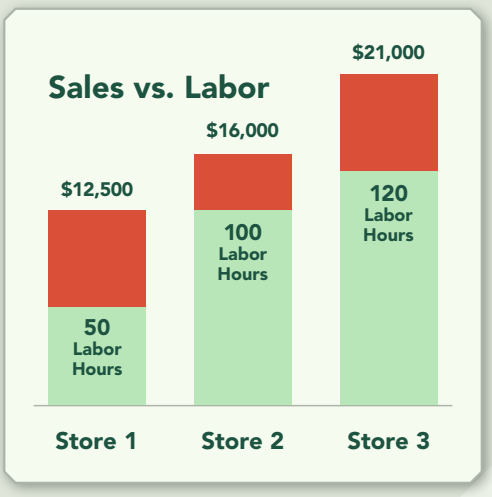
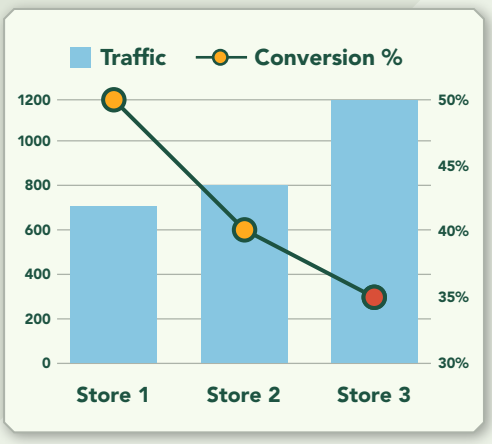
Without this Metric It's Virtually Impossible to Have Staff Ready to Serve Customers

Allocating your precious labor as efficiently as possible has never been more important. Staff-to-Traffic Ratio is a metric you can use to understand how effectively you are allocating labor across a group of stores.





For most retailers, labor is doled out based on sales results. More sales, more labor. But how do you know if you are applying the right amount of labor in one store compared to another? As it turns out this simple metric can actually show you.

- This chart shows daily sales and labor for three stores of the same chain.
- Not surprising, the more sales the stores make, the more labor the store gets. It makes sense and it's consistent with the way most retailers look at their business.

So, what's the problem?

The problem is you can't tell if you are allocating labor efficiently or not from this data. Look at the **Staff-to-Traffic ratios** to see if we can find a clue. But first look at the traffic and conversion results for each of the three stores.

- Store 1 has a lot less traffic and a significantly higher conversion rate than the other stores.
- Store 2 is in the middle, and Store 3 gets a lot more store traffic and also has a much lower conversion rate. This is the first clue that there may be some labor allocation problem.
- Low conversion means that sales opportunities are being missed. Is it possible that Store 3's low conversion rate is labor related?

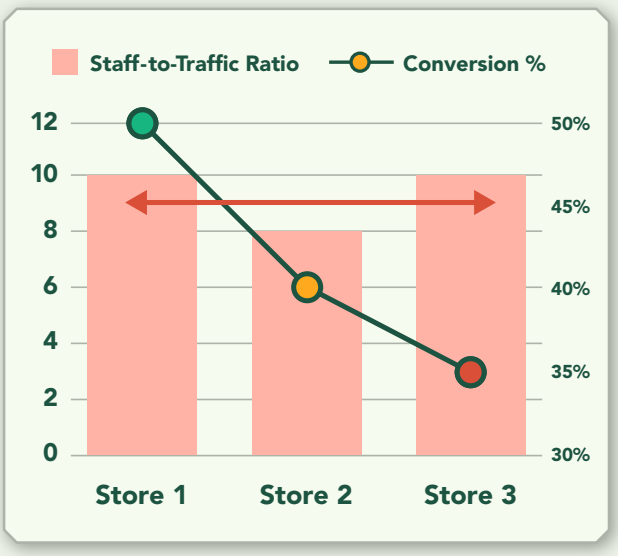
Good question!

	Store 1	Store 2	Store 3
Daily Store Traffic	500	800	1200
Labor Hours	50	100	120
Traffic-to-Staff Ratio	10	8	10

Every 1 Labor Hour Supports 10 Shopper Visits

Look at the **Staff-to-Traffic ratios**. They're easy to calculate. You simply divide the store traffic count by labor hours.

- In our example, Store 1 received 500 store visits and had 50 labor hours. So, 500 divided by 50 equals 10.
- The way to interpret that is to say that for every one labor hour, this store had to serve 10 shopper visits.



Now compare the **Staff-to-Traffic ratios** and conversion rates of all three stores.

- As it turned out, Store 1 and Store 3 had the exact same Staff-to-Traffic ratio.
- Despite the fact that Store 3 had a lot more traffic, it also had a lot more labor.
- In relative terms, it was exactly the same as it was for Store 1, but the conversion rates in Store 3 were also seriously lower. Something is going on there.
- But, it's likely not a labor allocation issue because Store 3 was allocated a similar amount of labor as Store 1.
- Store 2 has a lower Staff-to-Traffic ratio, which means that it has more labor relative to the traffic it's receiving. It's getting a little too much labor relative to the other stores.

What the Staff-to-Traffic ratio does is it normalizes the labor allocations so that you can compare labor to traffic in a way that makes the results comparable. Regardless of how many stores you operate, it's worth comparing your Staff-to-Traffic ratios and overlaying your conversion rates.

"If you want to make sure you're allocating your precious labor resources as effectively as you can, Staff-to-Traffic ratios can help you do that."

Mark Ryski Author, Founder & CEO of HeadCount

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