

# DIGITAL LEADERSHIP 2020

Creating your dream workforce



# INTRODUCTION

**W**hat is digital leadership? This is a question many retail organisations are asking as they look to set themselves up for future success.

Digital leadership in 2020 doesn't just mean finding someone to run ecommerce or IT; it's an attitude that must permeate through retailers operating in a world where technology has an overwhelming influence on the lives of their customers and workforce.

Digital thinking is needed at the very top of boardrooms for businesses to keep up with the tech-influenced, ever-evolving retail landscape.

It doesn't require tearing up traditional management rulebooks but, rather, it involves embellishing the fundamental laws of leadership with new systems, an open-mindedness to technology, and fresh working methods.

Produced by Retail Week and Ceridian, this report will uncover why excellence in digital leadership is essential for retail to thrive. It will assess how technology in the workplace is changing conventional leadership – supported by case studies of retailers rethinking their approach – and will pinpoint the current skills gaps in the industry to highlight areas of opportunity.

Read on for guidance about creating the dream retail workforce for 2020 and beyond.

## CHAPTER ONE

# THE FUTURE OF DIGITAL LEADERSHIP IN RETAIL

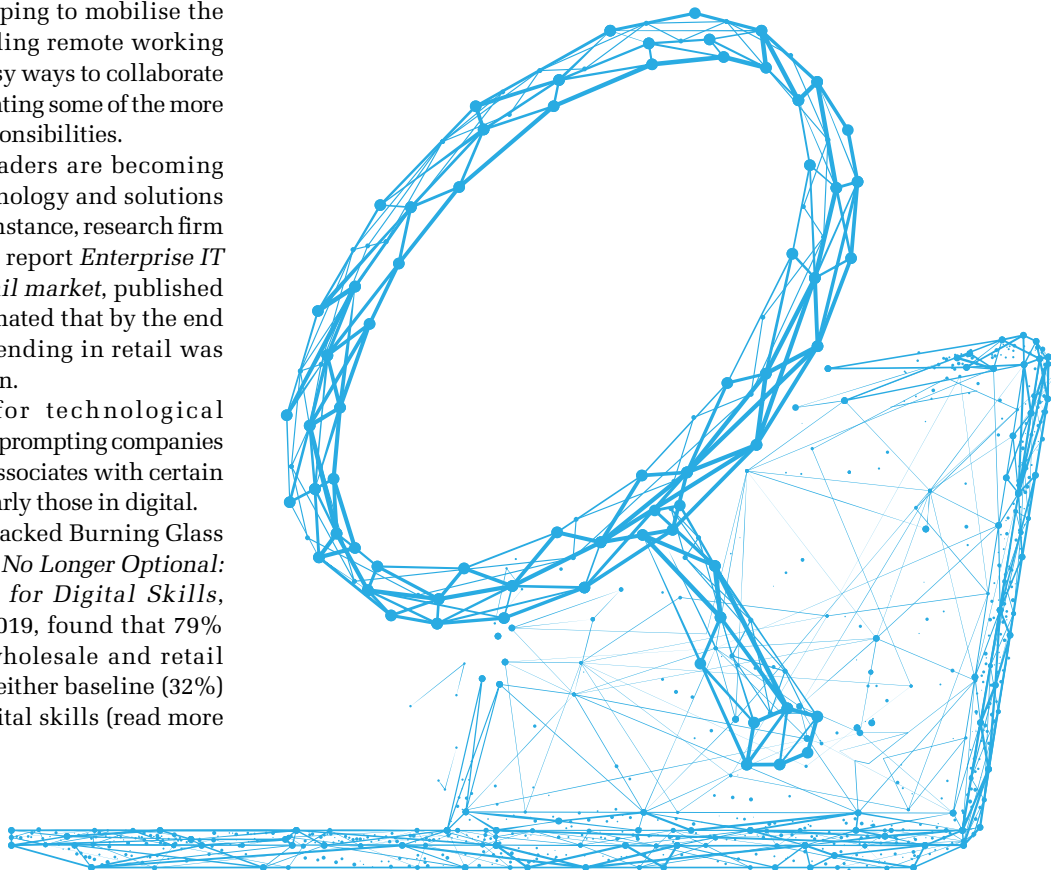
**F**rom the way in which leaders are communicating with their staff, and the platforms now available to make working life more efficient, to the tools and techniques deployed to drive customer engagement, technology is all pervading in retail.

