



ASDA Valuing your Talent Case Study

As one of the UK's largest supermarket retailers, ASDA recognises the importance of its colleagues. With a workforce of over 170,000 people, serving 19 million customers a week and generating £21bn of revenue in 2014, the footprint of the business is vast.

The changing landscape of retail

Innovation and change are driving forces for organisations like ASDA. Changing consumer behaviour means that for the business to operate in the highly competitive retail market, employees must be equipped to operate within complex and challenging environments. For example, over half of in store transactions at ASDA now go through a self-scan checkout; employees are now hosting customers, helping with queries and managing multiple checkout sites at one time. This shift in customer service and customer management within the business model is challenging the traditional supermarket retail skills that ASDA has built ever since its founding in 1965. Where once repeatable and predictable tasks could be trained and operationalised through training of customer service staff, now more complex and individual-based skills are required. Decision making and autonomy are a pair that are thought to be of particular importance to ASDA in the future, as Hayley Tatum, Senior Vice President for People and Stores at ASDA explains:

'The challenges are about helping our colleagues to understand that delivering great service and meeting future business needs requires an acceptance that the business must change and adapt quickly. Therefore, being able to manage with autonomy and agility is an essential skill and is something to be relished and prized, not something to resist and be afraid of.' Hayley Tatum, Senior Vice President for People and Stores

Rapid growth in online and mobile shopping is also acting as a catalytic force for the business, pushing for innovation throughout operations and people development. Workforce planning is one particular aspect of ASDA whereby innovation, and in particular automation, will radically alter the makeup of the retail business. New skills and capabilities are therefore being planned into the future workforce, and mapped against current capabilities – the gaps being addressed through new HR interventions, training and deployment of workforce skills. With this disruption only on the increase, the business is tracking its performance through two key HR measures: customer satisfaction and engagement:

'From an HR point of view some of the key questions at the moment are around how many colleagues we need, and what skills they will need to develop. For example, what is the optimum level of service for our customers, and how many customers should one colleague be serving at any one time? This is not just an operational question - this also affects who our people are and their suitability with their role... our colleagues are dealing with different technology, different customer reactions: their own capability is suddenly being challenged. We have to support them to continue to be happy and productive in the future.' Hayley Tatum, Senior Vice President for People and Stores

People as the drivers, analytics as the enabler

ASDA's people are at the heart of the organisation's growth and success, and reflecting the diversity of the communities in which the business operates is important for the business to continue to meet the high expectations of its customers. Utilising this diversity in the workforce is a powerful way then for the business to connect with customers and deliver the type of service they desire – as a result HR strategy and operations are tailored to reflect the individual needs of employees. This is particularly apparent when considering workforce demographics and the very personal needs of staff which if met correctly can drive long-term performance. Working at this individual level is just one of the ways by which HR analytics is bringing HR teams closer to the needs of individual employees and is enabling them to tailor the function accordingly:

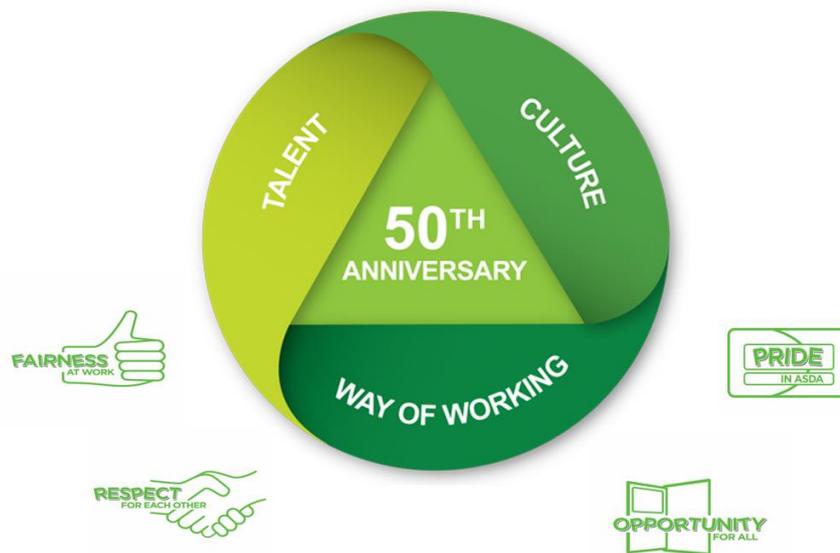
'In ASDA we've got more than five generations under one roof. We were celebrating a gentleman's 90th birthday the other day; he works for us 12 hours a week. The best part of the whole story is he has 10 years' service, so he was 80 when he joined us. What he might need and his needs as a colleague versus someone on our graduate scheme might be quite different, so it is very important to me that I'm engaging with the colleague on an individual basis and not broad brushing. On some things we might all be the same, but on others we might not be.' Hayley Tatum, Senior Vice President for People and Stores

