



# WORKFORCE MANAGEMENT IMPACT MODEL

The Journey from Transactional to  
Transformational Organizations



**RESEARCH**  
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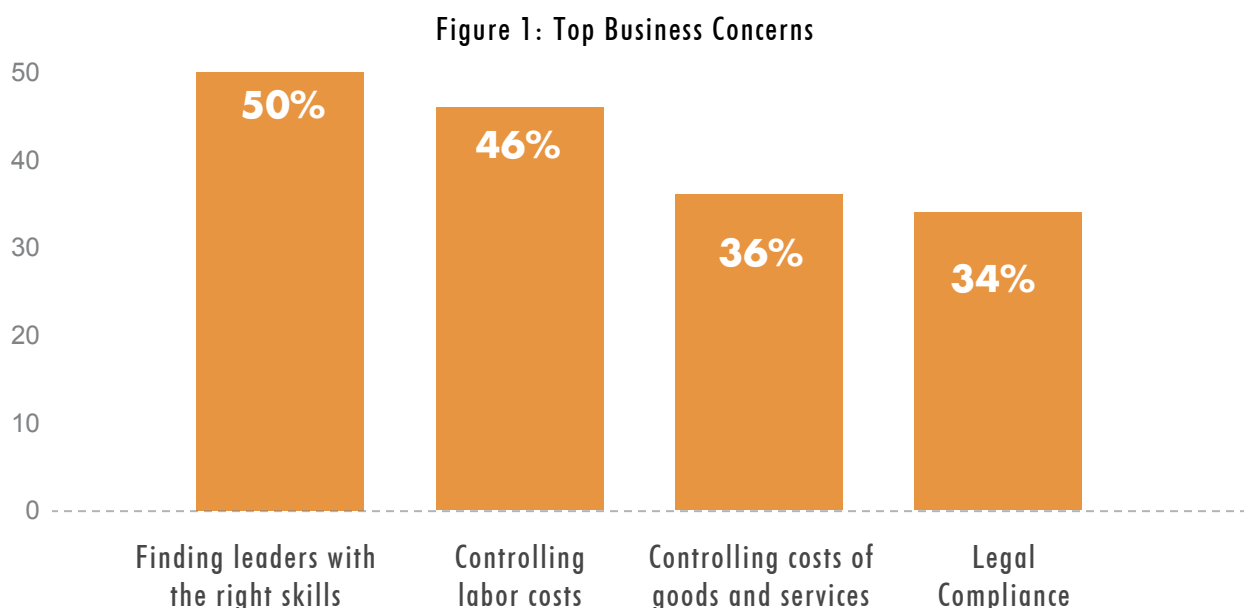
## Like all business processes, workforce management is a journey.

Recognition of the importance of human capital practices, tools, and strategies has been growing both at individual organizations and throughout the industry as a whole. But when we think of the people processes that drive individual performance and business results, the talent management side of the house is often where people gravitate to meet and work. In the last decade, much of the focus and innovation in HCM has been in acquiring, assessing and developing talent.

But quietly, key elements of workforce management have undergone significant change, not only by leveraging the strengths of new technology and platforms, like collaboration tools and cloud delivery, but also through a growing understanding that time (and its corresponding inputs to payroll) and scheduling are how we operationalize our employee experience, and utilize our talent. These important processes also allow us to better manage risk by ensuring compliance and tracking data to limit legal exposure. And the data they house can help business leaders not only optimize costs and organizational performance today, but also enable them to more accurately plan for the future while retaining key staff.

### Workforce Management as the Foundation for Transformation

In June 2019, a survey conducted by m.Research found that organizations today are acutely aware of the need to attract and retain employees with the key skills required by their business, particularly among their leadership ranks. Yet with uncertainty now being the only remaining certainty in the global economic marketplace, organizations are struggling to balance this need with cost controls and compliance (Figure 1).