Technology is helping to mobilise the workplace by providing remote working opportunities and easy ways to collaborate on tasks while automating some of the more manual jobs and responsibilities.

Equally, retail leaders are becoming more reliant on technology and solutions to drive growth. For instance, research firm Gartner's forecasting report *Enterprise IT spending for the retail market*, published in August 2019, estimated that by the end of 2019 global IT spending in retail was expected to hit \$227bn.

This demand for technological transformation is also prompting companies to look to hire more associates with certain specialisms, particularly those in digital.

The government-backed Burning Glass Technologies report, *No Longer Optional: Employer Demand for Digital Skills*, published in June 2019, found that 79% of jobs posted by wholesale and retail businesses required either baseline (32%) or specific (47%) digital skills (read more on this on page 5).



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**\$227BN** FORECAST IT SPENDING IN RETAIL IN 2019

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# A SEISMIC SHIFT IN RETAIL WORKFORCES

In January 2020, the BRC reported that retail now contributes £97.1bn to the UK economy, adding that it employs almost 3 million people, and has higher productivity growth than almost any other industry.

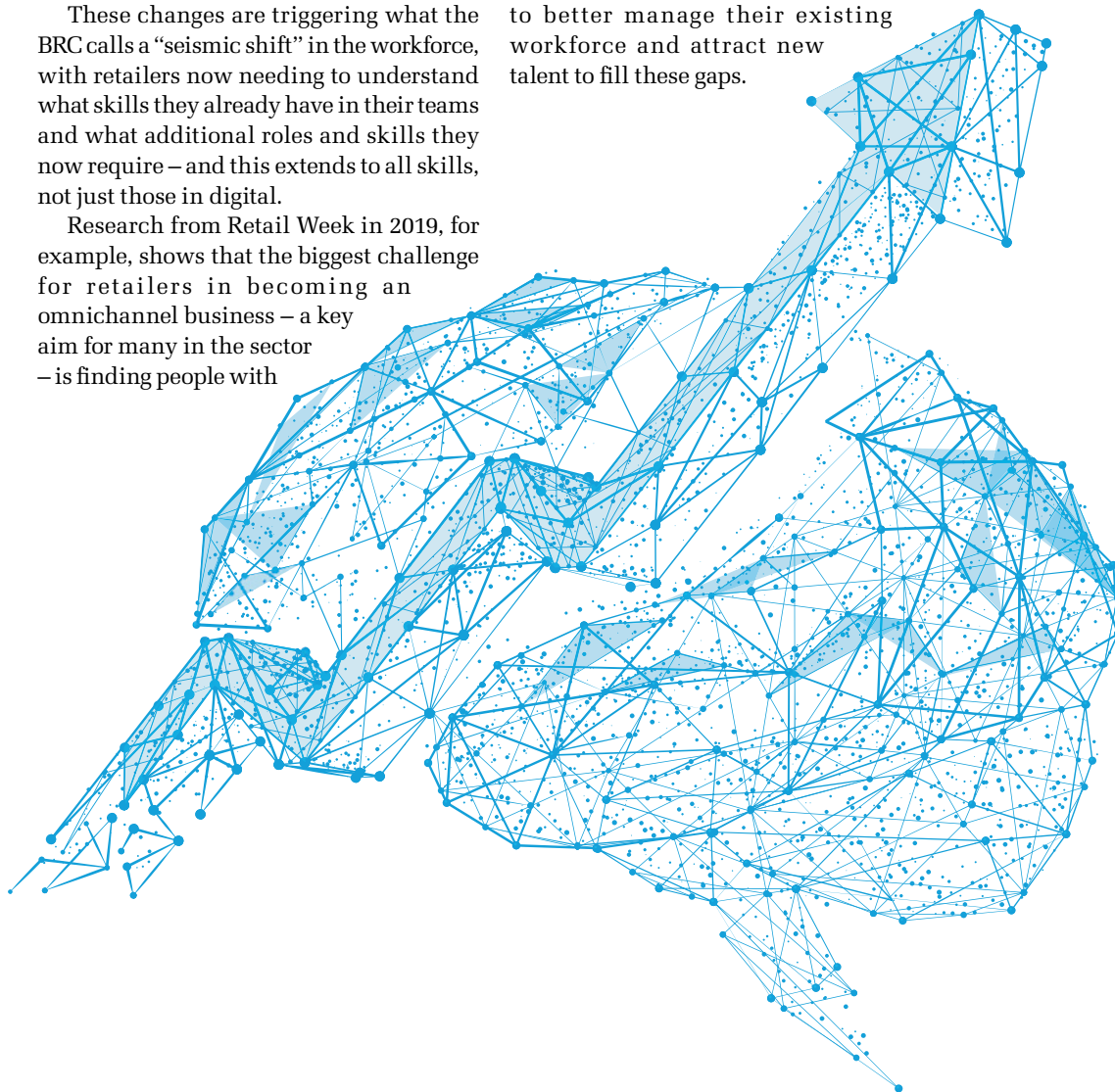
Yet, the BRC notes there is a dramatic transformation happening. New technologies are changing customer behaviours and expectations, and retailers are having to invest significant sums in digital services and technological innovations to keep up.

