

Employee Retention Guide

A photograph of two men in a professional setting. On the left, a man with grey hair, wearing a brown plaid blazer over a blue shirt and dark vest, holds a black folder. On the right, a man with dark hair, wearing a white chef's coat, is smiling and looking at the folder. The background is a blurred office or kitchen area. A semi-transparent dark circular graphic is overlaid on the right side of the image.

Introduction

Recruiting and retaining good staff is essential for any successful business. However it's so difficult that Deloitte ranks it as the number one issue for CEOs globally. 90% of leaders think an engagement strategy will have an impact on business success, but barely 25% have a strategy¹.

In the UK hospitality industry, our problem is particularly acute. At 75%² the staff turnover rate is five times the national all-sector average. Typical length of service is just 12 months. And there's a direct correlation between high staff turnover and lower profits³.

What's more, the problem is set to worsen. Figures from Fourth Analytics show that 43% of the UK hospitality workforce – and 71% of the restaurant sector – comprises foreign nationals. While the full implications of Brexit are still uncertain, it seems unlikely to herald an easier labour market. If immigration from the EU is constrained, finding staff will be more difficult: a weaker pound will make the UK less attractive to overseas workers and the signs are already that people who are already here are returning to their country of origin.

With fewer foreign workers available, it's more important than ever to hold on to the staff you already have. After all, even if you can find new personnel to replace those who leave, the cost of hiring and training them will make a big dent in your bottom line. And plugging gaps with temporary workers risks jeopardising your brand, service quality and, ultimately, repeat business.

While the answer lies partly in paying your people competitively, it is mostly about keeping them engaged. Organisations with a high level of engagement report 22% higher productivity⁴. However, 65% of hospitality and leisure employees in the UK are not happy and 60% would leave their job within a year⁵.

To a great extent, engagement is about communication. Unfortunately, in a classic corporate hierarchy where messages cascade through the management structure, information has to travel through at least 10 levels before reaching every employee. At this point much of the meaning may be misconstrued. This confusion applies even in small, growing businesses.

The answer here is to find a new way of connecting with people – and to turn this into real competitive advantage.

But communication is just one part of the puzzle. You also need to be thinking about whether your operational processes enable staff to do a good job, how accurate you are with your forecasting to make sure shifts aren't understaffed, and how to ensure you pay staff correctly and on time – every time.



Throughout the guide, you'll see sections marked with the symbol above.

In these sections, we explain how Fourth's solutions can help ease the relevant challenge.

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Employee engagement

It's clear that engaging your employees is a good thing, but what does it mean in practice? First, it's about making them feel good about you, their employer. This means communicating well with them, not just when you want them to know something, but to make them feel included – 'in the loop'. It also means recognising their contribution to the business and making sure they are aligned to its overall goals.

Above all, it's important to understand that positive engagement is only possible with careful planning, intelligent execution and sustaining good communications. Without, employers can come across as disingenuous and actually make employees less engaged. Goodwill and short-term initiatives aren't enough. You need:

- Board-level commitment
- An incentivised and motivated HR function
- Skilled recruitment
- Empowered line managers
- Smart technology

At this point, it's worth taking a closer look at who we're aiming to engage. There's no doubt that millennials are the fastest-growing group of employees in our industry. This is particularly important because their number one work priority is training and development, as well as competitive pay and benefits. And as 'digital natives', they are addicted to their smartphones and tablets.

Both these factors lead to a simple conclusion: we need to engage people at work with information and tools they value - via the same mobile devices they use to conduct the rest of their life.

Communication

Some operators have turned to platforms like WhatsApp or Facebook to start the process. It's true that these apps do make it easy to disseminate information to a group of people, for example new menu items, offers or promotions. The challenge however comes in administering the groups securely. As it's a manual process, there's a high risk of a leaver remaining in a group after they have left the business. With employees often moving between competitive businesses in the sector, access to details of menu launches, promotions or internal challenges needs to be reliably controlled.





