

Tom F. McGurk

From: Rachel Deutsch <rdeutsch@populardemocracy.org>
Sent: Friday, October 14, 2016 3:18 PM
To: Jennifer Lin
Cc: Dianne Martinez; Scott Donahue; Jacqueline Asher; Ruth Atkin; Nora Davis; Michael Guina; Chadrick Smalley; Carolyn Lehr; Anya Swanoe
Subject: Re: Thank you & Follow-up from 8/16 Emeryville Fair Workweek Study Session
Attachments: Fair Workweek Business Case 10-14-16.pdf; Workplace Systems CEO Testimony 08Jan16.jpeg

Dear Mayor Martinez, Vice Mayor Donahue, Councilmembers Asher, Atkin and Davis,

In speaking with Vice Mayor Donahue today, I realized we had neglected to share two documents that might be of value in your consideration of the fair workweek policy: (1) our summary of the research demonstrating that fair workweek policies improve businesses' bottom lines and (2) information about how the technology already used by large retail and food service companies to automatically generate schedules can be easily programmed to facilitate and document compliance.

I hope these documents prove useful, and would be happy to answer any questions about them.

have a good weekend,
Rachel

On Fri, Aug 19, 2016 at 4:49 PM, Jennifer Lin <jenny@workingeastbay.org> wrote:

Dear Mayor Martinez, Vice Mayor Donahue, Councilmembers Asher, Atkin and Davis,

Thank you again for your diligence in considering a Fair Workweek ordinance for workers in Emeryville.

We especially appreciate keeping fast food workers and large/global retailers covered under the policy, ensuring 2 weeks advance notice and addressing "clopenings", ensuring anti-retaliation, including some form of predictability pay, and for ensuring minimal exemptions.

Following the hearing on Tuesday, we wanted to mark and clarify the following items for your consideration:

- **Moving first reading earlier than October 18:** Workers and allies of Fair Workweek were so focused on the policy issues that we neglected to encourage council to move the policy forward on a faster timeline. The city has considered this issue for at least the past 6 months, with 3 hearings and votes to prioritize a Fair Workweek. The council also deliberately walked through the draft ordinance on Tuesday to give specific direction to staff. Therefore, *we urge you to move the first reading up to September 27, so that the most vulnerable workers have some relief.*
- **Predictability pay for less than 14 days notice/once schedule posted:** Council supported including "right to decline" additional hours if a schedule is changed once posted (14 days), and predictability pay for < 24 hours notice of a schedule change, which is more akin to "on-call" and very last minute changes. Unfortunately without predictability pay for < 7 days notice, there's still no accountability for the set schedule. The "right to decline" goes hand-in-hand with predictability pay to enable workers to decline shifts without retaliation, and be compensated for last-minute changes in schedule. As in our model ordinance, *we recommend "right to decline" for any time after the schedule is posted, 1 hour predictability pay up to 24 hours before the shift, and a minimum of 4 hour predictability pay for < 24 hours notice (which builds on existing California law for cancelled shifts).*
- **Certification program:** We support raising up good actors and companies and offering incentives and subsidies to those who meet and exceed the Fair Workweek policy. However, absent robust company data reporting (rather than self-reporting), and a large budget for oversight and program management, *we*

oppose any efforts to exempt certified companies from the ordinance, as this represents a large loophole to the policy.

- **Access to hours goes hand-in-hand with stable schedules:** We appreciate the consensus that access to hours is a problem, which helps put more money in workers pockets. Stable schedules goes hand in hand with access to hours. Stable schedules allow workers to plan for a second job, get additional training and education-- both of which also helps put money in workers pockets. Predictability pay is a key component of both stabilizing schedules by holding companies accountable to those schedules, and increasing worker overall wages.

Thank you again for your work on this issue, and we will continue to pursue these topics with you and your staff in advance of the first reading.

Sincerely,

Jennifer Lin, EBASE
Anya Svanoe, ACCE
Rachel Deutsch, Center for Popular Democracy

Cc:
Michael Guina, City Attorney
Chad Smalley, Economic Development and Housing Manager
Carolyn Lehr, City Manager

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A Fair Workweek – Good for Workers and Businesses

A growing body of research points to better outcomes when companies use the technological advances in workforce scheduling to invest in improving employee engagement and performance. The more accurate labor forecasting now available can be harnessed to balance business requirements with the needs of employees, **creating schedules that deliver predictability, stability, flexibility and adequate hours.** When employers regard their front-line employees as an asset that can enhance a company's profitability – rather than as a cost to be contained – they can increase productivity and sales, and reduce long-term staff-related costs.

