

CASE STUDY

Category: Retail**Business Type:**
Grocery Retailer**Products:**
Workforce Acquisition™**PROJECT BENEFITS**

- \$1.1M saved in hiring costs by reducing turnover
- \$340,800 earned in bottom-line tax credits
- \$110,000 saved by decreasing manager time and paperwork in hiring

Farm Fresh Saves \$1.5M in 7 Months by Controlling Labor Costs, Improving Workforce Productivity and Quality

Part of the SUPERVALU grocery family, Farm Fresh Markets started with one store in Virginia in 1957. It has since grown steadily to 45 stores in Virginia and North Carolina. Like most successful and stable grocery retailers, Farm Fresh realizes that the core of its business is based on the quality of its employees. Supermarkets, perhaps more than any other retailers, know that repeat business is king. And more than anything else, repeat business depends on the relationship between customers and employees.

Kronos® Workforce Acquisition solution is known in the industry for improving the hiring effectiveness of grocers such as Big Y and Kroger. And so, Ron Dennis, president of Farm Fresh, was convinced that the system would scale perfectly to a regional chain such as his. With expected reductions in turnover, wasted time, and shrinkage and increases in employer tax credits, Dennis calculated that not only would Workforce Acquisition pay for itself within the first year, it would actually net the company some \$868,000 in savings.

He was wrong. Savings actually amounted to \$1,557,000 — in seven months. And the annualized yield projected was a dramatic \$2,600,000. How did Farm Fresh achieve this? Through reduced turnover. Better-quality hires. Improved workforce productivity. And increased sales.

Automation reduces turnover, increases retention

Farm Fresh store managers had been frustrated that manual processes and inconsistent screening methods were resulting in too many disappointing hires. Turnover in staff was high: more than 100 percent. And for every employee who quit, it cost Farm Fresh \$2,400 to replace the person. Managers needed a way to quickly find people who fit best into the Farm Fresh environment and would stay with the company longer.

Enter Workforce Acquisition. Its prescreening abilities, scientific assessments, and targeted interview questions gave managers the automated tools that they needed. Farm Fresh initially projected that the company's turnover reduction could result in savings of approximately \$476,000 annually. After only seven months the actual savings had already reached \$1,106,000. And employee retention increased by 35 percent.

Improved hiring efficiencies lead to huge savings

Paper-based hiring processes not only affect the bottom line, but also kill workforce productivity. Farm Fresh store managers were spending too much time interviewing and hiring employees. And every moment spent interviewing was time taken from the primary task of running the store. Additional paperwork, first-day no-shows, and time wasted with ineligible candidates all added up.

Workforce Acquisition's automated processes free up managers' time. In fact, managers aren't involved in the application process at all. Automated hiring means a dramatic increase in applicant flow (+64 percent for Farm Fresh). And since applicants are prescreened by the system, managers interview only the qualified candidates. New-hire forms for HR are pre-populated by Workforce Acquisition, saving managers, payroll, and HR time. Knowing the system's potential, Farm Fresh conservatively predicted an annual time savings worth \$33,000. But within seven months that savings actually amounted to \$110,000, more than triple the expectation.

Automated tax credit capture nets more than \$340K

Workforce Acquisition enables employers to automatically screen for Work Opportunity Tax Credit (WOTC) eligibility. WOTC is a program that encourages employers to hire people who might otherwise have a hard time entering the workforce. Employers receive up to \$2,400 in tax credits per eligible employee.

Because of the cumbersome bureaucracy often involved with WOTC, money is frequently left on the table by eligible employers. But the Kronos interface with Farm Fresh's WOTC provider makes both screening for eligibility and processing automatic. With Workforce Acquisition, Farm Fresh expected a WOTC capture of about \$168,000 annually. But after just seven months the actual tax credits earned were \$340,800 — more than double.

Sales per employee go up, shrink goes down

Front-end positions such as cashiers, customer service associates, and baggers are critical to a supermarket's customer service strategy. These are the employees who are in direct contact with customers and establish emotional connections with them. Great employees remember customers' names. Go out of their way to help. And make customers feel welcome. Top-quality employees are the key element in building customer loyalty, so hiring the right people for these positions is vital.

Farm Fresh quickly discovered how hiring the right people impacts the bottom line. Seven months after implementing Workforce Acquisition, Farm Fresh saw sales per employee increase by 6 percent. Clearly, hiring the right people made an immediate impact on customer relationships and subsequently improved top-line sales.

Another benefit: Reduced shrink. Improved screening for honest and dependable employees reduces employee theft. Farm Fresh found that shrink had decreased 21 percent in seven months — the effect of hiring more-reliable people.

OVERALL SOLUTION EFFECTIVENESS

- Reduction in time wasted **50%**
- Increase in applicants **64%**
- Increase in WOTC capture **34%**
- Sales increase per employee **6%**
- Increase in employee retention **35%**
- Reduction in shrink **21%**

Reporting boosts operational efficiency

Workforce Acquisition's post-hire reporting has given Farm Fresh a powerful tool to evaluate the efficiency of its hiring. Now HR can look in detail at each store or the entire enterprise. And it can spot immediate needs or examine long-term trends. This means that store managers and corporate operations now have an invaluable tool to evaluate Farm Fresh's hiring practices, compensation levels, retention rates, and ultimately its overall success as a business.

Great employees + great service = competitive advantage

Aside from location, supermarket managers know they have basically four attractors for their customers, price, selection, quality, and service. Since service is so dependent on the quality and tenure of the employee, the ability to hire and keep the best becomes critical.

This is where Workforce Acquisition is making the competitive difference for Farm Fresh. More conscientious employees see to the details, such as the facing of stock, the quality of the produce and meat, and the cleanliness of the store. They are more attentive to the needs of their customers, which in turn improves emotional connectedness and makes those customers loyal. And the money Workforce Acquisition saves Farm Fresh? The company can apply those savings to its competitive pricing. As Farm Fresh has discovered, the advantages of automated hiring propagate themselves.