Source: m.Research, Workforce Management 2019, n=503

An important skill that future leaders in any organization must have is the ability to help balance these priorities for their employers. More than ever before, leaders and managers are responsible for every aspect of their team or area: ensuring that individuals develop the right skills; managing budgets; not just monitoring compliance, but working to help train other employees to mitigate compliance risks before they occur; and addressing occupational safety concerns and sexual harassment. Workforce management is critical to these endeavors, because it is where decisions are made about who should be where and who should be assigned to what shifts, job, projects or tasks. Tracking the data as that work is executed helps to measure the impact of those decisions, and to continually course-correct as needed. This is of the utmost strategic importance to organizations, so it must be underpinned by strong workforce management capabilities.

When it comes to how an organization views its workforce management needs in light of these business concerns, the top five listed below were all ranked as critical by nearly the same percentage of respondents, and they were far and away the most cited over the next closest concerns. The need for accurate and accessible data is driving the adoption of tools to automate timekeeping and scheduling. As organizations look to their workforce to augment activities to support organizational growth and efficiency goals, simply moving toward automation from manual processes, or inhouse or siloed tools, is just the first of many steps.



Figure 1: Top 5 Workforce Management Concerns

- 1. Time and labor analytics**
- 2. Enhancing employee and manager self-service**
- 3. Controlling overtime costs**
- 4. Better integration between core HR, pay and talent**
- 5. Payroll accuracy**

Source: m.Research, Workforce Management 2019, n=503

## The Evolution of the Workforce Management Impact Model

Because workforce management covers a wide range of issues, the requirements of each industry, geography, and business varies considerably, as does each organization's use of technology, adoption of processes, and maturity in how they use workforce management data. We have seen a tendency to overlook this crucial reality, as both buyers and sellers of technology look to the tools alone to provide the answer. But like all technology, the tools themselves can only truly deliver superior results if they are used in the context of your organization's strategy and capabilities.

m.Research's latest findings illustrate that no matter where you are on your workforce management journey, there are steps you can take immediately to increase the value of your workforce management process, to lay the foundation for future success. This is important from a strategic as well as a systems perspective. When looking at selecting a solution, it's important not only to find a solution for your current needs, but also to find a solution that can grow along with your future needs as you continue your workforce management journey. Whether your current workforce management efforts are transactional, operational, or transformational, we will look at the value delivered and what steps you may want to consider next.

