THE FUTURE OF WORK

HOW FLEXIBILITY & TRANSPARENCY WILL CREATE NEW OPPORTUNITY
OUR NEW ECONOMY

Right now, employers in the United States are undergoing the biggest shift since the early 1900s. As legislation and technology continue to evolve, so too, do the dynamics and economics of our workforce.

With new legislation like the Affordable Care Act, all employers, especially those with slim profit margins, have increased pressure to maximize their number of part-time workers and minimize the number of benefit-receiving employees. The United States Department of Labor’s most recent 2016 report confirms this trend.¹ The number of full-time hourly jobs is rapidly falling and the number of part-time positions is increasing at an exponential rate. As a result, there is an ever decreasing supply of well-paying, full-time jobs with one employer.

However, at the same time, innovation and development in the technology industry is taking hold. Entrepreneurs know there are few things are more important to people than how they earn a living.

Today, with more people wanting flexibility and control over their work schedule than ever before, startups are seeking to innovate in the space. New technologies allow individuals to have more freedom, to explore new career opportunities, and to take part in the on-demand economy. And while for the most part this has been a positive change, new gig platforms can’t serve the entirety of the existing hourly workforce which is now 58.5% of all US workers.²

Companies will need to bridge the gap between employer and employee — to give employees greater optionality and flexibility over their work schedule.


Photo: Scott Olson
A CHANGING LEGISLATIVE CLIMATE

On March 23rd, 2010, the Affordable Care Act was signed into law. The Supreme Court then upheld, in a final decision, the statute on June 28th, 2012 in what quickly became the most sweeping change to the nation’s healthcare system in over 50 years. With the Affordable Care Act came many promising changes — new marketplaces to allow shoppers to compare Health Plans, Medicaid eligibility was expanded in 26 states, legal protections barring insurers from charging more based on health status or gender were enacted, young adults could now stay on their parent’s plans until they’re 26, and many other radical regulatory changes.

As with any new legislation affecting how people run their businesses however, efforts were quickly underway to find loopholes in an attempt to preserve the status quo, minimize financial disruption, and control labor related operating expenses. Cornerstone to these efforts were the directives small and large companies alike undertook in order to reign in spending on workforce benefits expansion. Under the new law, employers in many cases were now on the hook to provide partial or full healthcare coverage for their employees based not on an arbitrary full or part-time classification, but rather on the number of hours worked by an employee each week. Thus, the ‘29 hour phenomenon’ was born in which employers, using either manual scheduling or automated software tools, would cap the number of hours their part time employees could pick up and work each week to avoid full time classification.

Meanwhile, the growing unrest amongst many of the nation’s lowest wage earners had lit a fire beneath some state legislatures to drive their minimum wages higher over a period of several years. For example, in California, on April 4th, 2016, Governor Jerry Brown signed Senate Bill (“SB”) 3, which is set to increase California’s minimum wage each year, ultimately reaching $15 per hour in 2022 (unless the increases are temporarily delayed at any point due to certain economic conditions). Today, California’s minimum wage is $10 per hour. Ostensibly, a rise in the minimum wage is a good thing, and certainly something that has been welcomed by the millions of low income workers who will stand to benefit. However, the business community has greeted the forthcoming changes with mixed feelings. On one hand — raising minimum wages in many cases will help employees in a very meaningful way — especially for the large number of workers who can barely afford to eat and shop at the places they work. On the other hand, rises in the minimum wage mean business operators have two choices — to reduce staff, or raise prices, very few are willing to operate on


severely reduced margins.

This past spring, President Obama and Labor Secretary, Thomas Perez announced new rules governing the treatment of overtime pay within the Fair Labor Standards Act. In summary, the changes will update overtime regulations, extending protections to more than 4 million salaried workers within the first year of implementation. More specifically, the policy sets higher percentile standard salary levels; adjusts the total annual compensation requirement for highly compensated employees, and establishes a mechanism for automatically updating compensation and salary levels every three years to maintain the levels at the new percentiles. Many large businesses and industry groups including the National Retail Foundation believe these changes will come at a steep cost to both employees and customers. The concern is that the new standards would effectively force employers to strip managers of their salaried status in order to appropriately compensate them for duties and tasks overlapping with their hourly staff. This could ultimately have detrimental effects on customer service and team morale.

