



Employee Retention Guide

Recruiting and retaining good staff is essential for any successful business. However it's so difficult that Deloitte ranks it as the number one issue for CEOs globally. 90% of leaders think an engagement strategy will have an impact on business success, but barely 25% have a strategy.

In the UK hospitality and retail industries, our problem is particularly acute. At 75%¹ and 65% respectively, the staff turnover rate is between four – five times the national all-sector average. And there's a direct correlation between high staff turnover and lower profits.

What's more, the problem is set to worsen. Figures show that 30% of the UK hospitality workforce and 18% of the retail sector comprises foreign nationals. While the full implications of Brexit are still uncertain, it seems unlikely to herald an easier labour market. If immigration from the EU is constrained, finding staff will be more difficult: a weaker pound will make the UK less attractive to overseas workers and the signs are already showing that people who are here are returning to their country of origin.

With fewer foreign workers available, it's more important than ever to hold on to the staff you already have. After all, even if you can find new personnel to replace those who leave, the cost of hiring and training them will make a big dent in your bottom line. Plugging gaps with temporary workers risks jeopardising your brand, service quality and, ultimately, repeat business.

While the answer lies partly in paying your people competitively, it is mostly about keeping them engaged. Organisations with a high level of engagement report 22% higher productivity. However, 65% of hospitality and leisure employees and 40% of retail employees in the UK are not happy.

To a great extent, engagement is about communication. Unfortunately, in a classic corporate hierarchy where messages cascade through the management structure, information has to travel through multiple levels before reaching every employee. At this point much of the meaning may be misconstrued. This confusion applies even in small, growing businesses.

The answer here is to find a new way of connecting with people – and to turn this into real competitive advantage. But communication is just one part of the puzzle. You also need to be thinking about whether your operational processes enable staff to do a good job, how accurate you are with your forecasting to make sure shifts aren't understaffed, and how to ensure you pay staff correctly and on time – every time.



Throughout the guide, you'll see sections marked with the symbol to the left. In these sections, we explain how Fourth's solutions can help ease the relevant challenge.

¹ Glassdoor Jan 2020 – <https://www.glassdoor.co.uk/employers/blog/heres-turnover-retention-rates-look-like/>

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Employee Engagement

It's clear that engaging your employees is a good thing, but what does it mean in practice? First, it's about making them feel good about you, their employer. This means communicating well with them, not just when you want them to know something, but to make them feel included – 'in the loop'. It also means recognising their contribution to the business and making sure they are aligned to its overall goals.

Above all, it's important to understand that positive engagement is only possible with careful planning, intelligent execution and sustaining good communications. Without, employers can come across as disingenuous and actually make employees less engaged. Goodwill and short-term initiatives aren't enough. You need:

- Board-level commitment
- An incentivised and motivated HR function
- Skilled recruitment
- Empowered line managers
- Smart technology

At this point, it's worth taking a closer look at who we're aiming to engage. There's no doubt that millennials and Gen Z are the fastest-growing group of employees in our industry. This is particularly important because their number one work priority is training and development, as well as competitive pay and benefits. As '2nd generation digital natives, they are addicted to their smartphones and tablets.

Both these factors lead to a simple conclusion: we need to engage people at work with information and tools they value - via the same mobile devices they use to conduct the rest of their life.

Communication

Some operators have turned to platforms like WhatsApp or Facebook to start the process. It's true that these apps do make it easy to disseminate information to a group of people, for example new campaigns or offers. The challenge however comes in administering the groups securely. As it's a manual process, there's a high risk of a leaver remaining in a group after they have left the business. With employees often moving between competitive businesses in the sector, access to details of product launches, promotions or internal challenges needs to be reliably controlled.



Fourth Engage

Fourth Engage is a powerful communications app that makes it much easier to engage with employees. For example, it includes a news feed and a channel for urgent notifications and announcements, so staff can easily stay up to date. (Of course it's easy to track and report on who has seen what.)

You can also use the Groups function (just like WhatsApp) to communicate with specific groups of people or send direct messages. And employees can set up their own groups to communicate with colleagues on non-work related subjects too, like team socials. This helps them build stronger relationships, which in turn makes them feel more part of the business.

What's more, Engage is a fully integrated part of Fourth's Workforce Management solution, which means access to the app is automated. Often when companies use a third-party communications tool, the challenge is to get employees to log on in the first place. With Fourth, employees regularly log in to access payslips, check rota scheduling, swap shifts and more, therefore Engage communications are the first thing an employee will see when they are accessing this essential information. And if an employee leaves the business, their access is revoked so you can be confident that private or sensitive information isn't sent to leavers.