Figure 3: Workforce Management Impact Model

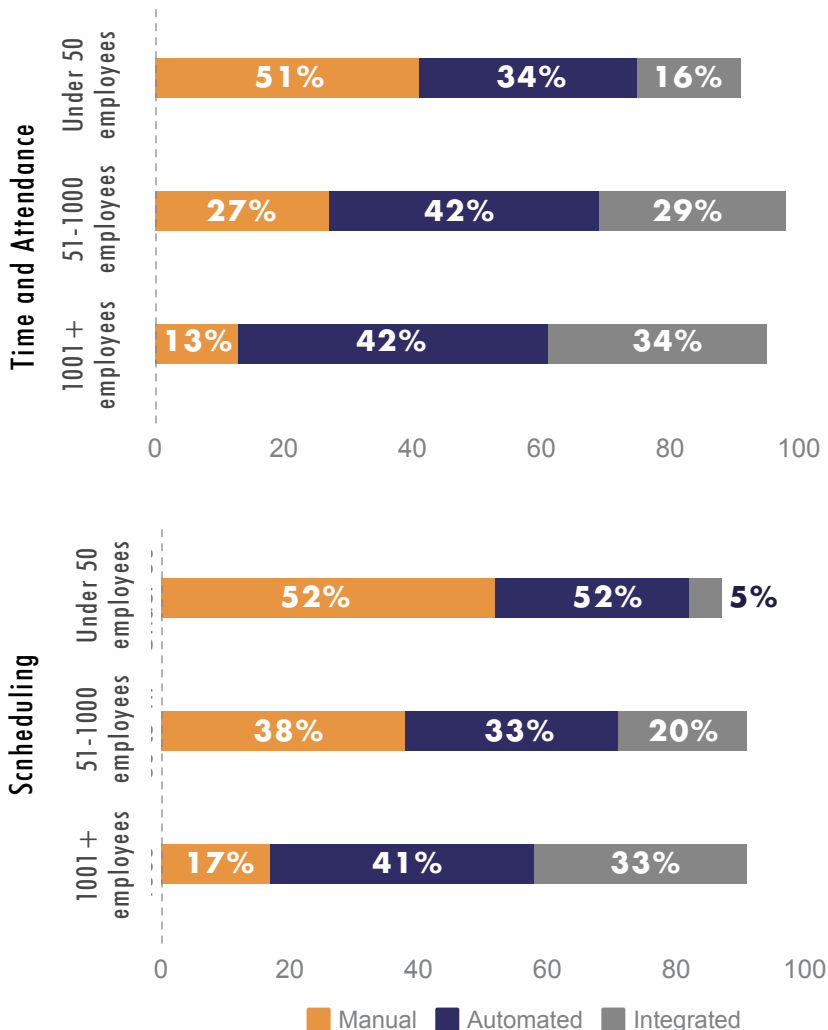
	Transactional	Operational	Transformational
Goal	Efficiency, reduce errors, eliminate rework	Enhance Productivity, Top-line and Bottom-line Optimization	Strategic and Predictive WFM
Technology Focus	Automation and Integration	User Experience	Data, analytics and Reporting
Data	Transactional Data Collection	Talent requirements, availability, and deployment	Predictive and Proactive Business Data
For Management	Free HR and managers for more strategic work	Improve front-line management skills	Elevate Leadership and Visibility
For Employees	Build trust	Enhanced relationship, Positive Experience	Growth and development
For the Business	Reduce direct and indirect cost	The workforce as a strategic asset and engine for growth	Validated data to drive decisions and planning

Source: m.Research, Workforce Management 2019, n=503

## Transactional Workforce Management

Transactional workforce management is focused on driving efficiency and using technology to get things right the first time. It is critical to focus on automation as the foundation, because despite all the growth in HCM technology, many organizations still have manual processes for their core workforce management functions. This is true in organizations of all sizes, but as you move beyond the enterprise market (organizations with 1000+ employees), the need for automation is particularly acute. And in the SMB market (companies with 51 to 1000 employees), 27% of organizations still have manual processes for time and attendance, and 38% of organizations have manual scheduling (Figure 4).

Figure 4: Level of Automation



Source: m.Research, Workforce Management 2019, n=503

### DEFINITIONS

#### TIME AND ATTENDANCE

- Manual – Paper or spreadsheet timecard or timesheet, data is input by Payroll or HR staff
- Automated – Homegrown or third-party technology collecting time data at source
- Integrated – Shares data with other key processes like pay, scheduling, and absence management.

