

On-the-Go Foodservice

Simplifying foodservice for cross-channel retail executives.

Labor Management Solutions

By Mina Williams

In an industry in which time is money, savvy operators are always on the hunt for efficient solutions. As a result, foodservice executives often turn to technology in an effort to free up time for unit-level associates - time that can be better spent on activities that directly contribute to the bottom line.

Technology has improved managers' ability to identify factors that are out of the range of normal operations and thus require attention; it can also keep costs in check with back-office systems, point-of-sale systems and food-costing programs. But retailers shouldn't stop there: Systems that focus on labor management offer an additional boost in the pursuit of lost potential.

Labor can account for more than 30 percent of expenses in a well-managed foodservice operation, according to industry reports. Poor management in scheduling for that workforce can result in high turnover, reduction in morale and increased payroll expenses.

"If your business is growing and becoming more complex, it is important to use a scheduling system to put things right," said Steve Winegardner, project manager for Sheetz Inc. The Altoona, Pa.-based company operates 330 convenience stores with gasoline in Pennsylvania, Virginia, Maryland, West Virginia, Ohio and North Carolina. "Employees may not be as fast on the second shift and for that store that might be the busier time. All this becomes apparent when you employ a scheduling system."

Decision Gates

In their most basic form, labor-management solutions eliminate the redundancy of manually filling out time sheets and schedules, which not only use up time unnecessarily but also increase the potential for human error and falsified entries. In their most robust form, integrating several systems, these programs can help executives pinpoint shrink and keep an operation in compliance with labor regulations. Generally, labor-management systems offer executives real-time visualization of their enterprise through Internet access.

"When considering a labor-management system it is paramount that you set goals," said Winegardner. "You need to define your needs." Sheetz uses a Web-based system, for real-time visibility, with data stored internally. "It's not a cheap endeavor. You need to determine if there is a need." He estimates an average return on investment takes two to two-and-a-half years.

Central New York State's Nice N Easy Grocery Shoppes is currently in the process of evaluating labor-management systems to find a fit for its units. Traditionally a gas and convenience store operator, Nice N Easy also offers fresh prepared hot and cold foods in its 85 stores, ranging from a quick-serve restaurant-style format to grab-and-go food with coffee service. Some units present a hybrid style, with a select QSR offering with grab-and-go features.

"In exploring labor-management systems, we need the basics," explained Jack Cushman, executive vice president of food services for the Canastota, N.Y.-based company. "We need hourly sales to give a basis for scheduling people. We also need to look at categories and look at the different labor skills needed." He noted that there are differences in the skills needed for the self-serve operation, coffee management, doughnut rotation, omelet bar operation and breakfast menu or sandwich production. "In foodservice, we need to manage both labor and food."

"The ideal situation would be to use register download data by department and then schedule electronically, with communication with the register that would illustrate if you are under or over in utilizing labor," Cushman said. "Foodservice and retail staff would be separate. Foodservice is all about making and selling food. Retail is about selling. We need to manage more than labor. We need hourly sales, electronic invoicing, grabbing sales data of what is selling so we know what to bring in, even down to recipe components. We need to use information for analysis and make corrections to manage costs."

Build It or Buy It

Once they have identified a labor-management system as a potential boon to the foodservice operation, executives can turn to the options available. Essentially, they have a choice of proprietary systems, off-the-shelf varieties or the newly introduced hosted services with offsite data storage.

Proprietary systems, Winegardner said, require staff in place to maintain and keep up with labor laws, as well as to ensure that coding adjustments are completed. For off-the-shelf systems, however, that's not the case. "When you buy a system, these elements are already in the service pack. One lesson to be learned when putting together a system - whether you build it or buy it - is to make sure you put together a strong group of cross-functional people to explore the system. Opinions from human resources, operations, training and IT are valuable when looking at what you want to accomplish and what system to select."

"There is a blurring of lines between disciplines," explained Jennifer Simich, vice president of **InfoTronics**, a Farmington Hills, Mich.-based company that provides organizations with automated time and attendance solutions. "Payroll is integrated with time and attendance. Time and attendance are integrated with human resources. When it comes to making the purchasing decision, you have to look at how one will integrate with other systems you are using. If you already have a significant investment into our POS system, explore if you can leverage that investment to move forward with time and attendance."

Implementation of a labor-management system is not a smooth road, according to Sheetz's Winegardner. "If you go from a manual system, prepare for culture shock. Employees are used to getting their desired schedule. With automation, schedules are developed according to when sales are and put people on the schedule when needed. Managers might think that headquarters is intruding into their stores' operations. It can be painful. People need to be prepared. In the long, run it is worth doing."

Some foodservice operators use their outsourced consultants and vendors as a guide into labor-management systems. "Our payroll company recommended that we get a system," explained Marci Atkinson, controller of Wilmington, N.C.-based Mimi's Cookies. The 17-unit chain, employing just over 175 people, is a franchisor of Great American Cookies, operating in kiosks at shopping centers. "It used to take more than a day to complete payroll; now it takes one hour. While the initial driver was payroll, we also felt we needed better controls."

"It's efficient and affordable to track and calculate employee information over the Internet," Atkinson said. "Instead of handling time cards or handwritten schedules, we just log online. We then instantly know staffing levels, attendance patterns and pay-period totals. The system has proved to be a really good tool for managers. Managers can go in to see the history of an employee over time that they otherwise may have forgotten. From the record, they can see if there are patterns or problems."

Sheetz also uses an automated scheduling system. According to Winegardner, the automated system does the thinking, following company rules and government employment laws. "When you look at what a system can do for you, with forecasting and scheduling labor integrated with the POS system and payroll system, you are set with how to react to abnormal spikes in sales or revenue."

Labor-scheduling systems can also define activity drivers down to detailed levels. "Every type of transaction takes a different amount of time," said Winegardner, pointing as an example to cash and credit-card payments, and the difference of time each transaction style takes. Compounded

daily, weekly or monthly and multiplied over an entire enterprise, even such a small detail presents an amount of scheduled time operators need to recognize, he added.

More Than Simple Savings

Once operators delve into an automated labor-management system, they typically find that the benefits are more numerous and deeper than simply shaving time off staff scheduling and ensuring a unit has all the right people in all the right places.

"There are productivity gains made when moving from manual to electronic and there are also accuracy factors, but automation also gives executives the knowledge that the rules are being applied fairly and impartially, and that compliance issues are followed and documented," said Simich of **InfoTronics**.

"We have total visibility in real time," Atkinson added. "There are audit trails and we can keep on top of company policy and governmental regulations as they apply to employees. Also, you can't be everywhere across your entire enterprise. We can see if a store in Georgia has not opened by going online to see if the manager has clocked in."

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