Using Workforce Analytics to Reduce Employee Turnover

White Paper

This White Paper describes the challenges of reducing employee turnover in shift-based organizations, and introduces Otipo’s innovative approach to shift scheduling and the use of Real-Time Workforce Analytics for Organizational Health. It focuses on the potential for improving company morale, increasing staff retention, and ultimately reducing costs, through continuous monitoring and analysis of scheduling data and employee satisfaction.

Employee turnover in shift-based organizations

Why do they leave?

High rates of employee turnover are particularly common in shift-based organizations. This is a result of the nature of shift work and its impact on family life and relationships, study and leisure. The assignment of inconvenient or undesirable shifts, or an organization’s failure to take employees’ preferences into consideration, often contribute to employee burnout and an employee’s decision to seek employment elsewhere.
Using Workforce Analytics to Reduce Employee Turnover

**Employee turnover - more than an inconvenience**

Employee turnover is costly – the organization faces not only the direct expense of finding and absorbing new employees (advertising the job, interviewing candidates, training new hires, and so on), but also indirect costs such as a decline in product or service’ quality as a result of employee turnover. New and burned out employees are typically not as effective as their happy and experienced counterparts, and they are more likely to make mistakes. Your employees’ performance can make the difference between a one-time customer and a returning customer – with direct implications for your bottom line.

Although estimates vary, studies have shown that the cost of recruiting and training a new employee can reach as much as 150-250% of the annual salary of the lost employee, depending on the employee’s position in the organization. (Source: [http://www.isquare.com/turnover.cfm](http://www.isquare.com/turnover.cfm))

**Strategies for Reducing Employee Turnover**

Today, the issue of employee turnover is usually addressed retrospectively. Human Resources (HR) teams typically collect data on employee turnover throughout the year, and present data on an annual or semi-annual basis. Attempts to identify the reasons why employees leave the organization often consist of Exit Surveys, completed by those employees on their last day of work or after a “cooling off” period. Although the information gathered from these questionnaires is mainly relevant for those who have already decided to leave the organization (and not so much for future recruits or employees who stay), its usefulness for affecting change in the organization is largely untapped.

Recent years have shown the emergence of various standard software solutions for shift management. Typically, these solutions assist in the scheduling of work shifts in keeping with an organization’s shift allocation policy, enable staff to indicate their preferred working times, and attempt to accommodate as many of the employees’ requests as possible. The use of such automated systems has resulted in savings in the amount of administrative time required to prepare the schedule, however has failed to provide a real conduit for ongoing feedback and communication between employees and management.

That is, until now. Otipo™ Pulse – Real-Time Workforce Analytics for Organizational Health – takes an innovative approach to workforce analytics by focusing on the human dimension, establishing ongoing communication between employees and management, reducing turnover and improving the performance of teams, resulting in higher productivity.
Can Workforce Analytics help reduce turnover?

In their quest to keep turnover to a minimum, HR personnel and managers in shift-based organizations are faced with the following questions on a regular basis:

- How can I reduce turnover and its associated costs?
- Which staff members are best suited to shift work? Who is best suited to the classic work day (9 am-5 pm)? Who will last the longest in their positions?
- How can we set up effective shifts that optimize employee capabilities?
- What compensations and benefits structure is most appropriate for the various shift positions?
- How can we give employees an opportunity to provide feedback, helping us build more effective teams, and nurture a sense of involvement and commitment?

Using workforce analytics tools and techniques enables a shift-based organization to more efficiently manage manpower, maximize potential, improve organizational capacity, and ultimately increase profits. Otipo™ Pulse uses the proprietary Otipo™ Human Dimension Algorithm to provide insights into what causes employees to leave and what makes them want to stay. These insights help an organization identify and capitalize on the shared interests of workers and management, and contribute to reducing turnover.

Fighting Turnover – the Otipo Advantage

Otipo™ Pulse is the first-of-its-kind tool for productivity improvement. It enables you to dynamically manage the human dimension of your business, resulting in increased productivity and ROI. Otipo’s revolutionary approach combines managerial and HR tools into a single powerful solution.

Otipo™ Pulse offers an online solution based on intelligent analysis of various data relevant to personnel currently employed in the organization. Above and beyond its role in optimizing the scheduling process, Otipo™ Pulse enables seamless systematic collection, monitoring and analysis of diverse data including:

- Employees’ demographic information (within the limits of the Right to Privacy)
- Continuous monitoring of turnover rates
- Employees’ work preferences, including who they want to work with
- Potential, planned and actual work hours
- Absence and tardiness data
- Employees’ availability to work and flextime capability
- Willingness to replace/take over for coworkers in need
Using Workforce Analytics to Reduce Employee Turnover

- Number of staffing changes after the schedule is published
- Average time between shifts
- Peer assessment analysis to reveal tacit talents and management potential
- Employees’ reasons for quitting, where applicable, based on Exit Surveys

The data is processed and analyzed using Otipo’s Human Dimension Algorithm. The processed data (Business Intelligence) is displayed regularly in a dedicated Dashboard and in reports, and helps reduce turnover by making senior management aware of various issues related to the “soft” aspect of personnel management – the human dimension – and by enabling timely management of issues as they arise and before they become a crisis.

