



# Understanding Your Customer Service Staffing Requirements

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A Retail Workforce Management White Paper

# Understanding Customer Service Staffing Requirements

## The Challenge

All retailers share a common challenge: understanding and scheduling the customer service staffing requirements of their business. Although this seems like it would be intuitive to business operators that typically “grew up” in their particular type (or vertical) of retail, the reality is that most retailers struggle “getting it right”. This is an important understanding to achieve, and yet so many workforce management initiatives focus solely on reducing the time needed for “task oriented” activities, resulting in lower operating costs, rather than correctly staffing for customer service and driving sales. It is equally, if not more important to grow the top line by 1 percent, as it is to lower the expense line by 1 percent. What if you could do both?

There are several issues that complicate an organization’s ability to understand their customer service staffing requirements:

1. The level of “hands on” customer service that is needed to drive sales within the four walls of a building differs by type of retail.
2. It is fairly straight forward to outline the process and time needed for an organization’s “task oriented” activities, such as processing and tendering a customer’s order or stocking a case of product to a shelf. However, “customer service” is comprised of much more vague and intangible elements, such as engagement and dialogue. These require a different approach.
3. In the absence of a sophisticated, scientific approach for understanding the customer service staffing requirements of their business, many retailers have adopted a best guess “sales per labor hour” approach. That method is inadequate, at best, and certainly not a Workforce Management Best Practice, as described in this paper.
4. Alternatively, some retailers have adopted a “minimum coverage” approach to their customer service staffing requirements. In this approach, the retailer assigns a number of employees to be scheduled on the sales floor during all store operating hours. The unfortunate reality here is that this approach either leads to: “minimum sales” when the customer traffic exceeds the ability of the “minimum coverage” to service it, or wasted labor dollars as the employees cover the sales floor with no customers present.

The balance of this paper will focus on the specific steps a retail organization can take to understand and schedule for the critically important customer service staffing requirements of their business.

## The Issues

Typically, when a retail organization embarks on a “customer service” initiative, it is predicated upon the adoption and use of a (marketing derived) “catchy slogan”. We often hear such pitches: as “We practice exceptional customer service...” or “We have the friendliest stores in town...” While these slogans, in and of themselves, are not issues, failing to support them with a scientific approach to measure, quantify and schedule the actual customer service requirements that are subsequently generated, relegates them to die on the vine as simply that: “catchy slogans”.

Different types of retail organizations must also realize that the need for aggressive vs. passive salesmanship differs by retail format.

While it makes sense to have one or more, “dedicated” sales associates circulating on the salesfloor of an antiques retailer, most of us would agree that it would be a bit silly to have the same level of customer service scheduled on a grocery store salesfloor.

While ultimately the theoretical, delivered level of customer service will be driven by the goals and policies of the organization’s executives, what benchmarks are there that can be leveraged, by retail vertical type, for what has proven to be effective and practical customer service coverage? What is the cost and return of a “minimum coverage” approach to customer service activity?

Once the customer service direction of an organization has been established, the next step is to scientifically measure, quantify and schedule the actual customer service staffing requirements of this direction. The issue here is that the typical labor standards definition approaches, such as process definition, time study and predetermined time analyses do not work when it comes to customer service staffing requirements.

It is easy to list the components and associated times of an activity oriented process, such as placing a garment on a hanger, and then the hanger on a display fixture. However, a different approach is required to measure the much more fluid and qualitative (vs. quantitative) components of customer service activities.

## The Case Study

LSI recently completed a large scale, customer service staffing requirement analysis project at a major North American specialty retailer. As a direct result of this effort, the following benefits have been realized:

1. The retailer now has a holistic understanding of their entire labor model. This now includes the previously vague salesfloor customer service requirements.
2. Labor is now scheduled accurately on the salesfloor during every hour of the day and every season of the year. Previously derived “best guesses” have been replaced with scientific analytics.
3. Store user “buy in” and use of the organization’s scheduling system has been enhanced by using actual labor requirements instead of “best guesses.”
4. The cost benefit analyses of marketing and training programs which affect the organization’s customer service staffing requirements can be modeled, and understood quickly and accurately.

## The Project (The Specifics)

Labor Solutions International, Inc. (LSI) has been helping retailers improve customer service and maximize overall labor efficiency for more than ten years. Employing retail-customized methodologies, techniques and applications, LSI has proven to be the industry leader in terms of customer service based, as well as activity based, labor standards development.

LSI completely understands the importance of servicing customers, with the objective of converting them to purchasers. LSI firmly believes, and has repeatedly proven, that the customer service experience must be scientifically measured, and measured in a way that provides the appropriate labor requirements that can be driven by the best data attainable.

LSI uses an accepted and proven engineering approach that employs in-store observations, coupled with a leading-edge mobile software application, to develop accurate customer service standards that become integrated into an organization’s scheduling system.

The specific project phases that LSI will utilize in order to assist your organization in measuring, quantifying and scheduling the actual customer service requirements of your business are listed below.

The actual durations and deliverables of each of the phases will be customized to each organization’s specific requirements.