As a result the organisation's HR strategy is built around the three key pillars of culture, talent and ways of working (Figure 1). Engagement in particular is an area which the business focuses on within the culture and engagement pillars, with considerable attention paid to appreciating the relationship between engagement and performance. The organisation has a dedicated role within the function: the Engagement Analytics Manager, who leads the organisation's push to better appreciate this relationship, and is responsible for managing and reporting on engagement data:

'My role is within the engagement space at ASDA and concerns the measurement and quantification of engagement, the planning and development of engagement proposals and how we as a business drive engagement. I am interested in exploring the return that we get from our employees and which measures we can put in place to track mood, aspirations and motivations. This is of real importance to ASDA as a business.' Engagement Analytics Manager

Figure 1: ASDA's 2015 People Plan

ASDA 2015 People Plan



As a driver of performance ASDA is aware that engagement is one of the major levers that can be used to ensure that customer satisfaction remains high. Senior leadership teams are most interested in this because along with developing and providing quality goods, customer engagement is one of the most important activities the business can deliver on to create value. By exploring engagement data the leadership team is encouraged to sense-check how HR processes and systems are driving the right behaviours in employees, and particular aspects of engagement which are believed to be directly correlated to crucial measures of business performance, including both sales and customer satisfaction:

'Segmentation analysis is really important to me. It saves me a lot of money if I can be precise and tailored about how I am talking to my teams. Equally, it helps me with engagement and I've got direct correlation between our engagement

scores and things like shrink performance, waste performance, wages, sales and obviously customer satisfaction. This shows the importance of engagement as an HR measure when we are looking to create competitive advantage in our business.' Hayley Tatum, Senior Vice President for People and Stores

But whilst many organisations may view surveys as the be-all and end-all of engagement, ASDA is clear that it is the conversation and behaviours that result from surveys which are of value. The engagement team recognise the value of this ongoing dialogue and discussion with employees, and therefore communicate openly during and outside of the survey period. Instead of forcing responses and driving the wrong behaviours in the line management community, team leaders are encouraged to lead powerful conversations within their teams that are proactive and open, designed to create dialogue and create the right

conditions for high quality customer interactions:

'If I just talk about response rates: it's really important for us to get as many people through the surveys that we do, so they have a voice. That's what we want to encourage in our colleagues, but actually we know that it doesn't make a difference in terms of the output of numbers that we get, because of convergence of the data.'

'We say to our senior stakeholders, "It's not really that important if you don't get 100%, but actually make sure you're encouraging your colleagues, as many of them as possible, to participate. Don't force them." That can be quite conflicting, I think, for our leaders, so we help them to understand it as much as possible.'
Engagement Analytics Manager

The people analytics function

Retail, with its significant workforce and vast geographic footprint, is naturally driven by operating costs, one of the biggest being its workforce. Payroll then is one of the most important data-rich activities within the wider HR function; and given the desire of the organisation to drive performance whilst efficiently using resources, productivity is a key performance indicator for both internal and external stakeholders:

'Analytics has been used in retailing for many years because it's a people business and people are your biggest cost, other than your cost of goods. The largest bill is your payroll bill. So understanding how long each task takes, whether it is done well, and then being able to refine and value-engineer tasks to modify your wage costs accordingly is very important. Many retailers challenge themselves every year

on how many millions they can take out of their cost base as a result to re-invest for the customer and shareholder.' Hayley Tatum, Senior Vice President for People and Stores

To drive these cost control activities the business draws on basic productivity and performance measures which help to illustrate how employees across the business are delivering in their roles. Based around time to delivery, these measures of productivity play an important role in maintaining service level standards, and help focus the training and development of staff:

'In terms of employee analytics we measure service, transaction times on a check out, time to restock, time to deliver etc. We centralise this data and use it to manage and maintain standards. We can see optimum pick rates, optimum scan rates, and transaction times and then we set targets and standards that we train towards, encouraging and coaching our colleagues to achieve certain levels of performance for the customer.' Hayley Tatum, Senior Vice President for People and Stores

The analytics team has worked hard to develop core measures that the business holds as standard measures. These standard measures are applied by HR, the custodians of people data, to all the information they manage, with the aim of drawing comparisons and moving the business towards potential benchmarking against peers and competitors. For ASDA the metrics order into a logical hierarchy of value to the business:

'I think if we were to order them in importance to the business at present, wages would be at the top, as this tells us

how much we're spending on our employees. Then it would come down to how much they're costing us when they leave, and also absence. Our sector is highly focused on cost management, and this is reflected in our HR measures. Those two quantitative sets of data are important for us in the financial sense. Then if we were to move through the spectrum, measures regarding engagement, performance tracking, and qualitative data such as how they feel etc.'
Engagement Analytics Manager

The size and scope of ASDA mean that within the organisation there is real talent and capability available and ready to be leveraged. Following ASDA's acquisition by American retail giant Walmart in 1999, ASDA has been able to access people analytics capability which was previously unavailable. And whilst UK-based ASDA has only recently started to delve in to HR analytics and explore how people data may help drive performance, the Walmart team has long invested in attempting to answer the people performance question. So much so, that the Walmart function has a highly capable people analytics team, and is now driving insights in collaboration with their ASDA-based counterparts:

'I am very lucky because, obviously, ASDA is owned by Wal-Mart. There are dedicated people inside the analytics team, not only in ASDA, but they can work with and leverage, from a systems and a capability point of view, into Walmart.

It also allows me to share information and learning with other markets. Obviously, ASDA being in the UK is one of 29 countries in which Wal-Mart trades. So I'm able to

utilise global insight and understand if somebody else has already cracked a problem which perhaps I'm only just beginning to face. I'm able to get information and guidance from across our expert network.'
Hayley Tatum, Senior Vice President for People and Stores

This global perspective on people data is now helping ASDA to build its own capability and deliver insights across its UK operations. Investment for the business is now in building individual capability by sourcing highly capable analysts with a basic understanding of people and the HR function. At present analytical skills at ASDA are based around an equal weighting of data understanding, plus the ability to communicate and influence using evidence. For ASDA, both skill sets are needed: one without the other can lead to misinformation to the business with potentially damaging results:

'The skills that I would say my own team have, they're tech-savvy, and so they know how to get around quickly and present and get information. They're disciplined in working through things like algorithms and finding patterns and trends in information. But they have a very personable style that they can then go and test. So they don't only take the information at face value, they're able to then go out and run focus groups and check it, and then present it, which is a very important skill to have. It gives me and our leadership team confidence that the right tests have been taken to provide robust and valid insights.'
Hayley Tatum, Senior Vice President for People and Stores

Figure 2: Data and analytics is changing the way ASDA serves its customers.



