THE HOME DEPOT

Retail Case Study
During the 2012 first quarter earning’s call for home improvement giant, The Home Depot, investment analysts expressed interest in the positive operating expenditure data the company reported. The company’s Workforce Management (WFM) solution, by Empower Software Solutions, received some of the credit for the uptick.

Marvin Ellison, EVP, US Stores, The Home Depot, commented on the call:

“…we put in a new labor system, scheduling system last year…It was a big undertaking, but it really paid dividends this quarter because we were able to have our labor meet our sales demand and schedule and forecast to that in a more cost effective manner.”

“For the first time, our store managers were able to track their labor versus their sales performance on a daily basis. We have never been able to do that before…”

“…So we made a labor investment based on a the new system and we actually saw improved sales as the numbers reflect, but in addition, we saw improved customer service scores. So we feel good about the process and we feel good about the leverage we were able to create because the leverage was created on top of increased sales and on top of increased customer service scores.”
With more than 2,200 locations, 40,000 types of building material, and 300,000 associates, it’s easy to be impressed with the scale of the U.S.’s fourth largest retailer and largest home improvement retailer in the world. The company, known for its operational efficiency, felt that they needed a new WFM system to better manage the size and complexity of their workforce operations. The Home Depot had been using a legacy labor forecasting and scheduling system that was built in mid-1990s. Over the years the highly customized solution had gone through many iterations, but scheduling was still too labor intensive, expensive, and not optimally integrated with other solutions or customer service.

Furthermore, the legacy system handled compliance for labor and payroll tax regulations, but the company still relied heavily on HR teams to ensure all schedules were compliant. Also, the system was not integrated into the company’s payroll system, which created a disconnect for managers who wanted to better understand the true labor costs associated with a schedule.

More than just correcting the scheduling and compliance inefficiencies, The Home Depot wanted to give store managers the visibility needed to understand where they could improve the scheduling process to meet their customers’ needs. Plus, they wanted to empower their employee base with self-service tools to help them indicate scheduling preferences and view their schedules online.
EmpowerWFM was chosen by the company as its new WFM solution. “We chose EmpowerWFM because we needed a solution that would be flexible from an operations standpoint,” says Duffy. “At the same time, our IT team needed a solution that would be strong and scalable enough to handle an enormous load because of our size”.

Together, The Home Depot embarked on a process where the legacy forecasting and scheduling system was completely replaced with Empower’s integrated WFM solution. This overhaul for over 2,000 stores not only incorporated forecasting and scheduling, but also integrated financial applications and provided employee self-service tools.

Another positive effect of the new WFM solution was it gave managers the ability to review “payroll percent to sales visibility” in the forecasting and scheduling process as well as real-time intra-week calculations. Also, the new system allowed for a single person to write schedules at a district level, eliminating the cost and time spent building schedules across the company.

Plus, the new solution provided corporate teams the visibility required to better report on store performance. EmpowerWFM helped enable corporate visibility at the individual store-level with dashboard KPIs and enhanced reporting capabilities.

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1 Excerpts from The Home Depot Q1 2012 earnings call, May 15, 2012
2 “The Home Depot’s Scheduling Improvement,” Integrated Solutions for Retailers, January 2012
For a number of years, we employed someone full-time in each store to do nothing but draft, edit, and post schedules each week. As the business evolved, we realized that situation was not optimal. Like it or not, opinions are inserted into the scheduling process each week, and in many cases, that doesn’t deliver an optimal solution for staffing the store”. ²

Chris Duffy, VP of Workforce Operations and Strategy

Empower Software not only managed the implementation of the solution, but also collaborated with The Home Depot on various process and procedure updates to help ensure the program’s success. For both teams, the focus was always on what was the best way to improve customer service via better leverage of The Home Depot’s valued associates.

**KEY WFM PRE-IMPLEMENTATION CHALLENGES**

- **Labor intensive** – lengthy manual process to produce schedules
- **Lack of integration to other solutions** – specifically, no integration to the company’s payroll solution resulted in lack of ability to see true cost of each schedule
- **No employee self-service tools** – employees weren’t able to provide preference or view schedules unless they came to the store
- **Lack of visibility** – the corporate office was unable to view store workforce performance at a store level
- **Inaccurate forecasting** – lost manager edits and lack of integration resulted in sub-optimal workforce forecasts
- **Not tied to customer service** – needed to have best people at the best times and places
With the first quarter 2012 earnings call as testament, EmpowerWFM has made a positive impact at The Home Depot in a number of ways:

- **Optimized and faster scheduling** – The scheduling process at The Home Depot has moved from a four day process to one that takes less than a day. In fact, most schedules are built in less than a minute.

- **Improved forecasting** – An uptick in sales and customer service indicates that the goal of getting the best associates working at the right times and places is working. Moreover, forecasts now require minimal edits by store managers.

- **Employee empowerment** – Associates are now able to go online to view schedules and make other scheduling preferences.

- **Integration to financial systems** – The ability for EmpowerWFM to integrate with other critical financial systems at The Home Depot means that store managers can assess accurate payroll costs and corporate executives can view store performance in a more comprehensive way.

- **Improved customer service** – With a system that helps ensure the best associates are available to help customers when needed, The Home Depot can continue to find more ways to improve the customer experience.
“In addition to easy integration, we also needed the ability to extract data to feed various reports, and we also wanted to empower our supervisors to approve their employees’ time cards.”

“The EmpowerWFM implementation has resulted in significant cost savings to The Home Depot”, says Cara Kinzey, SVP of IT for The Home Depot. “We have a scalable solution that has a positive impact on our associates, business and customers. Plus, Empower Software’s partnership with us to make this initiative so successful cannot be underestimated – their team has been responsive, diligent and highly invested in our business.”

More customer service.
More scheduling improvements.
More savings.