#### SCHEDULING

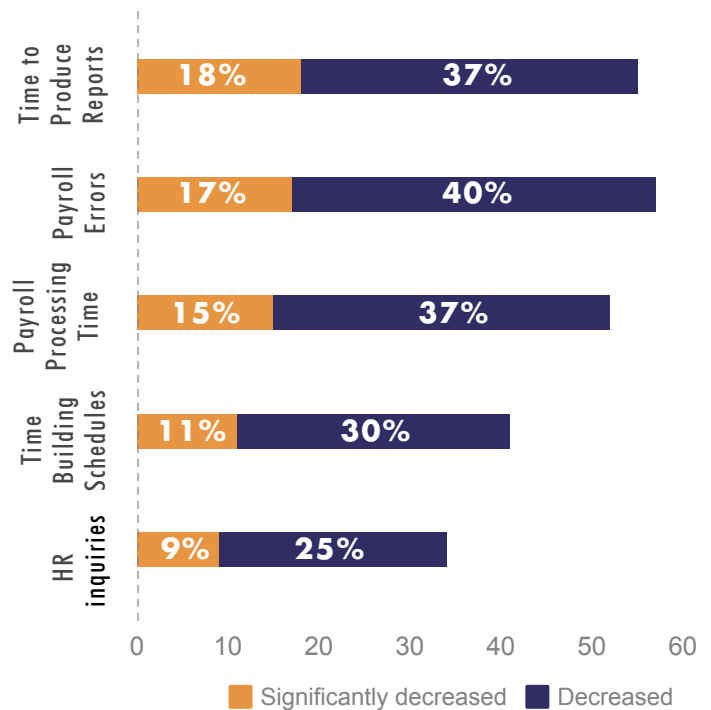
- Manual – Manager or scheduler creates and posts paper/written schedules, and handles changes in staff availability
- Automated – Homegrown or third-party technology is used to build and share schedule information
- Integrated – Homegrown or third-party technology is used for scheduling and shares data with other key processes like timekeeping, payroll and absence management

## The Business Case Drives Automation

Technological advancements over the past two decades (like the continued movement of enterprise software to the cloud) have enabled organizations to achieve exceptional levels of accuracy and efficiency without prohibitive costs for either direct software or time spent implementing and maintaining these solutions. As providers come to market with holistic workforce and talent management solutions, often tailored to an organization's specific size, complexity, or industry, automating and integrating of time and scheduling processes is yielding a wide range of benefits for users.

Over half of our survey participants saw a decrease in the time spent on payroll processing, a decline in payroll errors, and had significant impact on their ability to create reports when they automated and integrated their time and scheduling capabilities (Figure 5).

