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LABOR SCHEDULING

By Jay Jacobowitz

A constant challenge for independent natural products retailers is keeping labor costs under control. Managers may feel pressure to accommodate individual employees' schedule requests because it is so tough to keep a store fully staffed. Turns out, handling labor scheduling primarily through the lens of what each employee needs is a recipe for scheduling chaos and chronic labor cost overruns.

There is a better way. I had the chance to speak with the general manager of a 20,000 square foot natural foods store who has found labor scheduling success. Here are notes from our interview.

General Manager: "We found the key to success was rewriting the labor schedule specific to each department's needs. How many people do we need per day? Our goal was to write a repeatable full-time schedule with two days off, so that employees who took that schedule had confidence they'd have the same one, week in and week out. That assurance alone was a big help in getting buy-in.

"Fairness was also a guiding principle. To that end, all managers now work one weekend day and may also be on duty during a weekday night shift. In some of our bigger departments, some employees can have a full-time schedule that doesn't include the weekend, because we have enough coverage.

"So, we let people choose between one of two schedule options. *You can have this one, or this other one.* Yes or yes. Transitioning from where we were scheduling per employee to scheduling per the schedule took two years. We lost some people who did not get with the program, but we also gained others as new hires came along who understood from the outset what our approach was. Now, some employees have been working their same schedule for years. It's increased their life-work balance.

"Before we made the shift, managers did not work nights or weekends. As you can imagine we were constantly either understaffed or overstaffed in our effort to accommodate every employee's particular situation every week. Now, when people leave, the team can apply for the schedule that's opening up. For example, a popular change is someone on the closing schedule opts to take the opener schedule when it becomes available. Closers want morning shifts.

"Now, things are very stable, with only two or three openings throughout the whole store. Before we implemented the scheduling change, we had 130 full- and part-time employees. Today we have 70, mostly full-time employees.

"One innovation we've implemented is All-Store Clerks. These folks train in all departments over the course of several months. Wellness and Kitchen departments take the longest to train, but the payoff is worth it. Currently, we have three All-Store Clerk positions per day, and we're looking

to add a fourth. Before we had the All-Stores, we had fill-ins outside the store that weren't regularly scheduled to work. We called them when there was an employee out. Of course, those folks weren't necessarily available on short notice.

“We pay the All-Store Clerks a premium. Some people love it, others don't. It can be a rapid shift in departments. In the morning, maybe you're working the front end, and in an hour, you jump to receiving, then later to restocking produce. It can be hectic, but some enjoy the challenge.

“Our overall approach of balancing the store's scheduling needs with those of the individual takes the names of particular employees out of the equation. We'll say, *in this department, I need two openers, one mid-shift person, and a closer.* We standardize the schedule, and avoid things like having someone working a night shift and opening the next morning.

“But the beauty is, you do the overall store schedule only once. Of course, things change, and you must adjust occasionally. But it is much better than redoing the schedule every week! There are times when you are having a hard conversation with someone, but overall, once people see the big picture of enjoying a consistent schedule, things calm down.”

Labor Percentages

Along with scheduling each department according to its coverage needs, our GM's guiding light is the operating margins for that department. Using each department's typical cost-of-goods and gross profit percentages, our GM has been able to maintain labor costs within a range of affordability.

“We schedule the labor budget as a percentage of sales of that department. The kitchen gets the highest percentage of labor scheduled, the front end, the lowest.” Like most prepared foods departments, keeping labor under a third of sales is a challenge, but setting the target at 29% is a worthy goal. For the front-end, which has no direct cost of goods, our GM calculates labor as a percentage of total store sales, where she says, “We tend to run between 1.9% and 2.0%.”

Other departments will fall in between these two bookends, with Wellness having a lower-than-average labor percentage because of having the highest gross profit margins in the store. Fresh produce will have a higher-than-average labor percentage due to the relatively high cost-of-goods, higher levels of shrink, and the extra labor to prep and keep the displays looking fresh.

Lowering Blood Pressure

The typical independent natural products retail store runs labor percentages in the mid- to high-teens, and into the low- to mid-20s when hosting prepared foods departments. The few exceptions I have seen have achieved percentages in the low- to mid-teens. These managers identify scheduling inefficiencies and are willing to ask employees to adapt to their department's labor needs. In exchange for compromising their personal needs, employees get a full-time, weekly schedule with two days off that remains fairly constant throughout the year.

The add-on benefit of controlling overall store labor costs is those dollars go directly to the bottom line. Being the largest expense after inventory, efficient labor schedules can yield several percentage points, bringing net profits up substantially, sometimes even doubling them. Operating with that sort of extra margin cushion can lower managers' blood pressure. Another worthy goal. **JJ**