

Wal-Mart Seeks New Flexibility In Worker Shifts

By KRIS MAHER

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The nation's biggest private employer is about to revamp the way it schedules its work force, in a move that could shake up many employees' lives.

Early this year, [Wal-Mart Stores Inc.](#), using a new computerized scheduling system, will start moving many of its 1.3 million workers from predictable shifts to a system based on the number of customers in stores at any given time. The move promises greater productivity and customer satisfaction for the huge retailer but could be a major headache for employees.

The change is made possible by a software system that can crunch an array of data, part of a shift toward computerized management tools that can help pare costs and boost companies' bottom lines. But it also could demand greater flexibility and availability from workers in place of reliable work shifts -- and predictable paychecks.

WALL STREET JOURNAL VIDEO



WSJ assistant managing editor Alan Murray discusses [Wal-Mart's new worker scheduling system](#).

Wal-Mart began implementing the new system for some workers, including cashiers and accounting-office personnel, last year. As the world's largest retailer, the Bentonville, Ark., company often sets the standard for others, and many chains already are heading in the same direction.

Others that have rolled out advanced scheduling systems in the past year or are currently doing so include [Payless ShoeSource Inc.](#), [RadioShack Corp.](#) and [Mervyns LLC](#). Payless expects to have its system in 300 of 4,000 stores by the end of January. The system, designed by [Kronos Inc.](#), tracks individual store sales, transactions, units sold and customer traffic in 15-minute increments over seven weeks, and compares data to the prior year's, before scheduling workers.

Payless hopes to "optimize our schedules to better anticipate when customers will be in our stores so that we can better engage them," says Larry Leibach, the shoe retailer's director of project management.

A company using these fine-tuned programs might start the day with a few employees on hand at many stores, bring in a bunch more during busy midday hours, and gradually pare down through the day before bulking up for the evening rush.

Staffing is the latest arena in which companies are trying to wring costs and attain new efficiencies. The latest so-called scheduling-optimization systems can integrate data ranging from the number of in-store customers at certain hours to the average time it takes to sell a television or unload a truck, and help predict how many workers will be needed at any given hour.

Companies also hope the scheduling systems will cut litigation by helping them comply with federal wage-and-hour laws, and variations at the state level on everything from the timing and frequency of breaks to how many hours minors can be scheduled. Moreover, retailers say tighter scheduling lets them better serve customers by shortening checkout lines.

"There's been a new push for labor optimization," says Nikki Baird of Forrester Research Inc. "You

want to have the flexibility to more closely match ... shifts to when the demand is there."

But while the new systems are expected to benefit both retailers and customers, some experts say they can saddle workers with unpredictable schedules. In some cases, they may be asked to be "on call" to meet customer surges, or sent home because of a lull, resulting in less pay. The new systems also alert managers when a worker is approaching full-time status or overtime, which would require higher wages and benefits, so they can scale back that person's schedule.

That means workers may not know when or if they will need a babysitter or whether they will work enough hours to pay that month's bills. Rather than work three eight-hour days, someone might now be plugged into six four-hour days, mornings one week and evenings the next.

Some analysts say the new systems will result in more irregular part-time work. "The whole point is workers were a fixed cost, now they're a variable cost. Is it good for workers? Probably not," says Kenneth Dalto, a management consultant in Farmington Hills, Mich.

Unions have criticized Wal-Mart for its scheduling changes, saying the company is forcing people to be available to work more hours each week but to sacrifice a more regular schedule. Paul Blank, campaign director for WakeUpWalMart.com, funded by the United Food and Commercial Workers union, says the new scheduling system has "devastating implications" for employees. "What the computer is trying to optimize is the most number of part-time and least number of full-time workers at the lowest labor costs, with no regard for the effect that it has on workers' lives," he says.

Wal-Mart spokeswoman Sarah Clark says the system isn't intended to schedule fewer workers, and hasn't where it has been implemented so far. The company says that in one test last year in 39 stores, 70% of customers said the checkout experience had improved. "The advantages are simple: We will benefit by improving the shopping experience by having the right number of associates to meet our customers' needs when they shop our stores," Ms. Clark said.

In the past, store managers for Wal-Mart and other huge retailers, including [Sears Holdings Corp.](http://SearsHoldingsCorp.com)'s Kmart, Payless and J. Crew, scheduled workers based on store promotions and weekly sales figures from the previous year. By comparison, the software systems created by workforce-management software companies such as [Workbrain Inc.](http://WorkbrainInc.com), [Kronos](http://Kronos.com) and [CyberShift Inc.](http://CyberShiftInc.com) rely on real-time data feeds, such as sales rung up at the cash register and customer traffic.

The systems can boost productivity by freeing up managers. While it can take managers an entire day to create schedules for several hundred workers at a single big-box store, staffing can now be drawn up across an entire company in a few hours. [Workbrain](http://Workbrain.com) says it generates schedules for [Target Corp.](http://TargetCorp.com)'s 350,000 U.S. employees at 1,500 locations in less than six hours. Target declined to comment on its scheduling system.

Store chains spent \$55 million on licensing fees for work-force-management software in 2005, up from \$44 million in 2004, according to [AMR Research Inc.](http://AMRResearch.com) in Boston. AMR analyst Robert Garf estimates revenue for these systems grew by 15% to 20% in 2006. "We're really at this tipping point today," he says.

Wal-Mart is rolling out the new "optimizer" system from an outside vendor in all its stores and for all employees this year. Wal-Mart asks hourly employees to fill out the hours they can work on "personal availability" forms. A copy provided by [WakeUpWalMart](http://WakeUpWalMart.com) states that all full-time cashiers and customer-service workers are encouraged to consider including "if at all possible" a weekend shift every

week. "Limiting your personal availability may restrict the number of hours you are scheduled," the form reads.

Some workers say the form has been used to pressure them to be open to more shifts. Tami Orth, a full-time cashier in Ludington, Mich., says she used to work a regular schedule of nearly 35 hours a week, with Mondays and Wednesdays off. In May, managers began to assign her as few as 12 hours a week, and her shifts began to fluctuate. "You can't budget anything," says Ms. Orth, who earns \$9.32 an hour.

Some longtime workers also say they believe managers use the system to pressure them to quit. After working 16 years at a Wal-Mart in Hastings, Minn., Karen Nelson says managers told her she had to be open to working nights and weekends. After she refused, her hours were trimmed, though they have been restored in recent months. "The store manager said he could get two people for what he pays me," says Ms. Nelson, who earns about \$14.50 an hour.

Ms. Orth and Ms. Nelson both had contacted union critics of the company in recent months.

Ms. Clark denied managers use the system to pressure people to change their availability or force out seasoned workers. She also said the new system makes schedules more consistent.

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