NUCLEUS RESEARCH

WFM RETURNS $12.24 FOR EVERY DOLLAR SPENT

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THE BOTTOM LINE

As the economy remains in flux, and bottom lines tighten, organizations are being required to do more with less. A major part of this has been layoffs and hiring freezes, resulting in a need for fewer employees to do the same amount of work. The only way for organizations to achieve this is through expanded productivity from workforce management software. In a review of ROI case studies published on WFM deployments since 2016, Nucleus found that WFM pays back an average of $12.24 for every dollar spent, with an average payback period of just under 5 months.

OVERVIEW

Workforce management (WFM) includes but is not limited to:

- Time and Attendance
- Forecasting
- Scheduling
- Workforce Analytics.

Although WFM has been around for a long time, automation in the space and increasing availability of cloud solutions have driven many companies to reconsider their WFM investment strategy, either as part of a broader human capital management (HCM) suite decision or as a standalone purchase. To better understand the overall financial returns from WFM in the often-overhyped HCM market, Nucleus analyzed its case studies on WFM deployments and found that for every dollar spent on WFM software, a company gets back an average of $12.24, with a payback period of under 5 months. This compares to HCM overall, which returns $9.20 for every dollar spent.

WFM delivers $12.24 for every dollar spent within the first 3 years of deployment.

For organizations looking to optimize WFM processes as employees make a return to physical offices, WFM software solutions are a critical factor in attracting and retaining quality talent. The space is divided by vendors that support different levels of functionality at various price points, reflecting options for the unique needs of organizations ranging from SMB to enterprise-level. Leaders continue to make investments in usability, with self-service capabilities, machine learning, and analytics that help managers uncover insights in areas such as scheduling and performance that drive greater overall productivity. As identifying top performers across the workforce and maximizing manager and employee productivity become top priorities for organizations, flexible and comprehensive solutions for WFM are key to thriving amid a drastically changed employee landscape.

BENEFIT DRIVERS OF WFM

Upon analysis of 11 ROI case studies covering WFM deployments since 2016, Nucleus found several key benefit drivers resulting from implementation.

- Labor Optimization. Labor scheduling solutions optimize staffing and provide organizations with reporting capabilities. Nucleus found that by optimizing scheduling processes, organizations are able to reduce total payroll spend by more than 5 percent on average. WFM customers were able to leverage analytics to reduce labor costs by configuring optimal shift lengths, defining overtime governors/limits, and providing real-time visibility into actual labor versus planned labor.
- Scheduling Automation. Although varying by vertical industry, managers can spend a significant portion of their time creating employee work schedules. Automated scheduling can reduce this time by an average of 75 percent. In addition, manual scheduling often leads to a 3 to 6 percent increase in labor costs due to unintentional schedule padding. Automated scheduling reduces this padding, as the process is no longer Excel-driven and requires less manual intervention when developing. It also allows the scheduler to complete schedule development more quickly.
- Reduced Employee Turnover. Organizations that deploy modern WFM solutions are able to recruit and retain better-targeted employees and provide a greater level of service to these employees. Analytics capabilities help to identify trends in hiring and turnover, allowing organizations to address problem areas and adjust hiring practices. Nucleus found that WFM customers achieved an overall increase in employee satisfaction and reduction in employee turnover, with some organizations experiencing reductions in turnover ranging from 30 to 60 percent.
- Employee and Manager Self-Service. Without modern ESS, employees must call into or email an HR office and ask staff to look up, change, or in some other manner involve themselves in resolving the query. This can take up significant time for both employees and HR staff. The need for this information is especially urgent during onboarding, making more room for gains in productivity with modern ESS. With mobile self-service, employees can request changes to their schedules through a mobile application, as opposed to filling out paper forms and calendars. A mobile app also means that managers no longer have to fill schedules by cold-calling employees to check availability or willingness to work extra shifts. This can save the average shift manager approximately 15 minutes per week.

LOOKING AHEAD

Key investments by vendors in recent years include automation capabilities to optimize scheduling and embedded analytics to help managers gain insight into their workforce and improve decision-making. Self-service capabilities have become standard, as the usability of a solution's interface has proven to be critical to the engagement and retention of employees. Investments in compliance have also proven to be essential as organizations expand globally, and businesses deal with the general fallout of the current economic downturn. The effects of the crisis have been especially severe for retailers and restaurants, as mass closures and layoffs have led to dire circumstances in which there are few working and several expected limitations and regulatory tasks to be implemented once operations resume. These organizations will face unique needs upon economic recovery and will need solutions that address them. With this in mind, investments in modern WFM solutions may be the only way many organizations are able to adapt and survive.