Simplifying the scheduling process

Otipo™ Pulse provides a direct easy-to-use interface between all employees and the organization, enabling staff to indicate their preferred working time as a basis for weekly shift scheduling. The result is a schedule that makes every effort to match as many of the employees’ requests as possible, as fairly as possible, through objective implementation of the organization’s shift allocation policy. Otipo™ Pulse enables more efficient management of employee availabilities, preferences, and capabilities in keeping with the needs of the organization. It also provides a direct line of communication between employees and the organization, with active involvement in the scheduling process, promoting the employees’ loyalty to the organization.
Using Workforce Analytics to Reduce Employee Turnover

After using Otipo™ Pulse for only six months, a national retail drug store chain has seen both an increase in overall employee satisfaction and a decrease in employee turnover.

Data collection and analysis

Otipo’s platform not only saves time and money in optimizing shift-based workforce scheduling, but also enables organizations to build a dynamic behavioral database about their employees, increase organizational health, and improve competency.

Otipo™ Pulse, an advanced solution for real-time Workforce Analytics, combines Business Intelligence analysis as an integral part of HR management software tools: using the basic platform for managing human resources data collection and analysis of on-line data.

Otipo™ Pulse serves as a platform for collecting data from four main sources:

- Analysis of actual activity patterns (hours, late arrivals, and so on)
- Analysis of micro-questionnaires (one or two questions presented each time the worker enters the system to indicate preferences or availability for work)
- Interface with the organization’s HR database
- Analysis of the responses to Exit Surveys, completed by employees who resign their positions

Built on a shift-scheduling platform (yours or ours), Otipo™ Pulse integrates workforce-related data with patterns identified in employees’ shifts scheduling. Data collection is continuous and is for the most part transparent to employees and other Otipo users. Leveraging proven behavioral analysis methods, and sophisticated data-mining algorithms, the system produces a set of alerts, dashboards, and action items that enable management to make better use of human capital and promote organizational health.
Using Workforce Analytics to Reduce Employee Turnover

Otipo™ Pulse performs analysis of social-based preferences (who prefers to work together), creating a virtual social map. This map can help managers better understand both the positive and negative aspects of the social dynamic between team members, and identify ways to cope with interpersonal issues, for example, by transferring a less confident employee to a more supportive team.

As opposed to traditional workforce analytics tools, which focus on the present, Otipo’s comprehensive approach integrates constant monitoring, real-time reflection, and both on-time and long-term intervention. Otipo’s Human Dimension Algorithm enables it to forecast that an employee may be likely to leave the company and can alert management. In addition, patterns that emerge can help in forming a demographic profile to aid HR in identifying suitable (and unsuitable) candidates as part of the hiring process.
Using Workforce Analytics to Reduce Employee Turnover

<table>
<thead>
<tr>
<th>Standard Behavioral Analysis</th>
<th>Otipo™ Pulse Real-Time Workforce Analytics for Organizational Health</th>
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<tbody>
<tr>
<td>One-time Exit interviews</td>
<td>Establish ongoing communication with each of the employees, enabling systematic data collection and analysis of employees' positions</td>
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<tr>
<td>360 reviews</td>
<td>Ongoing assessment of interpersonal relationships—not simply a “snapshot in time.”</td>
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<tr>
<td>Standard HR attitude surveys and questionnaires</td>
<td>Analyze patterns of requests for assignment (and with which employees to work), to improve team cohesion and identify management reserve</td>
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<tr>
<td>Apply HR management policies to all employees in the same way</td>
<td>Match general HR management policies (and scheduling policies in particular) to the employees' characteristics, patterns of behavior, and group dynamics</td>
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<tr>
<td>Savings in time spent on administration through use of an automated scheduling application</td>
<td>Management efforts can focus on improving human resource effectiveness and reducing expenses related to employee turnover</td>
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<tr>
<td>Support centralized Command and Control (C²)</td>
<td>Leverage distributive leadership, support Command and Control and Communication (C³)</td>
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<tr>
<td>Focus on The Who (Employee) &amp; the When (Shift)</td>
<td>Focus on the “What” (collecting data), the “So What” (analyzing and interpreting that data), and the “Now What” (taking actions accordingly)</td>
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Learning from turnover

A national retail drug store chain with branches throughout Israel began implementing the Otipo™ solution in Q2 2012. Approximately 80% of the chain’s branches are already using Otipo’s scheduling software. Today, Otipo is used to send Exit Surveys to employees who leave the company; the survey responses are then automatically analyzed, with results presented to senior management and HR on a dedicated dashboard. As a result, HR and branch managers have increased awareness of the importance of employee satisfaction and the causes of turnover; employees, on the other hand, enjoy a greater sense of fairness and satisfaction with the schedule. The bottom line: The Company has seen an increase in overall employee satisfaction and a decrease in employee turnover — and significant cost savings.
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**About Otipo**

**Otipo™ Pulse – Real-Time Workforce Analytics for Organizational Health** is a revolutionary tool for productivity improvement, based on the ongoing analysis and collection of data from employees and management. Otipo’s Human Dimension Algorithm provides continuous monitoring and analysis of scheduling data and employee satisfaction.

Built on a scheduling platform, Otipo’s cloud-based workforce management solution not only provides an efficient and effective way of scheduling shifts, but also helps managers to better control their workforce and better capitalize on human resources by collecting and analyzing data on their workforce behavior patterns and preferences. Otipo’s unique approach enables you to dynamically manage the human dimension of your business, resulting in increased productivity and ROI.

Otipo provides management expertise, with emphasis on HR operations management, organizational consulting, and the development of advanced software solutions.

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