Figure 5: Impact of Time and Scheduling Automation



Source: m.Research, Workforce Management 2019, n=503

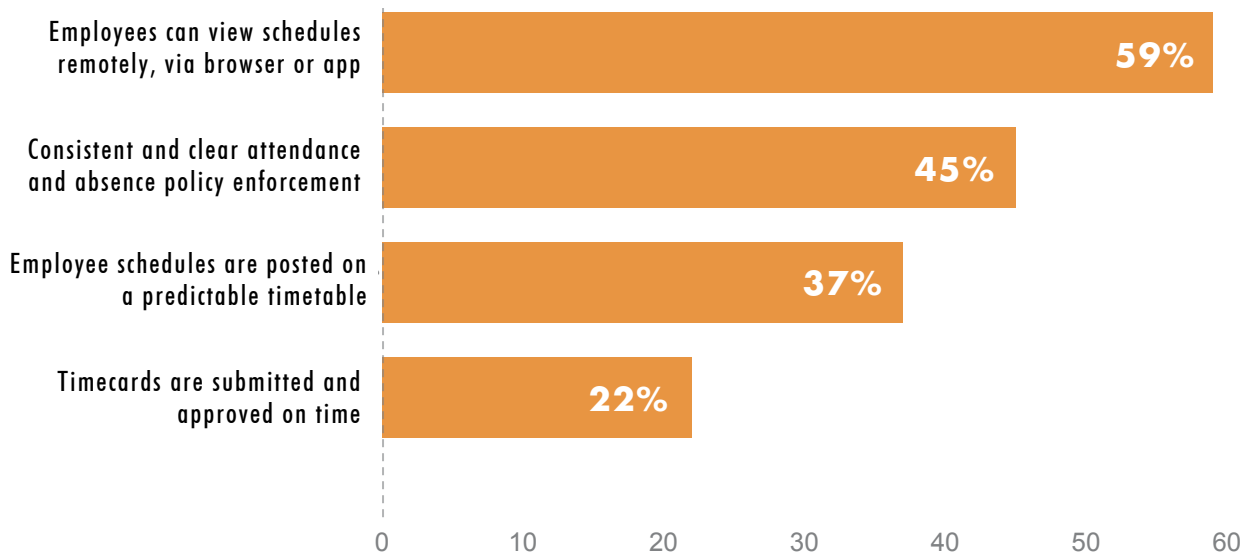


Efficiency and accuracy, enabled by automation and integration, are important to every stakeholder in the workforce management process. For HR administrators, these tools free-up staff to focus on more strategic pursuits like workforce planning or guiding change management. They build trust with employees by providing visibility and accountability. If an employee isn't paid on time or paid correctly, how can we expect them to trust us with their professional development? And automation and integration slay the data accessibility framework for business leader reporting and analytics.

## Operational Workforce Management

Automation done right sets the stage for Operational workforce management goals. Those organizations that have moved to automation are better able to manage compliance, execute more efficiently in their time entry and approval process, and deliver a heightened user experience by offering both more predictable schedules and better access to schedule information. Workforce management technology isn't just about tracking data—it's about using that data to make more informed decisions, and facilitate collaborative decision making to deliver better business results. Solutions that help your organization make data visible and contextualize your data are important next steps after automation and integration. All of these benefits directly address the key business issues and workforce management needs identified earlier in Figures 1 and 2. We also see that automation is enabling a key set of Operational goals around enhancing productivity by ensuring that all users—admins, employees, and management—have a great user experience (Figure 7).

Figure 7: Organizations with Automated are More Likely to Ensure Key Elements of Employee and Manager Experience



Source: m.Research, Workforce Management 2019, n=503

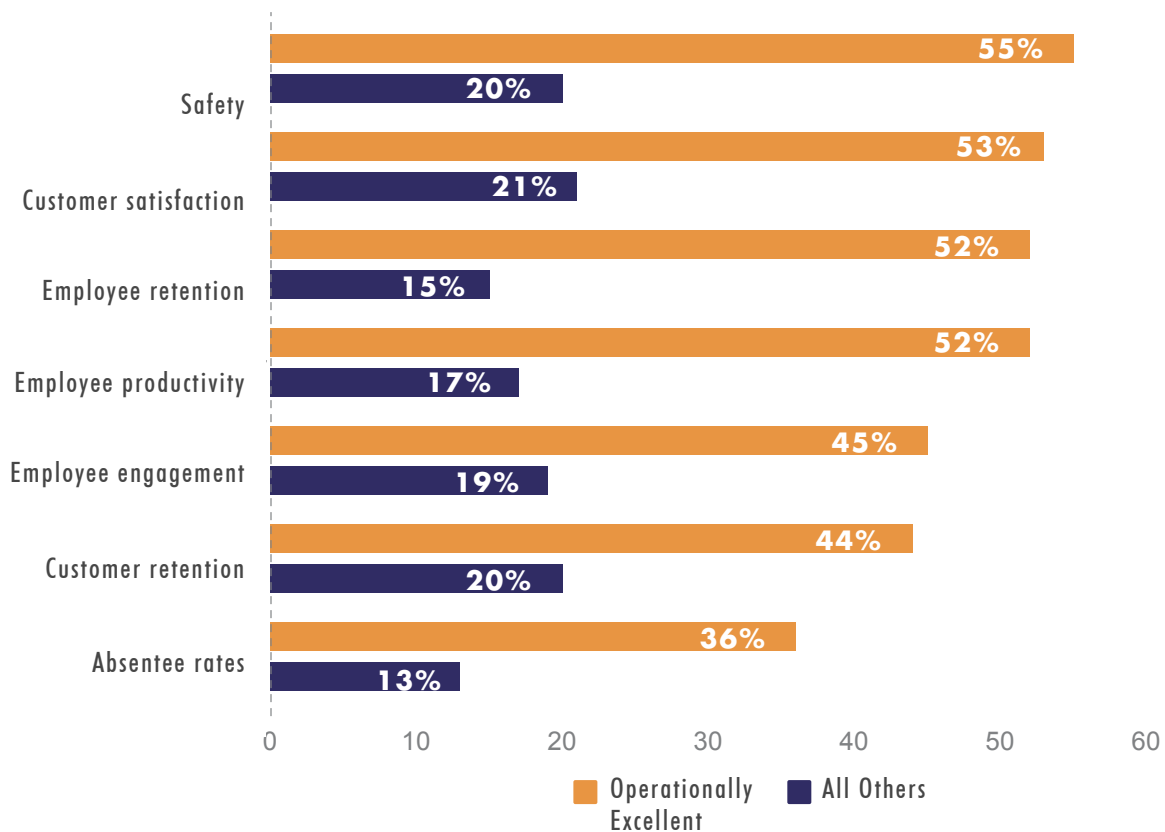
Although optimizing labor spending is a key attribute of Operational workforce management, it is important to remember that sometimes optimization can come with unintended consequences. For example, if you only optimize for labor spending yet end up ignoring compliance rules or collective bargaining agreements, the consequences could be devastating. Or if your schedules rarely (or unfairly) take into account worker availability and even worker preferences, you can quickly wind up with unhappy employees who may opt not to remain employees much longer. Those unintended consequences, of course, result in a snowball effect: managers are left scrambling to find people to cover shifts, and/or they must spend significant time and money to hire replacements.