Fourth Engage

Fourth Engage is a powerful, hospitality-specific communications app that makes it much easier to engage with employees. For example, it includes a news feed and a channel for urgent notifications and announcements, so staff can easily stay up to date. (And of course it's easy to track and report on who has seen what.)

You can also use the Groups function (just like WhatsApp) to communicate with specific groups of people or send direct messages. And employees can set up their own groups to communicate with colleagues on non-work related subjects too, like team socials. This helps them build stronger relationships, which in turn makes them feel more part of the business.

What's more, Engage is a fully integrated part of Fourth's Workforce Management solution, which means access to the app is automated. And if an employee leaves the business, their access is revoked so you can be confident that private or sensitive information isn't sent to leavers.

Access to Information

Aside from delivering regular communications and updates, you also need to make sure employees have access to the information they need, when they need it.

From company policies to information about holiday entitlement to payslips, giving employees easy access to this information means they're more informed. This in turn means managers have fewer questions to answer which frees up their time.



Employee Self-Service

With Fourth Engage, employees have easy access to key documents like company policies or a company handbook. With ESS staff can also access payslips online, check and book holiday or update their own personal information (which also helps reduce administrative burden on HR teams).



Access to tools

Within every hospitality business there are a range of systems and tools that workers need to access to complete their tasks, such as managing inventory and completing stock counts, ordering products or receiving goods.

With different systems for all these tasks, it often means employees have not just a number of sites or applications to access, but also a number of different user names and passwords to remember. This can therefore be a source of frustration for employees, especially if they forget log-in details or don't have access to the functionality they need to do their job.



Single Sign-On (SSO)

Fourth's specialist software platform supports virtually every hospitality task, like goods receiving, stock counting, rotas and payslips. The Fourth app acts as a mobile gateway to the platform, ensuring staff get access to the tools they need – and not the ones they don't.

With SSO employees can access the Fourth applications they have permissions to, directly from the app, meaning they don't have to remember multiple user names and passwords to do their job.

Whether they need to place orders, check rotas or stock levels, they can do from the single app. And because the Fourth platform integrates with hundreds of non-Fourth apps, this single sign on benefit can apply across the board.

Scheduling

Creating schedules

Scheduling staff is one of the most important elements of a manager's role. If you overstaff, employees are standing around idle and bored. If you understaff, they are rushed off their feet and stressed (and of course customers don't get the best experience, which might stop them coming back). So it's important all round to make sure schedules are as accurate as can be.

The challenge comes in the way that many businesses approach scheduling – from a revenue forecast rather than a demand forecast. Traditional scheduling based on budgets or spend per labour hour doesn't take into account the time required to meet demand. Some businesses have now moved to forecasting covers, which is a good step forward but again doesn't accurately plan for demand (as one cover might be a cola and fries while another could be a three-course meal and a bottle of wine). To get the most accurate forecasts, you need to be looking at the specific items that you're going to sell, and what that means for your business.





Demand forecasting and labour productivity

Fourth's advanced forecasting algorithm takes data such as same day last year, historical data, recent trends, weather forecast, and notable public and national events, to create an accurate demand forecast down to 15-minute segments.

This forecast (on to which managers can overlay their local knowledge) then creates a highly accurate shape of the day, showing how many employees are needed at different times – including to complete non-revenue generating activities like prep or cleaning.

By accurately predicting which staff you need, where and when, you can avoid shifts where the business is understaffed and employees are run ragged. It also means you don't suffer from the opposite problem of idle staff who are either over-attentive or bored. Getting the balance right not only improves both customer service and sales, but also means employees are less likely to have a bad shift, helping build engagement.

Communicating schedules

Often, scheduling can be a one-way communication from manager to employee, rather than a collaborative process. Employees may advise their manager of times they can't work, but these are often stored on lost or forgotten post-it-notes. Employees are then frustrated as requests seem to have been ignored. All of this can then mean multiple versions of shifts, confusion and more frustration, not to mention the impact of confusing shifts on payroll accuracy.



