across multiple industries say that they plan to focus on reimagining work over the next **one to three years**, up from **29%** before the pandemic, according to the 2021 *Deloitte Global Human Capital Trends* survey. Some of the top changes retailers are looking at include:

- **Designing work for well-being:** Going beyond work-life balance to integrate well-being into the work itself, through thoughtful design that motivates employees to do their best;
- **Unleashing worker potential:** Empowering workers with agency and choice over what work they do, letting them apply their interests and passions to organizational needs; and
- **Setting new directions for work and the workforce:** Utilizing real-time workforce insights that can support better, faster decisions based on what the workforce is capable of doing.

Source: *Deloitte*



MODERN JOBS NEED TO OFFER UNIQUE BENEFITS

Retail hiring is tight due to brick-and-mortar stores filling out their schedules, and the industry also is competing for the same labor pool with businesses in adjacent areas like restaurants and entertainment. This has strained associate availability beyond the norm, and it's driving up expectations for compensation. Certainly, higher wages are a starting point, but smart retailers will attract the best talent by offering benefits that truly make them stand out as an employer.

"Companies are willing to pay a premium to hire workers, and the people who are out there looking know that," said Scott Knaul, EVP of Retail Solutions at [Workforce Insight](#) in an interview with *Retail TouchPoints*. **"They're expecting to get a good hourly wage, salary or commission, but it's coming down to 'With what else?'** What are the other benefits that they're going to be offering? It comes in obvious benefits like health care, but the benefits also need to go beyond that."

One potential standout benefit could be childcare, according to Knaul. Offering a place for busy parents to keep their kids while they work takes a lot of pressure off, both financially and emotionally, particularly when some schools are still closed due to the pandemic. These don't necessarily have to be full-time daycare operations either, particularly as things return to normal. For example, offering classes for workers' children can make a nice incentive and buy a couple of extra hours for associates after school ends.



FULL-TIME WORKERS ARE MORE ATTRACTIVE THAN IN THE PAST

Retailers have traditionally relied heavily on part-time employees, but it's now common for full-timers to represent half or more of a store's associate base. Increasing the proportion of full-time workers can reduce retailers' pain point of hiring new associates by creating a team of reliable, experienced workers, while also ensuring a store's crew can handle the varied tasks required of modern retail workers.

"What we find is that the associates and team members need to have sufficient income and benefits to support their families," said Rod Sides, Vice Chairman and U.S. Leader of the Retail & Distribution practice at Deloitte in an interview with *Retail TouchPoints*. "When you do that you can provide more stability, and **the actual cost of it is far less than the cost of turnover and retraining.** Retailers have gotten more sophisticated over time at measuring those costs."



LOOK BEYOND SATISFACTION TO CREATE TRUE ENGAGEMENT

The importance of employee satisfaction is obvious, particularly during times when hiring is tight — reduced turnover means each store needs fewer new associates, on top of the customer service benefits created by higher morale. However, the basics of employee satisfaction, like good pay and benefits, are becoming table stakes, so human resources needs to take a cue from the things that appeals to shoppers: a positive opinion of the company and its work.

“I think, first and foremost, there’s a mind shift that needs to take place among employers, and that is that satisfaction should become a baseline,” said Mazor. “By itself, it’s no longer good enough given the extreme competition for talent. So instead we’re seeing organizations that are looking well beyond creating satisfaction toward **creating true workforce engagement**, and measuring that by the workforce’s beliefs about what work they do, the environments in which they’re doing that work and their feeling of personal connection to the company’s purpose.

“As individuals, they can start to feel that there’s a greater level of meaning in their own work, that they’re working for something other than the paycheck,” Mazor added. “They feel that there’s something bigger that they are contributing to, and that’s a shared human connection that’s become way more important now as we’re emerging from this pandemic.”

A big part of this shift will be offering associates more flexibility to achieve their goals, which can boost both productivity and satisfaction. As associates’ jobs become more complex, giving them some leeway in how they can reach these goals enables them to put their skills and interests to better use.



COMMUNICATION, WELLNESS, ENGAGEMENT, TRAINING: THE 4 PILLARS OF A STRONG WORKFORCE



By JD Dillon, Chief Learning Architect, Axonify

The frontline is playing a critical role in the ongoing transformation of retail. To set themselves up for success moving into the second half of 2021, retailers must focus on four integrated components of the associate experience.

First, there's communication. Retailers have been submerged in a year of nonstop change. This won't stop anytime soon as regions adjust their COVID-19 protocols in response to increasing vaccination rates and other safety considerations. Retailers must establish communication channels that allow them to reach their entire frontline workforce with consistent, timely updates. No more games of telephone. No more break room flyers. Management must lean into digital communication on the frontline just as they do with their corporate and remote employees.

Second, there's wellness. People have experienced 16 months of nonstop trauma. Specifically, frontline associates have been put through the wringer as they've balanced their health and safety with the need to support their families, while dealing with everything from challenging customers to financial insecurity. Retailers must prioritize empathy and treat their associates as people first, employees second. They must reach out to the frontline directly and persistently to understand how they're feeling and determine what they can do to help. This may include adjustments to scheduling practices and time off policies to provide improved personal flexibility. Retailers should also consider training and resources to help workers build important resilience habits.