Given the importance of efficiency, compliance, and differentiating employee experience, we looked at the business impact of organizations achieving Operational goals. We quantified this group of top performers - those achieving "operational excellence" using three organizational capabilities:

- Employees have predictable schedules.
- Employee timecards/logs are approved and submitted on time.
- Consistent compliance with wage and hour regulations.

And, as the research showed, these operationally excellent organizations are achieving significant business results. As illustrated in Figure 8, organizations displaying these characteristics are two to three times more likely than all other organizations to have improved their performance on workplace safety, customer satisfaction and retention, absenteeism, and employee retention, productivity, and engagement.

Figure 8: Organizations Improving Performance on Key Metrics



Source: m.Research, Workforce Management 2019, n=503

As much as we hear about the desire for work flexibility, today's workers also need a sense of stability, which is extremely beneficial in managing their own busy lives. For an employee to know ahead of time, for instance, that s/he will never be scheduled to work on Tuesdays because s/he has classes all day on Tuesdays can be incredibly meaningful for an hourly worker, strengthening their loyalty. This removes the need to check each week and waste everyone's time to find someone with whom to swap schedules.



By enabling a significantly differentiating employee experience, while also maintaining accuracy, efficiency and compliance with labor regulations, these operationally excellent organizations are ten times more likely to indicate that their employees can count on knowing when the next schedule will be posted, four times more likely to consider employee availability and preferences when creating schedules and eight times more likely to consistently and clearly communicate and enforce attendance and absence policies

These organizations are also seven times more likely to have a proactive approach to managing labor costs and employee absences. This proactive stance, demonstrates their ability to: balance business needs with employee experience; improve productivity; and build both customer and employee loyalty. While these results are not directly causal, they do demonstrate the magnitude of impact possible on your organization from greater predictability, timeliness, and compliance. Although your own internal benchmarking can help you track these goals, looking outside the organization is equally important. Solution providers that can help you benchmark your absence rates or overtime results against your industry, region, or competitors can provide a valuable starting point as you quantify the impact of your transformational workforce management efforts.

## THE BENEFITS OF OPERATIONAL EXCELLENCE

This report defined workforce management operational excellence using three criterion representing employee experience, accuracy, timeliness and compliance

- Employees have predictable schedules.
- Employee timecards/logs are approved and submitted on time.
- Consistent regulatory compliance.