These changes are triggering what the BRC calls a “seismic shift” in the workforce, with retailers now needing to understand what skills they already have in their teams and what additional roles and skills they now require – and this extends to all skills, not just those in digital.

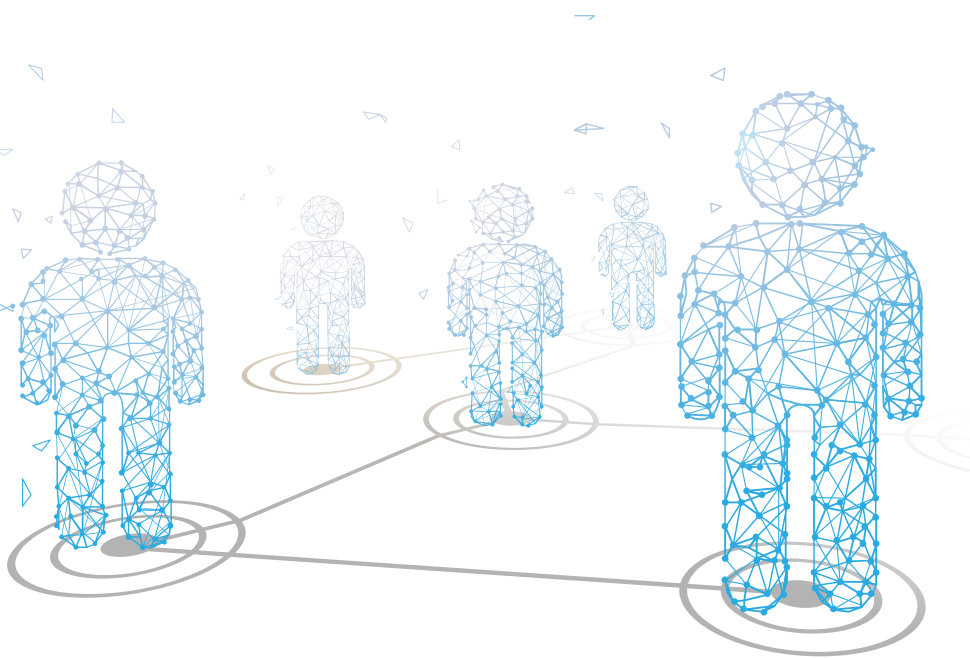
Research from Retail Week in 2019, for example, shows that the biggest challenge for retailers in becoming an omnichannel business – a key aim for many in the sector – is finding people with

the right skills. That was the opinion of 62% of the 25 leaders questioned for our *Retail 2019* report, while 38% said the main barrier was changing the mindset and culture of those within their organisation.

Retailers are taking steps to help overcome this challenge and resolve the missing links in their workforce, using targeted solutions to do so. Halfords, WHSmith and Costa Coffee, for instance, are among the brands that have implemented enterprise software to better manage their existing workforce and attract new talent to fill these gaps.







## WHY RETAIL STAFF NEED SKILLS TO SUCCEED

Ceridian's 2020 *Future of Work* report says that, for retail leaders looking to make strides in digital transformation, they must start with their existing workforce.

