



How Many Employees Do I Need?

The question of how many employees you need to effectively staff a store is one that must be given careful thought. The answer depends on various factors pertaining to a particular store. What is the size of the store? What are the customer traffic patterns in the store? When customer traffic is high, more staff will be necessary to provide an acceptable level of customer service. Conversely, periods of light customer traffic require less staff to service the customers. The hours of operation for a store will help determine the need for employees. A store that is open 24 hours a day needs more staff than one that opens at 5:30 A.M. and closes at 11:00 P.M.

When planning staffing needs you need to consider those factors as they relate to a particular store. Staffing is the assignment of workers to jobs within a business. The staffing level is the number of workers assigned to jobs at a particular time. Establishing a staffing level that is neither too heavy nor too light is the goal of efficient staffing plans. Customer traffic patterns need to be examined to determine when the store is busiest and when it is least busy. This information, together with store hours and store size, will help formulate basic staffing needs.

Understaffing

Understaffing happens when there is not enough staff to handle the customers. One result of understaffing could be a long line at the cash register. A long line indicates that there are not enough employees to provide proper service. The danger exists that customers will grow tired of waiting and leave without making their intended purchase. Many department stores

Main Idea

Who is going to work in your store? That is a big and important question. The hiring and managing of employees is a crucial part of a store's success. In this unit we will learn how to determine the correct number of employees for your store's needs, characteristics of a good employee, how to evaluate potential employees, how to hire employees, and the laws that apply to employees. We will conclude with mathematics that can be used in staffing.

After completing this lesson you will be able to:

- Explain how staffing decisions are affected by customer satisfaction and wait time
- List common problems associated with under- and over- staffing
- Describe the qualities of a good employee
- Describe laws that protect employees
- Calculate employee wages and take home pay
- Explain ways a store can be staffed for maximum profit

Key Terms

- Staffing
- Staffing Level
- Understaffing
- Overstaffing
- Wages

are understaffed, making it difficult for customers to find open cash registers or sales associates to help them with their purchases. Another result of understaffing can be the loss of inventory. An understaffed store can be a target for shoplifters, who understand they are less likely to get caught with less staff watching them. Poor stock maintenance is another result of understaffing. Workers that are kept too busy with customers do not have the time to handle routine maintenance and upkeep of the store's stock.

Overstaffing

Overstaffing happens when there are too many staff members in the store for the customer traffic. Overstaffing is expensive because the business owner is paying for staff that is not needed. Overstaffing is unproductive and can lead to a lack of motivation in employees. Many storeowners or managers hire part-time employees to work only during periods of peak customer traffic in order to help avoid this situation.

What Makes a Good Employee?

As you think about staffing needs, you will likely be considering what types of employees to hire. Regardless of the position you want to fill, there are traits you should always look for in an employee. Some of these traits include:

- Reliability – will the employee perform assigned tasks?
- Attitude – does the employee display a positive outlook and a willingness to work cooperatively with others and accept direction?
- Punctuality – will the employee show up to work on schedule?
- Honesty – does the employee have a reputation or record of integrity and honesty?
- Manners – is the employee polite?
- Appearance – is the employee neat and tidy in his or her attire and personal hygiene?
- Communication skills – can the employee communicate well with and listen to others?
- Work ethic – is the employee hard-working and diligent?

Evaluating Potential Employees

You have determined many of the traits that an ideal employee should possess. Your next task is to begin evaluating candidates for the jobs available. Two means of evaluation that are available are the job application form and the job interview.

A candidate will fill out the job application form with information such as his or her name, address, education, previous work experience, and other information your company may ask for. What can you learn from a job application form besides the information provided? Look for the neatness of the completed form and the completeness of the application. The job interview can reveal much about an applicant's communication skills, appearance, punctuality, manners, and attitude.

Always contact former employers and the references provided by the applicant. Information provided by former employers is an indication of the applicant's past performance.