## THESE ORGANIZATIONS WERE

**8X**

MORE LIKELY TO  
HAVE CLEAR AND  
CONSISTENT  
ABSENCE POLICIES

**4X**

MORE LIKELY TO  
CONSIDER  
EMPLOYEE  
PREFERENCES IN  
SCHEDULEING

**7X**

MORE LIKELY TO  
PROACTIVELY  
MANAGE ABSENCE  
AND LABOR  
COSTS

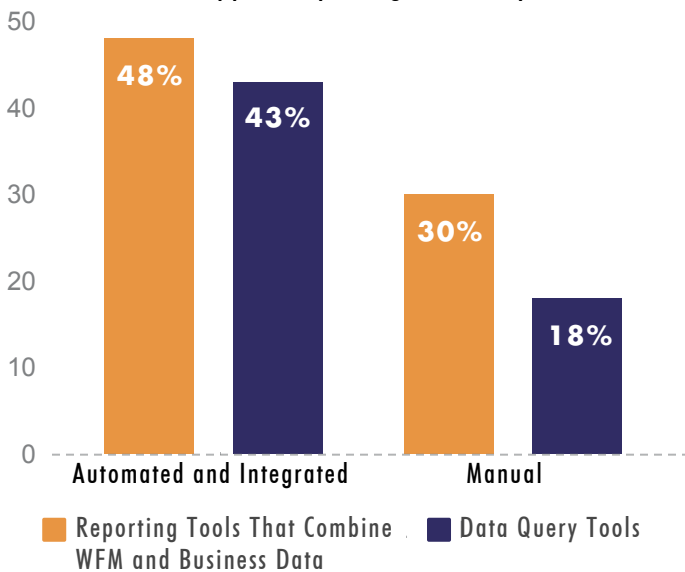
## Transformational Workforce Management

Transformational workforce management moves beyond accurately and efficiently tracking workforce data and analyzing what happened previously. Transformation is about the strategic and predictive side of workforce management and using that as a competitive advantage to drive business growth and transformation. As workforce management technology has advanced, faster access to data and increased computational and analytical horsepower also mean that employers have the capability to accurately capture, calculate, and securely deliver the appropriate workforce management data to the appropriate parties. Automation and integration set the stage for reporting and analytics, making it possible to combine workforce data with business data, thereby allowing business leaders to access data to discover their own insights using self-service tools (Figure 9).



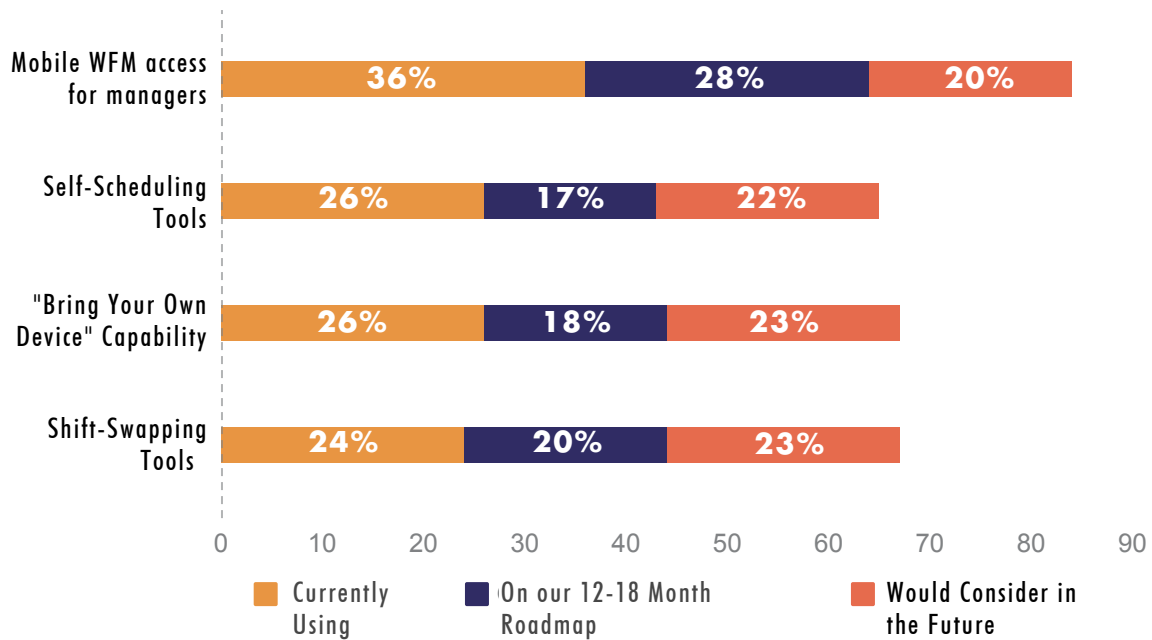
The ability to handle data at speed and scale also allows the workforce management data set to be used in multiple ways by many different stakeholders within an organization, who have very different expectations and needs. Practitioners are under ever-increasing pressure to ensure organizational compliance and deliver critical reporting and analytics. Leaders of an organization need access to pay data to help them make critical sourcing and talent decisions. And employees need their individual information to be delivered securely and accurately to ensure their pay shows up in their accounts on time. By enabling more access to data through multiple devices, and putting decisions into the hands of users, organizations can make full use of their data, while also freeing-up HR resources to help business leaders turn their data into business insights (Figure 10).