All together, the effects of a rising minimum wage, in combination with the Affordable Care Act and recent changes to overtime pay regulations, mean that policy makers have unintentionally created the perfect storm. In an increasingly complex and multi-dimensional legislative climate, a solution must rise that responsibly empowers and serves the needs of the modern worker while also creating an effective mechanism for employers to manage their ever-growing part time workforces.

HOURLY WORK IN THE UNITED STATES

Over the last several years, many employers have undertaken a process of steadily reducing their salaried and full-time positions. This has left more and more working class people to choose between dinner with their family or picking up that second shift of the day at a second or third part time job in order to make ends meet. As of April 2016, there were over 2.1 million Americans working more than one part time job. It seems like this trend will become the new normal as more full-time positions are replaced with part-time work and the gig economy continues to grow.

The central issue for America’s hourly worker has now become two-fold: how can one work the minimum number of hours required to maintain a decent standard of living while still balancing the needs of their personal life?

Every day, millions of workers in this country face this question. They are people like


Erlinda Delacruz who work at three different places each week – a senior citizen’s center, a Walmart, and a convenience store. The three jobs equate to roughly 60 hours of work a week, but her take home pay each month is $1,600. Between house payments, utilities, and gas for her car – she doesn't see very much of that money and being able to save is out of the question. Perhaps one of the hardest things for Erlinda is the sheer balancing act of it all – ensuring her schedules are aligned each week for each job is an exercise in itself.

When hourly workers are asked how their working conditions could be improved, they overwhelmingly report a desire for better pay, more hours, and greater flexibility in both schedule and location. Fortunately, many businesses are listening and beginning to evolve their practices in order to increase employee satisfaction and become more attractive to job-seekers. As macroeconomic factors continue to drive changes in the retail, restaurant, and hospitality industries, pockets of labor shortages and tightening margins mean well developed practices to promote turnover reduction are more important than ever.

Companies like Forge believe in finding a solution that serves both Employers and Employees in a mutually beneficial way, helping companies achieve their performance goals and Team Members gain the freedom they need in order to live balanced, self-sustaining lives.

THE FUTURE OF WORK

The future of work is a broad attempt at addressing the changes we expect to see in the labor market and their effect on the expectations this generation's workforce has. For the most part, these changes are being driven by fundamental shifts in our economy including, businesses' increased reliance on part-time workers to meet their demand curves, the fight for higher minimum wages, and the ubiquity of new on-demand opportunities.

Here are six major factors influencing the future of work and their major benefits for business owners and workers alike:

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FLEXIBLE SCHEDULING

Changing shift requests, last minute call-outs and schedule fluctuation make it tough on the whole team. Progressive companies are already using technology to empower their workforce to choose when they work. With platforms like Forge, Managers build daily, weekly or monthly labor templates and schedules optimal to the needs of their store. Forge's algorithmic system then releases these shifts into the ecosystem of approved team members who meet the job title, training, star-rating and availability requirements. Approved Team Members can then schedule themselves according to their desired work hours. If a Team Member has to cancel, shifts simply drop back into the Forge ecosystem to get filled by another approved Team Member without Managers lifting a finger.

DYNAMIC WAGES

Labor demand in stores fluctuates throughout the day, month and year. With technology today, stores should always be optimally staffed — never losing revenue on understaffing due to call outs, no shows or increased customer demand outstripping supply of labor. Forge's dynamic wages optimize labor spend around these peaks and valleys. If dynamic wages are enabled, managers input a wage premium they're willing to pay incase of a last minute call out, no show or demand outstripping labor supply in order to fill the shift. Forge's proprietary algorithm automatically finds equilibrium by offering differentiated wage rates up to your wage premium to Team Members in your qualified talent pool based on their skill set and previous work performance.

REAL-TIME PERFORMANCE RATING

In studies conducted by Glassdoor and TINYpulse, 80% of employees said they were motivated to work harder when they
received appreciation for their work and 42% of employees said they wanted to receive feedback on work performance each week, while 80% said they would prefer to receive feedback in real-time.