Hiring Employees

Once applicants have been interviewed for the job openings, you are ready to evaluate and hire one of them. When you decide which applicant to hire, you should be certain that the applicant understands the job description, the tasks the job requires, the responsibilities of the job, the wages, and the number of hours to be worked. You should explain this information clearly and leave no room for misinterpretation. When extending a job offer to an applicant, make sure there is a mutually agreed upon start date for the employee.

Worker Protection Laws

There are many laws that have been enacted to protect employees in the workplace. You need to be aware of these laws and familiar with their provisions. Most of these laws fall into the following categories:

- Equal opportunity employment – these laws protect employees from discrimination because of gender, race, religion, national origin, age, or disability.
- Employee compensation – these laws determine minimum wages, the 40-hour work week, and overtime pay. Child labor laws also fall into this category.
- Employee safety and health – these laws are designed to make sure that employees have a safe place to work and that working conditions will not have a negative impact on their health.

Summary

In this unit we have looked at how to staff a store. We looked at how staffing levels can lead to overstaffing and understaffing. We then studied some of the characteristics of good employees, evaluating potential employees, and hiring employees. We provided an overview of some of the laws that protect employees in the workplace. Lastly, we studied some of the mathematics related to staffing a store.

Key Math Concepts

Mathematics used in staffing deal with the cost of having your employees in the store and the sales they generate. Employee wages are one consideration when computing employee costs. Wages are the payments made to employees for the hours that they work.

COMPUTE WAGES FOR YOUR EMPLOYEES BY WEEK

To compute wages for your employees by week, use the following formula:

Wages Per Week = Hourly Wage X Hours Worked Per Week

COMPUTE THE AVERAGE CUSTOMER WAIT TIME

To compute the average time a customer may have to wait to complete a sales transaction, use the following formula:

Average Customer Wait Time = 90 Seconds X Number of Customers in Line

(Most stores use an average of 90 seconds to complete a sales transaction)

Key Terms

Staffing

The assignment of workers to jobs within a business.

Staffing Level

The number of workers assigned to jobs at a particular time.

Understaffing

When there is not enough staff to handle the customers.

Overstaffing

When there are too many staff members in the store for the customer traffic.

Wages

The payments made to employees for the hours that they work.

Staffing

1. A. Heather makes \$6.55 per hour. She worked 25 hours last week. What were her gross weekly wages? B. Heather had payroll deductions of \$42.11 for federal, state, and local taxes, and for social security. What was Heather's take home pay?

2. Compute the total wages per week for the following six employees:

- Employee A worked 40 hours per week at a wage of \$9.50 per hour.
- Employee B worked 38 hours per week at a wage of \$8.25 per hour.
- Employee C worked 39 hours per week at a wage of \$7.75 per hour.
- Employee D worked 28 hours per week at a wage of \$6.60 per hour.
- Employee E worked 20 hours per week at a wage of \$6.65 per hour.
- Employee F worked 15 hours per week at a wage of \$6.55 per hour.

3. Your store has an average time of 90 seconds to process a sales transaction. There are three customers in line to check out. How much time will have passed when the last sales transaction is complete?

4. It is a busy lunch hour. Two cashiers are working and there are seven customers in line. The average time to process each sales transaction is 90 seconds. How much time will have passed when the last sales transaction is complete?