Technology makes fair workweek policies easy to implement

Large service-sector companies already use workforce management (WFM) systems to forecast labor needs and automate their schedules. These tools can be programmed to support compliance with fair workweek policies and to align employee and company scheduling needs. WFM technology can be programmed to accommodate worker preferences and allow employees to contribute to the scheduling process. This approach allows employers to provide workers with stability and flexibility while also matching labor needs to customer demand.ⁱ

Belk, the country's largest family-owned department store, is a prime example of a company that uses scheduling software in a way that balances the needs of employees, customers, and the company. Belk worked with its scheduling technology vendor to develop a product that allows its store managers and workers to override the system, balancing the efficiency and computational power of the software with the human intelligence of store employees. **After implementing the override system, the company reported a two percent increase in gross profits.**ⁱⁱ

Fair workweek policies reduce costly turnover and absenteeism

Turnover is very costly for companies, costing 20% of annual pay. Turnover is highest in jobs with low wages, few workplace benefits, and work schedules designed without regard to employee needs.ⁱⁱⁱ One study showed that giving workers enough hours to live on is key to reducing turnover: managers who spread hours more thinly over a larger workforce experienced percent 19% higher turnover than their peers who had a smaller team scheduled for more hours each.^{iv}

Effective workforce management requires managers to anticipate and respond to employee absenteeism. While employees missing shifts for health issues or family emergencies is inevitable, high rates of absenteeism can often lead to lower productivity, higher cost replacement workers (temps or employees being paid overtime), lower quality customer service, and act as a drain on manager time.^v Based on a survey of 276 organizations spanning a wide range of industries, employer size and regions, **a report found**

that the direct and indirect cost of employee absences is an average of 35 percent of base payroll. Total cost rose to 39 percent for nonunion hourly workers. Unplanned employee absences were attributed to 19 percent net loss of productivity per day.^{vi vii}

By providing employees regular input into their schedules and scheduling around employee availability, managers can mitigate the frequency and bottom-line impacts of unplanned absences. One study found when employees had input into their schedules, the absenteeism rate was 8.3%, compared to 9.4% among employees who received no input into their schedules.^{viii}

Balanced schedules work for both business and employees

Employers that move away from a narrow focus on containing labor costs and invest in their workforce see significant returns on that investment. By ensuring higher staffing levels and providing employees with more input into their work schedules, businesses can enhance employee performance and morale, boost customer satisfaction, and improve worker retention and recruitment.

Higher labor levels have been shown to increase conformance to operational procedures and improve service quality. This higher *conformance quality (effective execution of logistical activities)* **improved customer service, raised sales, and reduced store costs.** Higher conformance quality was also associated with higher profits the following year.^{ix}

Increased employee health and reduced healthcare costs

- Greater schedule predictability and flexibility help reduce stress related to employees' experience of work-family conflict. **Predictability of work hours is particularly important**, as having input into one's schedule is not enough to ameliorate the stress caused by having unpredictable hours.^x
- **Improvements in scheduling practices can also help employers reduce their health care expenditures.** Unpredictable and unstable schedules increase job stress. Health experts have found that health care expenditures are nearly 50 percent higher for American workers reporting high levels of stress.^{xi}
- Some companies hire significant numbers of part-time and temporary employees to maximize staffing flexibility and control benefit costs. This practice may create safety risks. If employees are not trained to follow standard operating procedures, they are more likely to experience accidents, leading to increased safety and insurance expenses. Temporary workers have higher rates of workplace injury, likely because they receive less occupational safety training.^{xii}

Improved employee engagement, recruitment and retention

- Managers report that when employees are able to work their preferred hours, they are less distracted, have a better attitude, and perform better.^{xiii}
- Offering equitable and responsive schedules is key to successful employee recruitment and retention, and improves customer service. More than half of the managers in one study said that

the investment in **offering employees stable and flexible work hours generated returns that far exceeded the upfront expense.**^{xiv}

- In a survey of managers and hourly employees across five different companies, more than 80 percent of managers and employees said that **providing workers with fair schedules** – including employee control over scheduling and paid time off policies that allowed employees to use sick time to take care of episodic personal or family needs – **was important for recruiting and retaining staff.**^{xv}

ⁱ Bernstein, E., [Work Schedules: The False Tradeoff Between Fair and Productive](#). Roll Call. July 22, 2015.

ⁱⁱ Bernstein, E., S. Kesavan, & B. Staats. [How to Manage Scheduling Software Fairly](#). Harvard Business Review Blogs (September 2, 2014).