Customer data and employee data to create insight

While measuring standard metrics is important for HR operations, the value of data grows significantly once it is used in the form of insights across the business. A fundamental role of the HR analytics team is to build clear reports which deliver timely insights across functional teams and senior leaders. And because data availability is increasing, the number of potential reports that HR must develop and understand is also going up. It is for this reason that ASDA is now looking to rationalise their HR measures and present them as a simple dashboard which illustrates key performance indicators connected to the three HR strategic priorities. The business is working with external experts to use HR data within the dashboard report which will feature alongside other business

metrics. Accompanying the dashboard will be narrative information which is intended to provide a holistic perspective of ASDA's people, in the context of focusing on business and customer performance. This tool is now in development by the HR team, and is one which they believe will radically change the way the business uses HR data:

'We're in the process of creating a dashboard. We've never really achieved it...on our retail side we're looking at how our key performance indicators in HR link to the overall business performance indicators. We've worked with a consultancy that has been able to link output measures back to input drivers. Now we're going to look at some of the HR angles in that data, for example, what makes the difference in terms of our home shopping picking accuracy, and how that impacts on sales. What we want to do now is join everything up. At the moment we don't bring everything together, for

example, by talking about data holistically and how it impacts wider business. We tend to be quite siloed in the way that we work. We need to develop greater integration between our different types of data.

The dashboard that HR is building will help to change this as it will use HR data and engagement data to tell the story clearly. It will show absence and turnover, etc. We're also working on how we would reduce some of the reporting of requirements, which are very manual, to feed into that so that it would then be a very holistic view.'
Engagement Analytics Manager

It is clear then that ASDA recognises the importance and value of high quality people data. Across the business data is used in multiple ways and is now being utilised alongside other types of business information. ASDA has put in place senior leaders with oversight and governance responsibilities within the data and analytics space, predominantly around customer data, where value is driven from insights through to increased sales. Market insight in particular is important in the highly competitive retail environment, where customer loyalty is shrinking and customer behaviour is increasingly fickle.

'We have a Chief Customer Officer whose role is to oversee customer insight and intelligence and how the business uses this information. This capability provides data frequently. For example, it provides an ongoing pulse of what our customers are saying and how they're behaving. Because what customers say isn't necessarily what they do, you have to continually measure and monitor their actual behaviour.

You can then compare a lot of that information with competitive market information so you can see how we sit by comparison. We'll do a whole variety of things, for example in our stores where we've got focus groups and listening groups with our own customers and with our competitors' customers, just to understand different reactions and behaviours. Then we'll analyse this data and choose what to do in our business that might affect competitive service.'
Hayley Tatum, Senior Vice President for People and Stores

This direct action from market insight through to alterations in customer service or operational delivery models, is driving real value-creation in the business. Leaders too are now using this data in various ways, and it is during its combination with employee data when truly powerful people insights can occur. ASDA has recognised this and is focusing much of its analytical development on building this multidimensional analytics capability - and whilst there is some way to go until the business is able to benefit from these insights, there is definite belief that utilising data in this way will drive business performance in unique and innovative ways.

Data as the weapon in the war for talent

ASDA then is very much future-focused, and in preparation for the increasingly competitive retail environment the chain is building its capabilities in analytics and focusing on modifying its human capital through various HR activities and interventions. Through all of this, data is playing a vital enabling role, and the analytics that HR is

applying to data is uncovering fascinating concepts the business is now building into its workforce, engagement and customer service plans.

Management capability is one area of focus which the business now believes should be enhanced and made to be future proof. The new context and evolved business model mean that managerial roles are expected to decline in number, but the need for strong capability to innovate and drive customer service will continue to grow:

'In the future I believe we will have fewer managers and more engaged, contributing teams of colleagues who figure stuff out for themselves. I'm certain those closest to the customers will come up with brilliant and the best solutions.' Hayley Tatum, Senior Vice President for People and Stores

For Hayley and her colleagues it is HR analytics which holds the key. By applying the same techniques of customer segmentation and analysis to their engagement and people data, the team believe that they will unlock the ability of employees to behave and engage with customers in such a way that they deliver high quality service every time, and deliver the competitive advantage the business needs to succeed today and well into the future:

'I'd like the data to tell me how to get the most engaged colleague that I possibly can to give the best level and noticeable, industry-leading service in the market. If I could find that, that would tell me, "What does that colleague do, say, and sound like?" From a behavioural point of view I believe that would give us as real competitive advantage.' Hayley Tatum, Senior Vice President for People and Stores