Access to Information

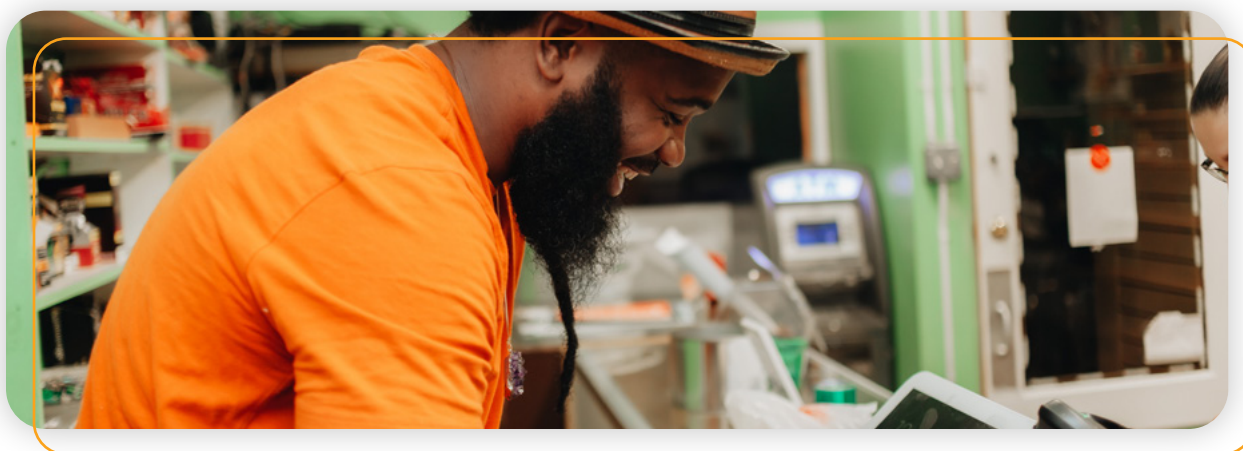
Aside from delivering regular communications and updates, you also need to make sure employees have access to the information they need, when they need it.

From company policies to information about holiday entitlement to payslips, giving employees easy access to this information means they're more informed. This in turn means managers have fewer questions to answer which frees up their time.



Employee Self-Service

With Fourth Engage, employees have easy access to key documents like company policies or a company handbook. With ESS (Employee Self-Service) staff can also access payslips online, check and book holiday or update their own personal information (which also helps reduce administrative burden on HR teams).



Access to Tools

Within every retail business there are a range of systems and tools that workers need to access to complete their daily tasks.

With different systems for different tasks, it often means employees have not just a number of sites or applications to access, but also a number of different user names and passwords to remember. This can therefore be a source of frustration for employees, especially if they forget log-in details or don't have access to the functionality they need to do their job.



Single Sign-On (SSO)

Fourth's specialist software platform provides retail employees with access to key personal information such as rotas and payslips. The Fourth app acts as a mobile gateway to the platform, ensuring staff get access to the tools they need – and not the ones they don't.

With SSO employees can access the Fourth applications they have permissions to, directly from the app, meaning they don't have to remember multiple user names and passwords to do their job. And because the Fourth platform integrates with hundreds of non-Fourth apps, this single sign on benefit can apply across the board.

Scheduling

Creating Schedules

Scheduling staff is one of the most important elements of a manager's role. If you overstaff, employees are standing around idle and bored. If you understaff, they are rushed off their feet and stressed (and of course customers don't get the best experience, which might stop them coming back). So it's important all round to make sure schedules are as accurate as can be.

The challenge comes in the way that many businesses approach scheduling – from a revenue forecast rather than a demand forecast. Traditional scheduling based on budgets or spend per labour hour doesn't take into account the time required to meet demand. Some businesses have now moved to forecasting footfall, which is a good step forward but again doesn't accurately plan for demand. To get the most accurate forecasts, you need to be looking at the specific items that you're going to sell, and what that means for your business.



Demand Forecasting and Labour Productivity

Fourth's advanced forecasting algorithm takes data such as same day last year, historical data, recent trends, weather forecast, and notable public and national events, to create an accurate demand forecast down to 15-minute segments.

This forecast (on to which managers can overlay their local knowledge) then creates a highly accurate shape of the day, showing how many employees are needed at different times – including to complete non- revenue generating activities like accepting deliveries, stock replenishment, merchandising or cleaning.