ⁱⁱⁱ Boushey, H., S. J. Glynn, [There Are Significant Business Costs to Replacing Employees](#) (November 16, 2012). Center for American Progress.

^{iv} Lambert, S., J. R. Henly. 2010. [Work Scheduling Study: Managers' Strategies for Balancing Business Requirements with Employee Needs](#). The University of Chicago.

^v Kocakülâh, M., Galligan Kelley, A., Mitchell, K. & Ruggieri, M. Absenteeism Problems And Costs: Causes, Effects And Cures (May 2009). International Business & Economics Research Journal, Vol. 8, No. 5, 2009.

^{vi} Mercer, June 2010. [Survey on the Total Financial Impact of Employee Absences](#).

^{vii} Kronos, 2010. [Out Sick: How Employee Absence Hurts Your Bottom Line Reduce Costs and Increase Productivity with an Automated Absence Management Solution](#).

^{viii} Circadian Information Limited Partnership "Absenteeism: The Bottom Line Killer" 10.

^{ix} Ton, Z. 2009. The Effect of Labor on Profitability: The Role of Quality. Working Paper.

^x Henly, J. R., S. Lambert. Unpredictable Work Timing in Retail Jobs: Implications For Employee Work–Life Conflict Industrial & Labor Relations Review, 67(3), July 2014, pp. 986-1016

^{xi} National Institute for Occupational Safety and Health, US Department of Health and Human Services, Public Health Service, Centers for Disease Control and Prevention. "[Stress at Work](#)." Publication Number 99-101.

^{xii} OSHA. 2013. [Protecting the Safety and Health of Temporary Workers](#). Webinar presented by the Occupational Safety and Health Administration and the American Staffing Association. July 18, 2013.; Grabell, M., O. Pierce, & J. Larson. [Temporary Work, Lasting Harm](#). ProPublica. Dec. 18, 2013.

^{xiii} Swanberg, J. E., J. B. James, S. P. McKechnie, CitiSales Study: [Jobs That Work, Can Business Benefit By Providing Workplace Flexibility to Hourly Workers?](#)

^{xiv} *Id.*

^{xv} Amy Richman, Diane Burrus, Lisa Buxbaum, Laurie Shannon, & Youme Yai, Corp. Voices For Working Families, [Innovative Workplace Flexibility Options for Hourly Workers](#) (May 2009).

Testimony of David Farquhar
CEO of Workplace Systems

With regard to DC Council B21-0512, the Hours and Scheduling Stability Act of 2015
Before the Committee on Business, Consumer, and Regulatory Affairs

January 8, 2016

Chairman Orange and members of the Committee, thank you for the opportunity to submit testimony regarding DC Council B21-0512.

Workplace Systems is a global provider of Smart Scheduling™ software that drives revenue for employers of hourly workers. Our cloud-based software helps employers to leverage historical transaction or traffic data to predict when shoppers will be in a store, connect it with knowledge of employee availability and work preferences, and create schedules that maximize customer service, revenues, and employee satisfaction. Today, we help create schedules for workers in tens of thousands of retail locations around the world, and are familiar with the nuances of scheduling laws in a wide variety of cities and countries.

In our review of B21-512, we see that the Hours and Scheduling Stability Act would require a retail or food service employer to provide their employees a written work schedule 21 days before the first scheduled hour of a shift, and to offer additional hours of work to existing employees before hiring additional employees or subcontractors. These requirements are similar to the requirements of San Francisco's Retail Workers Bill of Rights, although B21-0512 has a longer notification period.

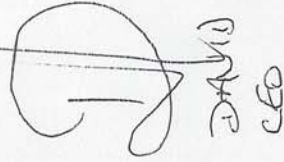
Our experience is that Smart Scheduling™ software can facilitate both requirements if an employer chooses to use it in this manner. Furthermore, this can be achieved with an even greater notice period than B21-0512 contemplates – we work with one national retailer who creates schedules as much as 16 weeks in advance with an extremely accurate prediction of labor demand (though would not suggest that this is possible for all retailers in all business specialties).

It is also worth noting that Smart Scheduling™ software allows employees to review their schedule via a mobile device or web browser, which avoids the need for the employee to come in to a physical store to see a schedule if it is posted on their days off.

Our own assessment of the impacts of Smart Scheduling™ as well as the early results of a study we are working on with Harvard Business School indicates that there is compelling and empirical evidence that implementing these scheduling practices increases employee engagement, which results in significant commercial benefit to the employer in almost every case.

Please do not hesitate to contact us me at david.farquhar@workplacesystems.com or at 312.726.3734 if there is any additional information or guidance that I can provide.

Sincerely,



DAVID G FARQUHAR
CEO