Third, there's engagement. The talent marketplace is becoming uber-competitive as businesses try to rapidly staff up. This will continue into the very hectic fall holiday season. Frontline workers are considering a range of employment options, including newly-created work-from-home positions. As a result, companies are increasing wages and offering bonuses to attract applicants. Retailers must prioritize strategies that help them compete for and retain talent. This includes a great onboarding experience, consistent coaching, quality recognition, ongoing development and clear advancement opportunities.

Fourth, there's training. Retailers have introduced a variety of new operational models over the past year, including expanded online ordering, curbside pickup and home delivery. The retailers that were most effective in launching these strategies all had one thing in common: great training programs. They had already made training part of the frontline workflow using microlearning and mobile technology. This allowed them to identify skill strengths and gaps within their teams and provide just the training needed to help people take on new tasks or roles. Retailers must prioritize training, including dedicated upskilling and cross-training programs, within the everyday frontline experience to improve their overall operational agility.

WORKERS CAN BECOME LEADERS IF YOU UNDERSTAND AND GUIDE THEM

Associates make great future leaders: the best of them have great sales skills, understand the product and have unrivaled insight into the granular day-to-day business of running a store. Retailers can find great managers and other leaders by tapping their workforce, but they also need to understand each employee's limitations.

Sending good employees down the wrong promotion/career paths is often where “retailers fail, big time,” according to Workforce Insights’ Knaul. An associate who is a great salesperson but also a micromanager will make a great assistant or store manager. However, as they get promoted higher, their efforts to micromanage an entire region can lead to poor results, at which point the company turns on them as a failure. They would have been better off in a different role, and it’s senior leaders’ jobs to recognize this.

“You’ve got to look for certain traits, behaviors and personalities and what they’re good at,” said Knaul. **“You can be a really good store manager and be a horrible people person.** You can just drive the heck out of one store, and when you get promoted to district manager you just try to do that with **12** stores and it’s a big failure. **What makes a good leader? It’s people who work well with people, who develop people.** As a district manager, I looked for store managers who develop really good assistant managers and had good relationships with them. I knew at that point [that] when that person would be a district manager, they’re going to develop really good store managers.”

Deloitte’s Mazor suggested that retailers should make monitoring and nurturing the frontline a standard practice. This helps retailers determine both who is leadership material and how far they should go, as well as creating a foundation for career development programs that encourage associates to develop the right skills for future roles. Few workers want to be a cashier forever, and guiding them toward their future can help the associate and the retailer grow in tandem.



THE TRUE NEXT NORMAL IS YET TO COME

With most states letting retailers fully reopen and mask mandates becoming a thing of the past, both retailers and shoppers are eager to get on with their lives. However, not everyone is feeling safe at the same level or at the same pace, and Knaul noted that retailers need to “exhibit some patience” as they prepare for whatever comes next — which means accepting and planning for continued COVID-driven friction in the near future.

“Everybody’s kind of in a hurry to get back to the normal, but it’s going to be different, and we’re never going to go back to what it was before,” said Knaul. **“I think everybody needs to be patient:** employees need to be patient, employers need to be patient and hopefully consumers, customers and guests can be patient. It’s gonna take some time.”



COMMUNITY IS AS IMPORTANT TO ASSOCIATES AS IT IS TO CUSTOMERS

Retailers have always been part of their communities, but that connection has only grown in recent years. Ironically, the ecommerce spike caused by the pandemic caused many shoppers to reevaluate the role of their local stores — the importance of a neighborhood supermarket or pharmacy becomes much more obvious when you can't find everyday essentials. Making retail work feel important, rather than minimum wage drudgery, plays an important role in making these jobs more attractive.

"Pre-pandemic, folks didn't think about the impact the retail career path has or what it does for our communities," said Deloitte's Sides. **"If you look at the need for keeping food supply chains open, etc., and the role that many of these workers had to take, it really is critical.** Some of the things we've seen, like those big shortages, helped with understanding that the role that they play in the larger community is super important. I think we've started to see some leading retailers frame the jobs in that way."

Additionally, retailers should make their store look and feel like the surrounding community. Knaul, who previously held leadership positions at **Victoria's Secret**, explained how a store in Jersey City, N.J. seemed to be failing despite a great location. On a visit he found that the clientele was largely Spanish-speaking, so he hired a store manager who knew the language. She in turn hired more employees who better represented the neighborhood, and the store went on to become successful.

"It's just about paying attention — look around," said Knaul. **"It's a very good thing to do, to make sure you have a diverse workforce, but it's also a very smart thing to do.** You're gonna feel comfortable walking into a store where it fits you."

A diverse workforce ties into the same need — to offer associates fulfilling jobs that feel like they offer a real future by building a connection with the retailer. Turning associate positions from a begrudging necessity into a real career option will build a crew of great workers who can generate returns far in excess of what it cost to bring them on board.

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