By accurately predicting which staff you need, where and when, you can avoid shifts where the business is understaffed and employees are run ragged. It also means you don't suffer from the opposite problem of idle staff who are either over-attentive or bored. Getting the balance right not only improves both customer service and sales, but also means employees are less likely to have a bad shift, helping build engagement.

Communicating Schedules

Often, scheduling can be a one-way communication from manager to employee, rather than a collaborative process. Employees may advise their manager of times they can't work, but these are often stored on lost or forgotten post-it-notes. Employees are then frustrated as requests seem to have been ignored. All of this can then mean multiple versions of shifts, confusion and more frustration, not to mention the impact of confusing shifts on payroll accuracy.



My Schedules

With Fourth's My Schedules app, staff can proactively suggest times they are unavailable, while managers can offer open shifts that employees can volunteer for. As mentioned above, with an accurate shape of the day, managers can also offer split shifts to cover busy periods, which might make it easier to accommodate employees' work life/balance and how they want to structure their day.

All of this makes scheduling more collaborative, and opens up two-way communication – avoiding confusion, keeping employees happy and reducing the time it takes for managers to finalise their schedules.

Payroll

Getting it Right

Retail payroll is complex: multiple roles, shift workers, seasonal, temporary and transient staff, hourly vs weekly vs monthly paid staff, and so on. Because of this complexity, it's more likely for mistakes to be made, which again impacts on employee satisfaction. After all, there are few faster routes to a disgruntled employee than getting their wages wrong.

National Minimum Wage (NMW) requirements add to the complexity. Errors in payroll cause issues with compliance and could lead to being 'named and shamed' by HMRC. Aside from the risk of penalties, this also causes reputational damage which impacts any business' ability to recruit the best talent.

Manual processes or disparate systems compound these issues as the need to transfer data from one system to another manually (like actual time and attendance data) introduces additional opportunities for mistakes to be made.



Workforce Management

Fourth's Workforce Management solution delivers integrated HR, scheduling and payroll so all data flows through one system. Schedules can easily be updated with actual time and attendance data from EPOS or even biometric readers, and all of that data flows through to payroll to ensure employees are paid correctly for the time worked.

You could also outsource the entire function to Fourth's Payroll Bureau which takes care of paying your employees with no hidden costs. The risk of penalties is eliminated as the team handles all aspects of compliance with payroll legislation, and you have on-demand access to a dedicated qualified payroll specialist, fully HMRC compliant.

Income Streaming

For staff, waiting for pay day can feel like forever, especially when unexpected expenses come up. It can mean staff resort to predatory pay day loans or high interest credit cards which not only means they are paying thousands in interest, but also creates undue stress and a negative cycle of debt. This then has a knock-on effect on the business too. Nearly half of employees that are stressed about finances are distracted at work, and staff worried about finances are twice as likely to miss work.



Earned Wage Access: How Financial Wellbeing Can Drive Retention

Thanks to our partnership with Wagestream, all our clients can give their staff more control over how they are paid. This impacts how they feel about work - and drives retention.

The Problem: Financial Worry Affects Retention

Nearly half of employees stressed about finances are distracted at work and staff worried about finances are twice as likely to miss work. This affects how they feel about work and when people don't feel good about work, they are more likely to leave.

The Solution: How Does it Work?

In the Fourth Wagestream app, employees can see how much they've earned in a given pay period and can instantly access a percentage of those wages.

All payments are facilitated by Wagestream, with no impact on your payroll process or cash flow. Employees are charged a flat £1.75 transaction fee per payment.

The Fourth Wagestream app also provides a personalised financial education programme for each employee.

The Outcome: Happier Employees, Higher Retention

Providing this type of financial wellbeing benefit improves financial health, which in turn improves engagement, loyalty, and productivity - all of which improve retention.

Reward and Recognition

Everyone likes to know they're doing a good job, but in the hectic environments of retail businesses it can often be missed. Recognising and rewarding your top performers not only makes them feel good about the job they're doing, but also motivates others to strive for similar recognition.

Another important aspect is performance reviews which, in the worst cases, if they even take place, can be rushed or based on vague recollections of how the employee has performed over the previous period. These kinds of experiences leave employees feeling undervalued, so you need robust data and reporting to help managers have meaningful productive conversations with their employees – and which really do help on employee development and therefore retention.

Companies that address the need for employee engagement see:



22%

Have higher
productivity



65%

Are hospitality
and leisure
employees



40%

Are unhappy
retail
employees



Communication Capability

The communication capability of Fourth Engage helps managers highlight great work from their teams with the touch of a screen. Teams can be thanked for their hard work in a particularly challenging shift, or individuals can be called out for going the extra mile. All of which makes employees feel better about the impact they're having at work.