Figure 9: Automation and Integration Support Reporting and Analytics



Source: m.Research, Workforce Management 2019, n=503

Figure 10: Technology Capabilities



Source: m.Research, Workforce Management 2019, n=503

Navigating the workforce management journey is a process requiring careful consideration. Tools and technology are important parts of the modern HR organization, but organizations need to evolve their workforce management capabilities to support operational and transformational business performance. Here are a few things to keep in mind:

- Technology maturity and strategic maturity all build on previous levels. You don't stop focusing on administrative excellence when you're ready to tackle engagement and experience. And, in fact, technology should enable you to streamline and automate processes so you can focus on the higher-value activities. Make sure all of the gains you've already made stay in place as you continue to move your organization toward deeper alignment and better business results.
- As your technology moves toward integration and collaboration, set aside some time to consider if you can take advantage of the energy required by these changes as an opportunity to rethink your strategy as well. Similarly, if you don't have the resources to invest in new technology, bringing the right mindset and strategy to your current tools can start to shift you toward improved employee experience and business outcomes.
- All of your technology and strategy decisions move your organization toward the ultimate goal of helping to align and deploy your workforce against meaningful work that will deliver critical outcomes for the consumers of whatever goods or services your organization provides. It's all about engaging your workforce in a purposeful way and aligning for results.



## ABOUT THE DATA

Data for this paper was collected in May and June 2019 by m.Research for its 2019 Workforce Management Survey. Of the 503 respondents, 10% were small businesses (organizations with 1-50 employees), 70% small and medium businesses (51-1000 employees), and 20% from enterprise businesses (1001+ employees). Respondents were from a cross section of industries, including manufacturing (14%), Healthcare (12%), Non-profit (10%), Retail (8%), and Education (7%), and the majority (96%) were from companies headquartered in North America.



## ABOUT THE AUTHOR

Mollie Lombardi is a researcher, writer, speaker, and consultant. She brings 20+ years of research-based, solution-oriented thought leadership and advice to organizations, helping executives and software-solution providers discover the needs, habits, and nuances of workers, leaders, and HR practitioners. Mollie has interviewed and collected data from tens of thousands of organizations, leading her to insights that are not only relevant, but actionable and timely.

Mollie's primary area of interest is the intersection of human capital strategies, technologies, and processes. Her work has appeared in Fast Company, The Wall Street Journal, Inc. and other industry trade publications. Her focus is primary research aimed at helping individuals and organizations blend efficiency, engagement, inclusion, and performance through the use of technology. She is the founder of mollielombardi.com and m.Research, and has held a number of leadership roles at industry analyst firms.

