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Steve Krumholz,  
Senior Vice President for Franchise & Development, Blockbuster Inc.

## The Customer

Blockbuster Inc., founded in 1985 and headquartered in Dallas, TX, is a leading global provider of in-home movie and game entertainment with approximately 8,000 stores throughout the Americas, Europe, Asia and Australia. The Company, one of the strongest entertainment brands in the world, reported worldwide revenues of more than \$5.5 billion in 2006.

Blockbuster's stores attract tens of millions of customers annually. Company-operated stores are open 365 days a year generally from 10 a.m. to midnight. Merchandise selection, quantity and formats are customized at the store level to meet the needs and preferences of local customers.

As the home entertainment industry has evolved, so too has Blockbuster. While growing its share of the store-based rental business continues as a company focus, Blockbuster is no longer just a chain of video stores. It is an online as well as in-store retailer, and becoming more integrated every day.

## The Challenge

Appropriate staffing levels are crucial to providing top customer service, at Blockbuster stores. Understaffing has a severe impact on customer service and can result in abandoned sales. Yet scheduling more employees than needed will result in unnecessary labor costs and affects morale by underutilizing employees. The company's manual scheduling system did not allow it to adequately consider historical traffic trends or forecast customer demand. Additionally, it demanded time from store managers that could be better spent in other ways.



Leading video and game rental chain solves forecasting and scheduling challenges through Workforce Management.

"We wanted to do a better job of tracking time and attendance," says Steve Krumholz, Blockbuster's Senior Vice President for Franchise & Development and operations program manager for the company's workforce scheduling project. "We also wanted an automated way of tracking hours and transmitting them to the payroll department." At the time, store managers would fax employee time records, resulting in "literally hundreds and hundreds of faxes per week" going from stores to payroll according to Krumholz.

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The company was also concerned with the high cost of "pirated time", unscheduled time that results when employees don't punch out when their shift is over. "If an employee stayed 15 minutes beyond their quitting time before punching out, we were paying them not for eight hours, but for eight hours and 15 minutes," says Krumholz. "Multiply that by 4,500 stores and the costs can add up substantially." What's more, to comply with increasingly restrictive labor laws, Blockbuster must maintain extremely accurate records of both when employees were scheduled to work and when they actually worked—and be able to present these records when required to avoid penalties. "Some states allow employees to sue a company for additional wages if they feel the law hasn't been followed," says Krumholz. "It is absolutely imperative that we be able to produce records to support our position."

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Blockbuster envisioned a workforce management solution that was comprehensive and could deliver a number of operational benefits. “Overall we were looking for more optimum schedules, more accurate and timely transmission of hours to the payroll department, better compliance with labor rules, and better insight into information about employee utilization,” says Krumholz. The company also believed the right system could enable it to improve and streamline training by incorporating an e-learning capability.

### The Solution

Focusing on these requirements, Blockbuster’s search led them to RedPrairie Corporation, a Wisconsin-based company whose extensive retail workforce management expertise attracted the global retailer. After a thorough assessment of Blockbuster’s situation and objectives, the RedPrairie Workforce Management solution was recommended.

This integrated set of applications is designed specifically to help retailers provide exceptional service, while managing their single largest controllable expense—labor.

RedPrairie Workforce Management uses a Web-based interface running on Microsoft Internet Explorer in Blockbuster stores. Employees use a “Web Clock”—essentially a browser-based electronic time clock—to punch in and out of shifts and for breaks. By forecasting sales based on historical trends combined with engineered labor standards, the system creates a labor demand projection, then assigns available employees to provide the best coverage based on the business needs of individual stores. “Essentially, the system develops optimized work schedules for each store,” notes Krumholz. Based on these requirements the company worked with RedPrairie consultants to implement the following:

#### Retail Workforce Management

- Manage and optimize forecasting, scheduling and tasks as well as many other aspects of your most valuable resource... your employees. All of which is displayed in an intuitive, user friendly interface.
- Subsequent analysis proved that Workforce Management provided significant positive impact on every level outlined in both their business and IT challenges

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## The Results

Blockbuster has optimized its business on carefully selected metrics. These metrics are of the utmost importance to Blockbuster's executives as well as the company's store management. The Workforce Management solution delivers the ability to focus on company strategies, external market conditions as well as internal objectives. In addition, the solution is easy to use and deploy. Quick time to implement, a cost effective solution and ease of use for the business were central to the successful deployment.

The solution went live in February 2005. The company has already seen tremendous value in Workforce Management. The dashboards provide a unified and integrated view of the business. Scheduling is no longer a pencil and paper exercise; rather stores can view, drag and drop schedules in a way that is easy and relevant to them. Ultimately, Workforce Management has not only changed how Blockbuster manages their business but, also how the business thinks. The overall cost effectiveness and quick time to implement along with the short learning curve and easy transition for information have fully justified the project.

## For more information

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