My Schedules

With Fourth's My Schedules app, staff can proactively suggest times they are unavailable, while managers can offer open shifts that employees can volunteer for. As mentioned above, with an accurate shape of the day, managers can also offer split shifts to cover busy periods, which might make it easier to accommodate employees' work life/balance and how they want to structure their day.

All of this makes scheduling more collaborative, and opens up two-way communication – avoiding confusion, keeping employees happy and reducing the time it takes for managers to finalise their schedules.



Payroll

Getting it right

Hospitality payroll is complex: multiple roles, shift workers, seasonal, temporary and transient staff, hourly vs weekly vs monthly paid staff, and so on. Because of this complexity, it's more likely for mistakes to be made, which again impacts on employee satisfaction. After all, there are few faster routes to a disgruntled employee than getting their wages wrong.

The impact on hospitality is disproportionately large, given the high percentage of weekly paid staff on lower incomes.

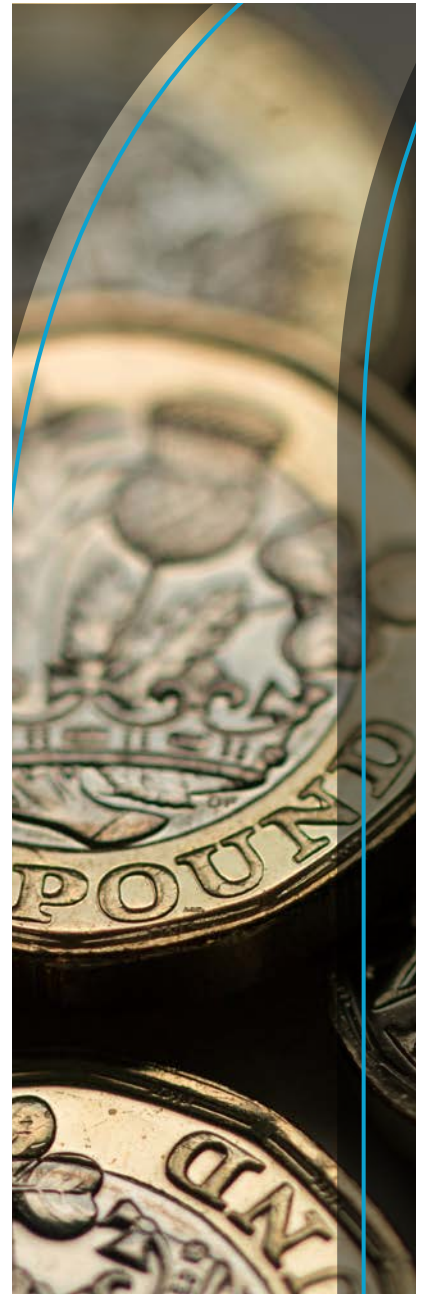
National Minimum Wage (NMW) requirements add to the complexity. Errors in payroll cause issues with compliance and could lead to being 'named and shamed' by HMRC. Aside from the risk of penalties, this also causes reputational damage which impacts any business' ability to recruit the best talent.

Manual processes or disparate systems compound these issues as the need to transfer data from one system to another manually (like actual time and attendance data) introduces additional opportunities for mistakes to be made.



Fourth's Workforce Management solution delivers integrated HR, scheduling and payroll so all data flows through one system. Schedules can easily be updated with actual time and attendance data from POS or even biometric readers, and all of that data flows through to payroll to ensure employees are paid correctly for the time worked.

You could also outsource the entire function to Fourth's Payroll Bureau which takes care of paying your employees with no hidden costs. The risk of penalties is eliminated as the team handles all aspects of compliance with payroll legislation, and you have on-demand access to a dedicated qualified hospitality payroll specialist, specifically skilled in all the complexities of hospitality payrolls. Perfect payroll, fully HMRC compliant.



On demand pay

For lower paid staff waiting for pay day can feel like forever, especially when unexpected expenses come up. In some cases, staff need to resort to predatory pay day loans or expensive credit cards which not only means they are paying interest, but also creates undue stress and creates a 'cycle of poverty'. And this then impacts the business too. Nearly half of employees that are stressed about finances are distracted at work, and staff worried about finances are twice as likely to miss work⁶.