What's more, Fourth Analytics means you can see who your best performers are. The Employee Balanced Scorecards reveal which employees are most valuable to your business, so you can make sure they are being properly rewarded, and also provide managers with quantifiable data to have more meaningful conversations during performance reviews. This allows the review to be focused on specific areas, which makes employees feel the process is more worthwhile, and that the business is invested in helping them develop.

Why Technology Is Key

There are many forms of interaction with staff that can promote engagement, from surveys to benefits, and from awards to team building events. However, the key to almost all of them is smart technology. Mobiles and social media are a way of life for most people today: when they wake up they are more likely to reach for the phone than the kettle.

Retail organisations need to recognise this fact. The old idea of using an intranet to share information and store documents simply won't do. It's usually out of date and often gets hardly any visitors. Many employees won't even see it, as they can't gain access at home.

Instead, you can use technology to attract the best talent to your business. Increasingly, candidates are looking for organisations that use cutting-edge systems and processes to speed up less glamorous tasks such as stock counts, help them do their job more effectively, and let them get home earlier at the end of a shift. Particularly when they can access them via the same kind of devices and interfaces they are used to at home.

Companies that address the need for employee engagement see:



10%

increase in
customer satisfaction



20%

increase in sales

The Gallup Blog, 2007



How Fourth Makes Work Better for Just About Every Employee



I can get practical stuff done more easily, such as seeing my rota, asking for time off or putting my name down for more shifts. Plus I get recognition for outstanding work. It's also great for chatting with colleagues and seeing what benefits and discounts I'm entitled to.

– Team Member



I can get in touch with my entire team instantly, and collaborate with them more when creating schedules. The app is a really convenient way to receive operational updates and share them with others. I can see how we're performing against KPIs in real time. Plus I can share ideas and issues with other managers.

– Manager



Employees can get information much more easily, so I spend a lot less time answering the phone or emails. It's easy to keep policies and documents up to date and available to everyone. It's also amazing to discover so much hidden talent among our workforce.

– HR



It's a really effective way of sharing our brand values and vision with everyone. We get constant feedback from employees, including valuable information about what our competitors are doing. It's also easy to keep people up to date with our latest promotions.

– Marketing



We can remind people about cut-off dates so they don't miss deadlines and get frustrated. It also cuts the number of payroll queries we have to deal with. And as the information flows through the system, the risk of errors is massively reduced. We can now see any issues immediately and correct errors before payday. In general, it helps us manage expenses more easily and helps us budget more accurately.

– Payroll

Once your employees have had this kind of experience, they're less likely to want to move somewhere that still depends on manual processes or less advanced technology.



Summary

To recap, engaged employees:

- Go the extra mile for customers as a matter of course
- Promote the company and become brand ambassadors
- Want to stay longer and develop further
- Come up with and share ideas to help the company
- Support their colleagues
- Make friends at work
- Tell managers how they are feeling
- Get a sense of achievement from great work
- Have fewer days off sick

As a result, the company benefits:



Customer satisfaction – the only true competitive advantage in the service industry is people. If the service is terrible, nothing else matters.



Sales – goes hand in hand with service. Customers who are treated well will spend more money and come back more often.



Better staff retention – it's obvious that someone who finds their job rewarding and feels loyal to the business is likely to stick around. They are also more likely to see it as a career and look for opportunities to progress.



Less absenteeism – engaged employees typically take 2.7 sick days a year (compared to 6.2 days for those who are unengaged²).



Lower costs – lower staff turnover means you save on recruitment, induction and training.

And Finally...

In the end, engagement is about people. You will only achieve it if the entire company is committed to its success, and this is where Fourth can really help.

To find out more about how Fourth can help your business, please visit our website at www.fourth.com or contact us using the details below.

²Source: Gallup

About Fourth

Fourth provides end-to-end, best-in-class technology and services for the hospitality, leisure and retail industries. Its procurement, inventory, and workforce management solutions, coupled with a complete data and analytics suite, give businesses the actionable insights they need to control costs, scale profitability, improve employee engagement, and maintain compliance.

Since its merger with US-based HotSchedules, Fourth serves more than 7,000 customers across 120,000 locations globally.

Fourth works with multi-national companies across the retail, hospitality and leisure industries, including Fortnum & Mason, Tesco Family Dining, Gail's Bakery, Soho House, The Ivy, The Dorchester, The Ritz, Burger King, Leon, Pizza Express, Wentworth Club and SSP Group.



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