The report claims that businesses starting to embrace technology in the workplace and recognising human-machine collaboration are achieving smarter and more strategic decision-making and greater organisational efficiency.

The research says that positive staff experience is a strategic differentiator in attracting and retaining top talent – and much of that revolves around giving staff the tools to succeed in a tech-enabled environment.

Meanwhile, the government-backed Burning Glass Technologies report, *No Longer Optional: Employer Demand for Digital Skills*, published in 2019, finds over 75% of all job openings across sectors request digital skills.

It notes that digital skills are required in at least 82% of online advertised UK job openings.

And although it's a nationwide phenomenon, it's more pronounced in London, with 87% of advertised roles calling for such skills.

But it's not just in digital skills that there are issues. The *Future of Work* study reports that 63% of all organisations expect to face a general skills gap – from soft skills to technical skills – in the next two years.

So how can retail leaders overcome this? While staff training and development can help bridge these gaps, retailers are advised to prioritise, and invest in, making their in-house technology and tools inclusive.

Ceridian argues that if retailers make their workforce tools accessible to the entire workforce, employees won't – and don't – need to have digital and specialist skills to benefit.

## THE SKILLS GAP IN NUMBERS

**15%** of all workplaces face digital skill gaps in their workforce

today, meaning that a proportion of their employees are not fully proficient in carrying out tasks that involve digital skills (European Digital Skills Survey)

**63%** of all organisations across sectors expect to face a skills gap in the next two years (Ceridian)



**59%** of directors expect to experience a labour shortage in the next two years (Ceridian)

**75%** of job openings at each skill level now request digital skills (Burning Glass Technologies report)

**14%** of those who use the internet for work feel their digital skills have improved through work (Lloyds Bank research)



Roles requiring digital skills pay **29%** more, on average, than roles that do not (Burning Glass Technologies report)

## CHAPTER TWO

# RETAILERS RETHINKING THEIR SKILLS STRATEGY

**R**etailers looking to plug the digital skills gap must firstly reconsider their definition of an employee, particularly given that workforces now encompass five generational demographics – from ‘the Silent Generation’ born between 1928 and 1945, to Generation Z who were born in the early to mid-1990s.

Part-time associates, seasonal hires,

and varied hours are common in retail, while semi-retired professionals can now be on the staff rota alongside school age part-timers. People retiring later and living longer has extended the diversity of the workplace by prolonging the older generation’s time in employment.

This means it’s essential for retail leaders to avoid rolling out one-size-fits-all employee management and engagement techniques.

Ceridian’s research urges leaders to focus on personalising the associate experience, regardless of generation profile, and says new technology can be used to achieve this ambition.

It argues that implementing modern technologies will be vital for retailers to remain competitive in the future of work. Therefore, technologies that help with upskilling and re-skilling the workforce, along with developing talent and ensuring strong recruitment, will be critical investments.





## ENLIGHTENED RETAILERS

Recently there has been a rise in the number of retailers prioritising staff engagement and personalising the associate experience; an enlightened approach.

For example, UK retailer Timpson's chief executive James Timpson spoke in March 2019 about prioritising "upside management" and giving his shop managers the opportunity to run stores in

the way that suits them and their customer demographic.

Similarly, outside of the UK, luxury French brand Hermès has recently adopted flexible working hours across its warehouse in France to allow staff to fit work around their personal lives. So, what other examples are there of retailers taking an enlightened leadership approach?





Julian Richer

## Richer Sounds

In 2019, Richer Sounds founder Julian Richer announced he was to gift control of the electricals business to his staff, putting the workforce in line to receive significant cash bonuses. In total, Richer confirmed he was transferring 60% of his shares to the chain's 531 staff.

Associates will receive £1,000 for every year they have worked for the retailer, and the employee ownership trust will operate according to a set of principles based on "honesty, commitment, trust and respect". Sales grew by £13.7m year on year for 2018-19, and the company has a higher-than-average staff tenure of eight years, justifying the strategy.



## Greggs

Food-on-the-go specialist Greggs is expecting full-year profit to be ahead of expectations, and, after 2019 being what it described as a record year, it announced it would be making a special payment to colleagues totalling £7 million.