Thanks to an exclusive partnership between Fourth and Wagestream, hospitality businesses can now give employees more control over when they get paid. Each employee can see the total amount they've earned in a given pay period via a mobile app, and can instantly access a percentage of these wages whenever they need to. All payments are facilitated by Wagestream and deducted from the normal monthly net pay cycle once payroll has been processed, meaning there's no impact to the payroll process or on company cash-flow. There are also no interest charges or penalties for the employee, just a small £1.75 transaction fee for each payment.

Providing this type of benefit to employees improves their financial health, which in turn improves their happiness, engagement and loyalty, and in turn their productivity. It effectively eliminates the need for employee advances and loans, or the use of high interest pay day loans or credit cards. It also encourages employees to take on additional shifts to access more pay, more quickly.

Reward and recognition

Everyone likes to know they're doing a good job, but in the hectic environments of hospitality businesses it can often be missed. Recognising and rewarding your top performers not only makes them feel good about the job they're doing, but also motivates others to strive for similar recognition.

Another important aspect is performance reviews which, in the worst cases, if they even take place, can be rushed or based on vague recollections of how the employee has performed over the previous period. These kinds of experiences leave employees feeling undervalued, so you need robust data and reporting to help managers have meaningful productive conversations with their employees – and which really do help on employee development and therefore retention.



88% of people look at their phone within 30 minutes of waking up
74% of people check their phone 15 minutes before going to bed

Deloitte Global Mobile Consumer Survey, 2016



The communication capability of Fourth Engage helps managers highlight great work from their teams with the touch of a screen. Teams can be thanked for their hard work in a particularly challenging shift, or individuals can be called out for going the extra mile. All of which makes employees feel better about the impact they're having at work.

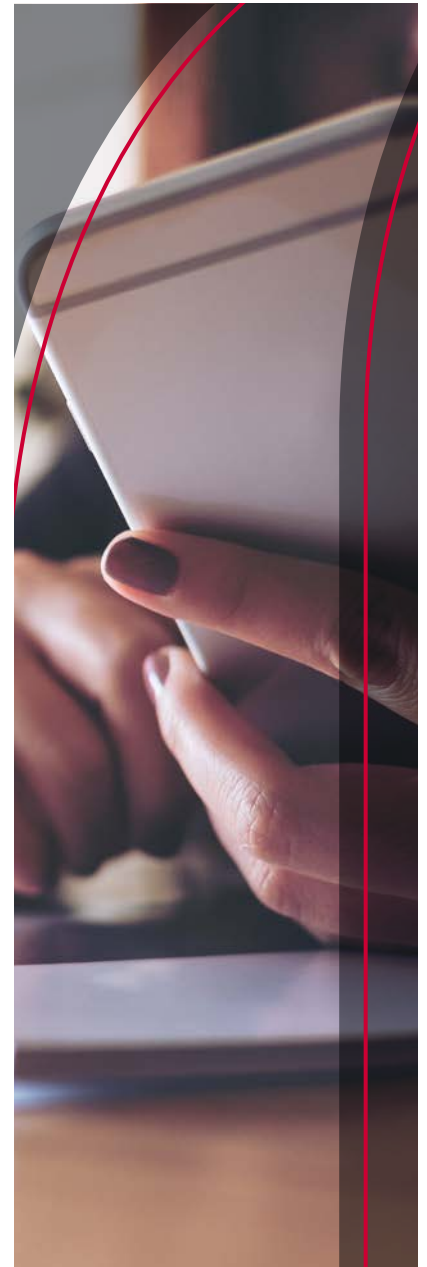
What's more, Fourth Analytics means you can see who your best performers are. The Employee Balanced Scorecards reveal which employees are most valuable to your business, so you can make sure they are being properly rewarded, and also provide managers with quantifiable data to have more meaningful conversations during performance reviews. This allows the review to be focused on specific areas, which makes employees feel the process is more worthwhile, and that the business is invested in helping them develop.