On platforms like Forge, every team member, manager, and location has a real-time performance rating. After the end of each shift, managers rate Team Member’s performance, and Team Members rate their manager and the store environment based on a 1-5 star rating system. The highest performance rating is five-stars. If team members or managers rate below four stars, they are asked to pick a pre-populated reason for the lower rating. If a Team Member works at more than one business on the Forge platform, their performance rating is an aggregate of all their ratings across brands/locations. Performance ratings affect a Team Member’s ability to see and select shifts, as higher rated Members have early access to newly available shifts.

Employee work history and reputation platforms have existed for white collar workers with online networks like LinkedIn for the past decade, but part-time service workers are just now beginning to build their own reputation online. For an employer who is looking to hire new part-time talent, an aggregate work history can help them eliminate upfront costs associated with vetting each new team member.

Companies are using these ratings to keep track of performance and labor related metrics within their store environments. These real-time performance analytics can help upper management identify when there is an issue with a particular manager in store while simultaneously tracking team performance over time. Both typically serve as good indicators of decreased company morale, lost revenue, and increased churn risk.

MOBILE TIME AND ATTENDANCE

Clunky old time and attendance systems and timecards are antiquated. Today, almost all employees walk around with mobile devices easily accessible at their workplace.

With Forge, when Team Members arrive within a geo-fenced location of a store for a shift they've scheduled, they're automatically prompted on their mobile device to clock-in for their shift through Forge. Throughout the duration of a shift, Forge can remind Team Members to take breaks in accordance with federal and local labor laws, eliminating headaches and reducing employer liabilities. Forge then records the time, location and dynamic wage of team members’ shifts as they clock-in and out, creating a historical, accurate

Many companies are already using mobile devices to help their staff provide better customer service and support. Employees using their own devices to also handle personal HR related tasks at work, including clocking-in and out for their shifts is the next progression in this evolution.

ON-BOARDING

One of the most challenging labor related issues is that of staffing. There are so many manual processes associated with hiring and on-boarding new talent. Today, Managers within particular regions have begun talent sharing amongst nearby stores to eliminate the time associated with continuously posting job descriptions on sites like Craigslist.

Rather than posting job descriptions to unknown audiences, sites like Forge allow Managers to create job opportunities on a store specific profile with a high degree of customizability so it’s easily found by individuals looking for work. If employers want to be proactive, they can have their managers access and see all of the talent on Forge. Then, they can invite Team Members with relevant work experience to apply to work at their location. For less active employers, Forge’s algorithms do the work by matching a large network of qualified hourly workers with traceable work histories against all available job opportunities.

Team members fill out one Common Application to submit to multiple employers accompanied by brand-specific questions that employers can designate when creating each job posting. If a manager approves a Common Application, Forge can conduct a background check on the team member and set up a time for a phone or in-store interview based on both parties’ calendar availability. After the interview, Forge can streamline the paperwork process of hiring an employee and show Online Training Modules. Forge then helps each new hire sign up for trainee shifts to learn the ropes of their new job. Once the team member has satisfactorily completed the required number of trainee hours, they become “approved” and can pick up hours for that position indefinitely or until terminated. After the employee begins working, Forge sends reports back to their manager on the individual’s performance.

EMPLOYEE PERKS

Rewarding employees for outstanding and consistent performance is a proven way to increase employee retention and also attract new talent. Most companies from retail to quick service restaurants offer employee discounts or perks to high performing Team Members.

It’s often challenging to achieve transparency and tracking around company perks, but Forge makes it easy for companies to notify team members of brand-specific rewards. Employees can also be incentivized to accumulate more working hours in-store, work certain (ex. holiday) shifts, or sell a certain
number of memberships each month. Perks can be anything from a bonus, to in-store credit, to a specific desirable in-store item.

Perks help gamify work for Team Members and encourage increased engagement and brand loyalty.

CONCLUSION

Changes in the economy mean it’s more important than ever for flexible on-demand scheduling to be the foundation of your workforce management strategy. Forge gives Team Members control over when and where they work, and gives their employers the tools they need to reduce HR costs, lower churn, and increase Team Member satisfaction levels. By bringing together the most forward thinking businesses and creating a shared ecosystem of the top, pre-screened talent for available shifts, Forge enables seamless talent sourcing, on-boarding and management of new Team Members.

FORGE

FORGE PROVIDES AN ENTIRELY NEW MODEL TO EFFICIENTLY SOURCE, TRAIN AND SCHEDULE YOUR HOURLY EMPLOYEES.

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