Greggs chief executive, Roger Whiteside, described the special payment to staff as "recognition of their crucial contribution".

These are positive case studies of companies putting their people at the heart of their organisations – rather than seeing them as mere employees.

But the whole industry needs to go further to reflect a changing workforce and the need for new digital skills.

Costa Coffee is using technology to better manage its workforce and support employee engagement. Using human capital management (HCM) software its team members can update their shift availability straight from a user-friendly app on their mobiles. This has enabled the cafe chain to provide associates with a better experience while enabling its HR team to better track labour hours and compliance.

One retailer looking to plug the skills gap is Marks & Spencer, which is working with Decoded, an organisation specialising in teaching the corporate world about the digital needs.

Together they have formed an in-house data science academy, where the M&S workforce is trained in programming languages such as R and Python; crucial future skills.

Whether it's through training programmes, apprenticeships, tech integrations, or a fresh approach to recruitment and partnerships with education bodies, investing in workforce skills and engagement must be on all retail leaders' agendas.



## CHAPTER THREE

# MIND THE (DIGITAL SKILLS) GAP

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# 23%

OF ADULTS LACK AT LEAST SOME BASIC DIGITAL SKILLS

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**T**he UK government's Industrial Strategy department says that, within the next two decades, 90% of all workplace roles will require digital proficiency in some capacity. However, the statistics show that 23% of adults lack at least some basic digital skills.

There's a gap that needs filling, and it's in retail's best interests to address the situation.

The BRC has reported four years of consecutive decline in retail workforce numbers and claims the fewer remaining roles and those being created need "a whole new set of skills and capabilities". As a result, the BRC has called on retailers to use other avenues to find the right talent and has urged them to develop strategies to upskill and retain staff.

Significantly, the need for digital skills is impacting all functions of a retail business; not just those in the technology department.

From head office and buying and merchandising to the warehouse and delivery driver network, there's a requirement for all retail associates to understand new technology and solutions for the good of the business and the customer.