Why technology is key

There are many forms of interaction with staff that can promote engagement, from surveys to benefits, and from awards to team building events. However, the key to almost all of them is smart technology. Mobiles and social media are a way of life for most hospitality employees: when they wake up they are more likely to reach for the phone than the kettle.

Hospitality organisations need to recognise this fact. The old idea of using an intranet to share information and store documents simply won't do. It's usually out of date and often gets hardly any visitors. Many hospitality employees won't even see it, as they can't gain access at home.

Instead, you can use technology to attract the best talent to your business. Increasingly, candidates are looking for organisations that use cutting-edge systems and processes to speed up less glamorous tasks such as stock counts, help them do their job more effectively, and let them get home earlier at the end of a shift. Particularly when they can access them via the same kind of devices and interfaces they are used to at home.



Companies that address the need for employee engagement see:

10% increase in customer satisfaction
20% increase in sales

The Gallup Blog, 2017

How Fourth makes work better for just about every employee

Team member

I can get practical stuff done more easily, such as seeing my rota, asking for time off or putting my name down for more shifts. Plus I get recognition for outstanding work. It's also great for chatting with colleagues and seeing what benefits and discounts I'm entitled to.

Manager

I can get in touch with my entire team instantly, and collaborate with them more when creating schedules. The app is a really convenient way to receive operational updates and share them with others. I can see how we're performing against KPIs in real time. Plus I can share ideas and issues with other managers

HR

Employees can get information much more easily, so I spend a lot less time answering the phone or emails. It's easy to keep policies and documents up to date and available to everyone. It's also amazing to discover so much hidden talent among our workforce.

Marketing

It's a really effective way of sharing our brand values and vision with everyone. We get constant feedback from employees, including valuable information about what our competitors are doing. It's also easy to keep people up to date with our latest promotions.

Payroll

We can remind people about cut-off dates so they don't miss deadlines and get frustrated. It also cuts the number of payroll queries we have to deal with. And as the information flows through the system, the risk of errors is massively reduced. We can now see any issues immediately and correct errors before payday. In general, it helps us manage expenses more easily and helps us budget more accurately.

Once they've had this kind of experience, they're less likely to want to move somewhere that still depends on manual processes or less advanced technology.



Summary

To recap, engaged employees:

- Go the extra mile for customers as a matter of course
- Promote the company and become brand ambassadors
- Want to stay longer and develop further
- Come up with and share ideas to help the company
- Support their colleagues
- Make friends at work
- Tell managers how they are feeling
- Get a sense of achievement from great work
- Have fewer days off sick

As a result, the company benefits:

- Customer satisfaction – the only true competitive advantage in hospitality is people. If the service is terrible, nothing else matters.
- Sales – goes hand in hand with service. Customers who are treated well will spend more money and come back more often.
- Better staff retention – it's obvious that someone who finds their job rewarding and feels loyal to the business is likely to stick around. They are also more likely to see it as a career and look for opportunities to progress.
- Less absenteeism – engaged employees typically take 2.7 sick days a year (compared to 6.2 days for those who are unengaged)⁶.
- Lower costs – lower staff turnover means you save on recruitment, induction and training.

And finally...

In the end, engagement is about people. You will only achieve it if they whole company is committed to its success. But Fourth can really help.


To find out more about how Fourth can help your business, please visit our website at www.fourth.com or contact us using the details below.



About Fourth



Fourth provides end-to-end, best-in-class technology and services for the restaurant and hospitality industries. Their procurement, inventory and workforce management solutions, coupled with the industry's most complete data and analytics suite, give operators the actionable insights they need to control costs, scale profitability, improve employee engagement, and maintain compliance. Since its merger with US-based HotSchedules, Fourth serves more than 7,000 customers across 120,000 locations globally.

A close-up photograph of a chef's hand, wearing a white and black striped apron, holding a knife over a wooden cutting board. The background is slightly blurred, showing a kitchen environment.

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