Staffing

1. You are determining the staff necessary for a new store. The store is located directly off a commuter route and is less than a mile from a large high school. The store will be open from 5:00 A.M. to 1:00 A.M. daily. You anticipate that the store will experience high customer traffic between 5:30 A.M. and 8:00 A.M. when customers stop in on their way to work, between 12:00 P.M. and 1:30 P.M. for lunchtime, and between 4:30 P.M. and 7:00 P.M. when customers stop in on their way home from work. You anticipate moderate customer traffic between 7:00 A.M. and 7:45 A.M. when students are on their way to school, and between 2:30 P.M. and 3:30 P.M. when students are on their way home from school. The high school has a closed campus policy regarding the lunch hour, so you do not expect student traffic at lunchtime. Discuss some of the other considerations to remember while planning staffing needs.
2. Your store has been suffering from a decline in sales in all categories. Your staffing is the same as it was before the decline in sales and you now have an overstaffing situation. What actions should you take to remedy the overstaffing situation?
3. You have an opening for a new cashier. You have interviewed several applicants and have narrowed the candidates to two. The first applicant has cashier experience but no other work experience. She is available to work any hours that are scheduled, including weekends, but cannot work after 4:00 P.M. on weekdays because of family obligations. The second applicant has no experience as a cashier but has worked in other retail sales positions. He is available to work any hours that are scheduled on weekdays, but would prefer not to work at night. He cannot work at all on weekends. Which candidate would you hire? Explain the reasons for your choice.
4. An employee has been experiencing problems with his or her car. As a result, the employee has been late to work on several occasions and on one occasion did not show up to work at all. Explain to the employee the impact this is having on the store and on the other employees.

Staffing

GOAL: Your goal is to calculate and test the proper number of cashiers for your store. You will then try to maximize store profit by controlling staffing for all shifts.

YOUR SITUATION: In this lesson you control Staffing. All other actions are controlled for you.

1. Run the **Staffing**, **Comment Log**, and **Financials** sections of the **Tutorial**.
2. Open the **Staffing** lesson. Run the simulation forward for 9 hours at the second slowest speed or slowest speed. Count the number of customers who come in each hour and fill in **Worksheet 1**. Don't count customers who are already in the store.

WORKSHEET 1

| Hour (PM) | 3-4 | 4-5 | 5-6 | 6-7 | 7-8 | 8-9 | 9-10 | 10-11 | 11-12 |
|---------------------|-----|-----|-----|-----|-----|-----|------|-------|-------|
| Number of Customers | | | | | | | | | |

QUESTION 1: What was the busiest hour?

3. Click **Reports->Comment Log**.

QUESTION 2: How many customers left because the line was too long?

4. Re-open the **Staffing** lesson. Now run the simulation at the slowest speed. Using the simulated time in the lower-left corner of the screen, observe how long a cashier takes to serve one customer.

QUESTION 3: How long does it take to service one customer? **Note:** Due to time compression in the sim, this number will be higher than in the real world.

QUESTION 4: Using the information above, calculate the approximate number of cashiers needed to service the peak hour of the day.

5. Re-open the **Staffing** lesson. For the shift containing the peak hour and the following shift, use **Staffing** under the **Actions** menu to increase the number of cashiers to the number of cashiers you calculated in Questions 4. Run the simulation forward 9 hours. Click **Reports->Comment Log**.

QUESTION 5: Were all customers served promptly or did some leave because of long lines?

6. Re-open the staffing lesson several times. Each time, try increasing your staff a bit more. Run the simulation forward for 9 hours each time you re-open it.

QUESTION 6: How many cashiers did you need to hire before customers stop leaving? Why do you think you needed more cashiers than the amount calculated in Question 4?

7. Re-open the **Staffing** lesson and use staffing to maximize your store's profit. Your goal is to make a profit of \$24,000 or more per week. Use **Actions->Staffing** to set your number of cashiers and stockers for all shifts. Watch your **Comment Log**, under **Reports**, for complaints from customers who wait too long or can't find products on the shelf. Try to minimize customers leaving because the lines are too long or because they can't find the products they want.
8. Fill in **Worksheet 2** to show the level of staffing that allows you to maximize your profit.

WORKSHEET 2

| Position | 7am-11am | 11am-3pm | 3pm-7pm | 7pm-11pm | 11pm-3am | 3am-7am |
|---------------|----------|----------|---------|----------|----------|---------|
| Cashier | | | | | | |
| Shelf Stocker | | | | | | |

QUESTION 7: Using **Financials**, what were the weekly wages and profit for your store when staffing was set to allow you to meet the goal in step 7?