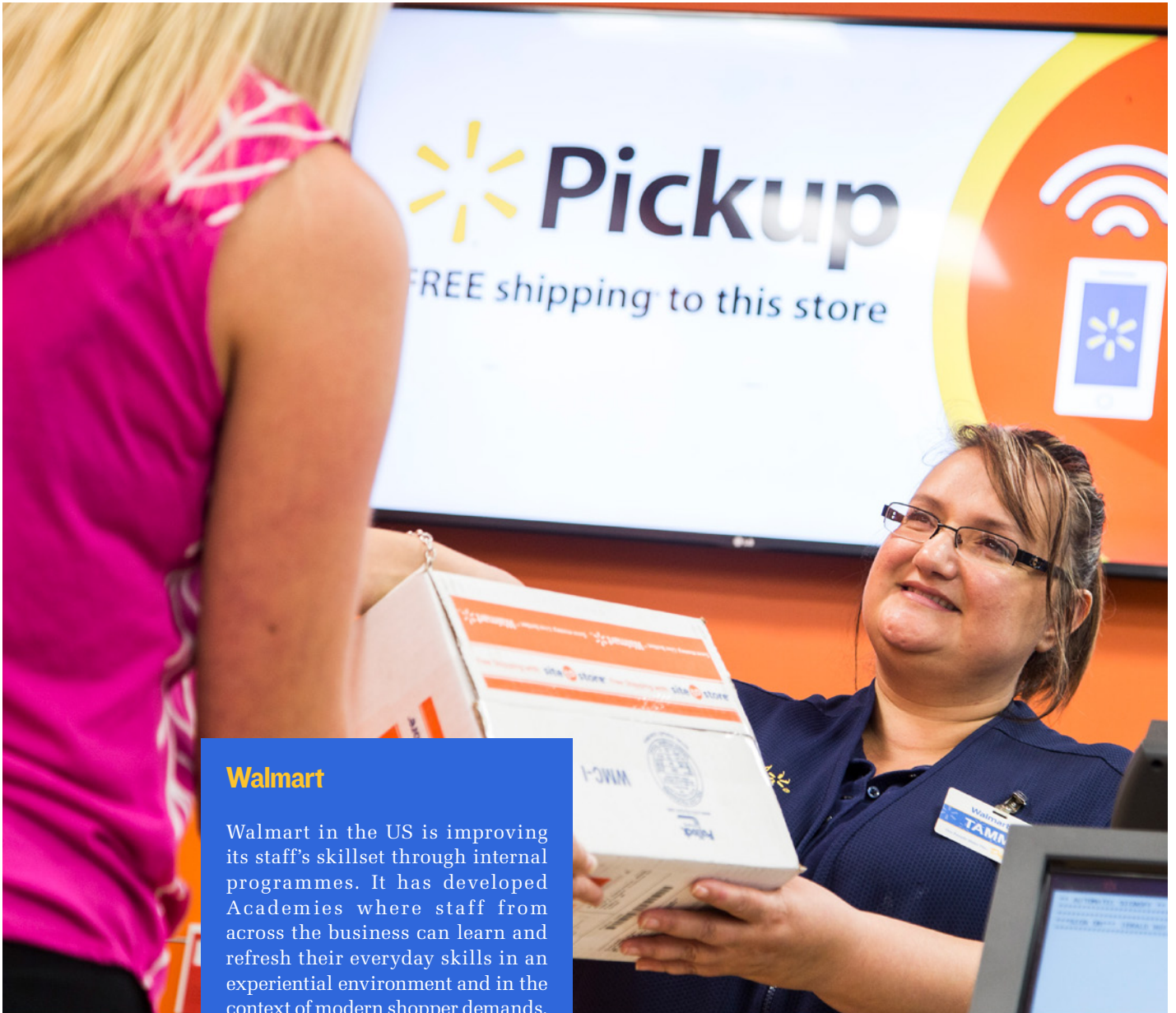
## DIFFERENT APPROACHES

The M&S-Decoded tie-up has the potential to increase relevant skills within the retailer and enhance the CVs of participating staff. The decision for the partnership came from the top, with CEO Steve Rowe wanting the company to be a "digital-first" organisation, prior to rolling out a raft of initiatives and partnerships driving towards that goal.

Rowe and his leadership team shouldn't just focus on supporting their data and tech teams however, instead they must realise

that skills investment is essential across all areas of the business to generate new ways of working with a digital edge.

Meanwhile, digitally native companies – successful UK retailers in growth mode such as AO.com, Boohoo and Made.com – were created with expert tech teams from day one. For them, the battle is to keep evolving and pushing the boundaries; meaning leaders have a responsibility to embark on relevant projects that attract and retain the top talent.



## Walmart

Walmart in the US is improving its staff's skillset through internal programmes. It has developed Academies where staff from across the business can learn and refresh their everyday skills in an experiential environment and in the context of modern shopper demands.

These Academies are dedicated locations, in or near a large Walmart store, where front-line hourly supervisors, department managers and assistant managers receive two to six weeks of training which they can use to drive customer service improvements.

As part of this focus on staff development, Walmart is now opening training hubs in its distribution centres, with the first having launched in Sanger, Texas, in 2019. Participating supervisors receive leadership, safety and supply chain training on site, and there are plans to add technology-related coursework in the future.

## LAST WORDS

As this report shows, retail leaders need to invest in the digital capabilities of their workforce – from offering training courses to implementing management solutions.

Moreover, retail leaders must ensure their workforces are equipped for transformation and that staff don't feel intimidated by tech advancements.

Whether it is by building internal strategies, or looking externally to industry events, specialist organisations, and technology companies, today's retail leaders have options available to them – now is the time to act.

# PARTNER COMMENT



**WENDY MUIRHEAD**  
VICE-PRESIDENT,  
CERIDIAN

**W**e've all heard the buzzworthy terms and phrases: omnichannel, ecommerce, high turnover, war for talent, mobile, the customer journey, experiential customer service and the gradual decline of bricks-and-mortar stores.

It can be hard to keep track of the constantly changing nature of these trends and what businesses must do to stay relevant and grow.

One thing that will never change is that retail is a hyper customer-focused industry and the first step in successfully communicating your brand mission and values lies with your people, your brand ambassadors.

To remain competitive in the war for the best people, technology can help. Using

tech to streamline the talent acquisition process will reduce the time it takes to find and attract the best people.