### I. Discovery / Definition:

LSI will engage in a discovery phase to understand the specific goals, strategies and dynamics of your organization’s customer service environment. Additionally LSI will assess and make recommendations, based upon industry benchmarks and best practices, relating to your organization’s goals and strategies.

In the course of completing many customer service staffing requirement projects, and working with many different data infrastructures, LSI has accomplished this using both extremely manual and extremely sophisticated approaches.

### II. Manage and Execute the studies:

LSI will oversee and guide you through the entire study process. This will ensure that all of the objectives of the studies are achieved on time and within budget. Some examples of deliverables during this phase of the project include:

1. Oversight and management of all study analyst resources. This includes anyone responsible for completing and assisting with the study effort whether they are:
  - i. Your organization’s resources who have been trained in the LSI study techniques.
  - ii. LSI resources assigned to the study project.
2. Regular project status update reports including:
  - i. The status of all studies completed to date.
  - ii. The notification and recommended mitigation / resolution path of any project issues encountered.
  - iii. Current study confidence / accuracy status in all applicable areas.
    - a. This point will allow for informed decisions to be made by the project management team concerning the need to alter or re-deploy any remaining studies.

This phase of the project will be the critical project controlling mechanism. This ensures that all of the stated project goals and objectives are completed on time and within budget.

### III. Analyze the Study and Systemic Data; Develop the Customer Service Staffing Requirements:

Once all the study and systemic data has been captured, the next phase of the project is to transform these buckets of information into accurate staffing requirements. LSI will analyze all of the data that has been captured throughout the project and present it in a way that most precisely represents your customer service staffing requirements. This analysis would encompass any considerations needed to account for different customer service staffing levels being required in:

1. Change in customer traffic patterns across a day or days.
  - i. Friday at 5:00 PM.
  - ii. Friday at 8:30 AM.
  - iii. Saturday afternoon.
  - iv. Tuesday evening
2. Change in customer traffic patterns across a span of days.
  - i. In season.
  - ii. Out of season.

#### IV. Integrate the Customer Service Staffing Requirements with Your Workforce Management System:

LSI offers a comprehensive suite of world class Workforce Management software products. In the event you desire to use a different Workforce Management System, LSI is still uniquely qualified to assist you with the integration of your newly developed customer service staffing requirements. Assistance in this area, from those that observed and developed the staffing requirements, will ensure faithful and precise integration.

#### V. Develop the Study and Associated Logistics:

Once the organization's current customer service environment and objectives are completely discovered, LSI will construct and submit a comprehensive, logistical strategy for measuring and quantifying the specific customer service staffing requirements. The characteristic components of this phase of the project are:

- 1 or more master study files, which outline what is to be observed and captured.
- A comprehensive store observation schedule.

Typical considerations that go into the development of the study file or files are:

1. The types of studies that will be most effective, given the organization's current environment:
  - i. Direct observation approach.
  - ii. Work sampling approach
  - iii. A combination approach.

The store observation schedule will take into account:

1. The quantity of studies that will be required in order to obtain a reasonable (and comfortable) level of statistical confidence in the conclusions drawn.
  - i. LSI uses a formulaic approach, which is derived from a scientific basis, to advise you on the number of studies & observations necessary to achieve accuracy.
  - ii. This information allows for the "right" number of studies to be performed, in the right areas, and avoids wasting project money and resources, managing and doing non-essential studies.

2. The study logistics that will be required in order to obtain conclusion accuracy.
  - i. Review any available customer service, key performance data such as: mystery shop scores or customer conversion rates, in order to select the "right" stores for study, who are executing the strategic, corporate direction in customer service.
  - ii. Given your specific organizational landscape, LSI will additionally advise you on the geographic regions, study days and times needed to support the study accuracy.

#### VI. Identify Systemic Data Requirements:

As previously mentioned, customer service staffing requirements should be measured and quantified in a way that provides the appropriate labor requirements and can be driven by the best data attainable.

1. During this project phase, LSI will advise you on what data makes the "most sense" to use as a basis for your customer service staffing requirements. This advisement will be based upon your specific data sets available for use in the analysis. Typical recommendations include:
  - i. Customer traffic data.
  - ii. Customer purchase / conversion data.
  - iii. Item purchase data.
2. The systemic data selected will be a critical component for use in a later project phase where the customer service staffing requirements will be applied and integrated with your organization's Workforce Management System.
3. LSI can assist, as necessary, in order to obtain or mine the recommended data sets.
  - i. In addition to telling you "what data" is recommended for use in accurate customer service staffing requirements modeling, LSI can quickly assess your infrastructure and advise you on the best way to obtain the recommended data

### A Note about LSI

Labor Solutions International, Inc., exclusively utilizing senior level consultants to foster change and improved efficiencies, has delivered successful implementations with the leading retailers in the supermarket, big box, specialty pet care, specialty apparel, fitness, hotel and hospitality vertical segments. Bringing retail best practices and solutions in processes, methods, labor standards, store profiling, labor scheduling and reporting, LSI is uniquely qualified to assist retailers with their labor improvement goals and initiatives

Please contact us at the address below to set up a call about your important Customer Service Levels today.

For more information visit: [www.lsi-solutions.com](http://www.lsi-solutions.com)



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