Instead of the traditional annual review process, using technology can provide more regular touchpoints and an on-demand feedback loop to ongoing staff engagement.

From an operational point of view, technology can help managers better schedule staff in line with individual store footfall demand, while allowing staff to view shifts and trade with colleagues.

While the workforce of the future will remain a critical differentiator, leading retailers will recognise that attracting, retaining and engaging the best people is the way to build the dream workforce – and technology can help.

## ABOUT CERIDIAN

Ceridian is a global human capital management software company. Dayforce, our flagship cloud HCM platform, provides human resources, payroll, benefits, workforce management, and talent management functionality. Our platform is used to optimise the management of the entire employee lifecycle, including attracting, engaging, paying, deploying, and developing people. Dayforce helps retailers drive higher performance and profits by harmonising their workforce operations to optimise systems, people, and culture.

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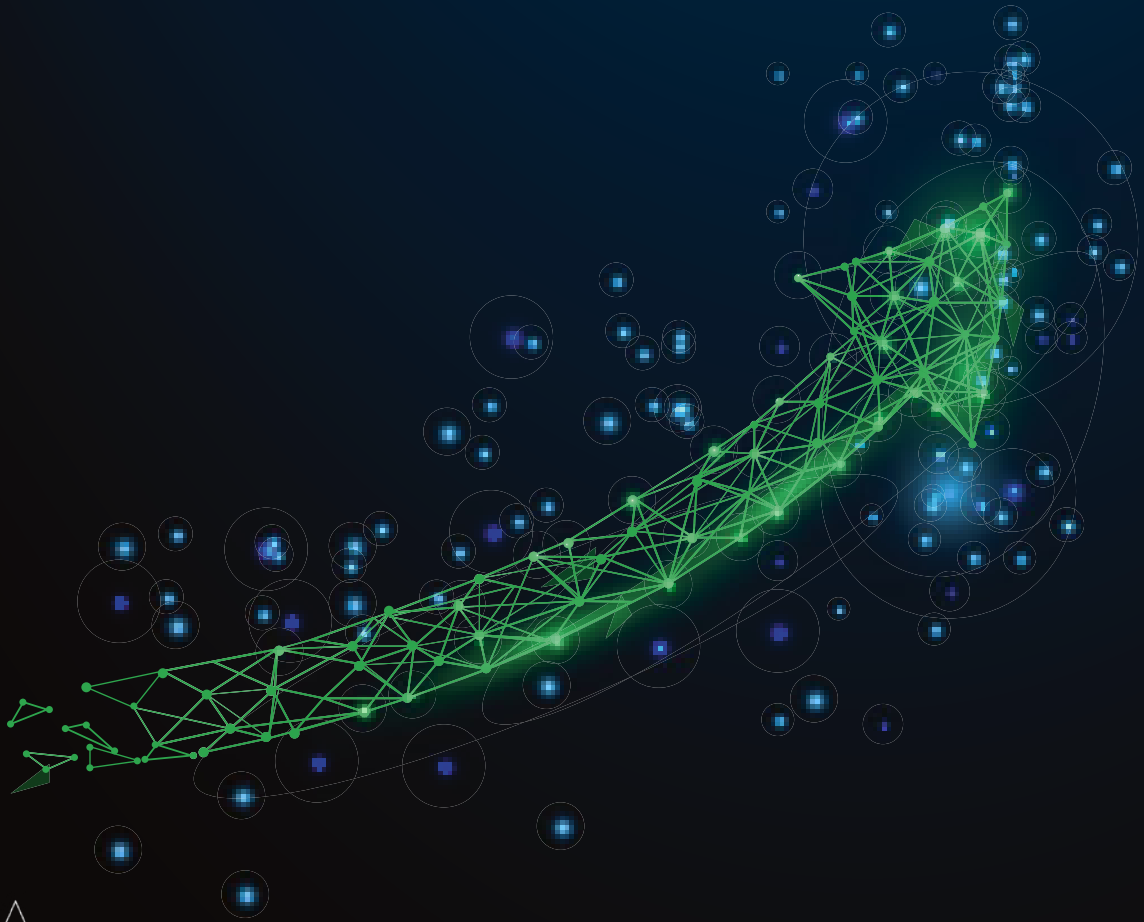
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