

# Workforce Management Becomes Driving Force In Retail and Multi-Unit Operations Due to Minimum Wage Pressures



## Wage Hikes Boost Consumer Power But Create Challenges to Workforce Management

With nearly half of the U.S. experiencing rising minimum wages across the U.S. in 2025, retailers and multi-unit businesses are now facing new cost headwinds that require exceptional operational efficiency, workforce optimization (both in the field and at corporate) and strategic investments in technology and automation. While higher wages can boost consumer spending and potentially aid employment overall, they undoubtedly put pressures on operations and the bottom line.

### 2025 Minimum Wage Landscape

While the federal minimum wage has remained at \$7.25/hour since 2009, 21 states across the U.S. have increased minimum wages in 2025 by way of inflation adjustments, state legislation changes or ballot measure. To tackle racial and gender wage disparities and boost consumer spending power for working families, the recent January wage increases drive toward creating a more equitable economy.

- 21 States with increased minimum wages versus 2024
  - Fourteen states implementing minimum wage increases by way of **ongoing** and **automatic** inflation adjustments ("\*" on Figure 1)
  - Five states implementing wage increases as state legislation
  - Two states (MO, NE) implementing wage increases through ballot measures, resulting in strongest pay increases
- 66 localities — mostly in California, Colorado and Washington — have raised their minimum wage **above** state required minimums (Figure 2)

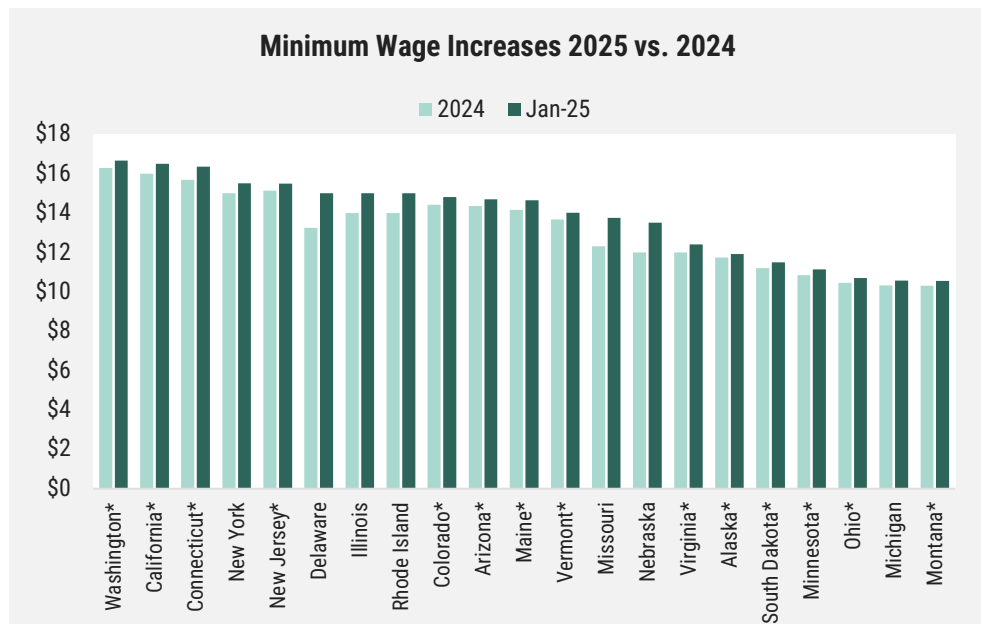


Figure 1  
Source: Economic Policy Institute (epi.org)

- Some states have implemented sectoral wage standards (i.e., California fast food worker wage minimum at \$20/hour)
- 20 States operate at the federal minimum wage of \$7.25/hour, ~37% of the U.S. workforce (Figure 3)
- With these continued increases in minimum wage, 19 states and Washington D.C. are expected to have at least a \$15.00/hour minimum wage by 2027

## 66 Localities With Minimum Wage Above That of State's

Localities	State	State Min Wage	2025 Locality Min Wage	Localities	State	State Min Wage	2025 Locality Min Wage
Flagstaff	Arizona	\$14.70	\$17.85	Los Angeles County	California	\$16.50	\$17.27
Tucson	Arizona	\$14.70	\$15.00	Malibu	California	\$16.50	\$17.27
West Hollywood	California	\$16.50	\$19.65	Novato	California	\$16.50	\$17.27
Emeryville	California	\$16.50	\$19.36	Santa Monica	California	\$16.50	\$17.27
Mountain View	California	\$16.50	\$19.20	San Diego	California	\$16.50	\$17.25
Sunnyvale	California	\$16.50	\$19.00	Menlo Park	California	\$16.50	\$17.10
Berkeley	California	\$16.50	\$18.67	Daly City	California	\$16.50	\$17.07
San Francisco	California	\$16.50	\$18.67	Alameda	California	\$16.50	\$17.00
El Cerrito	California	\$16.50	\$18.34	Oakland	California	\$16.50	\$16.89
Belmont	California	\$16.50	\$18.30	Denver	Colorado	\$14.81	\$18.81
Cupertino	California	\$16.50	\$18.20	Boulder County	Colorado	\$14.81	\$16.57
Los Altos	California	\$16.50	\$18.20	Edgewater	Colorado	\$14.81	\$16.52
Palo Alto	California	\$16.50	\$18.20	Boulder City	Colorado	\$14.81	\$15.57
Redwood City	California	\$16.50	\$18.20	Chicago	Illinois	\$15.00	\$16.20
Santa Clara	California	\$16.50	\$18.20	Portland	Maine	\$14.65	\$15.50
Sonoma	California	\$16.50	\$18.02	Rockland	Maine	\$14.65	\$15.50
Petaluma	California	\$16.50	\$17.97	Montgomery County	Maryland	\$15.00	\$17.15
San Jose	California	\$16.50	\$17.95	Howard County	Maryland	\$15.00	\$16.00
San Mateo	California	\$16.50	\$17.95	Minneapolis	Minnesota	\$11.13	\$15.97
Santa Rosa	California	\$16.50	\$17.87	St. Paul	Minnesota	\$11.13	\$15.97
Richmond	California	\$16.50	\$17.77	Santa Fe City	New Mexico	\$12.00	\$14.60
Milpitas	California	\$16.50	\$17.70	Santa Fe County	New Mexico	\$12.00	\$14.60
South San Francisco	California	\$16.50	\$17.70	Las Cruces	New Mexico	\$12.00	\$12.65
Pasadena	California	\$16.50	\$17.50	Nassau	New York	\$15.50	\$16.50
Half Moon Bay	California	\$16.50	\$17.47	New York City	New York	\$15.50	\$16.50
San Mateo County	California	\$16.50	\$17.46	Portland Urban	Oregon	\$14.70	\$15.95
East Palo Alto	California	\$16.50	\$17.45	Tukwila	Washington	\$16.66	\$21.10
Burlingame	California	\$16.50	\$17.43	Renton	Washington	\$16.66	\$20.90
Foster City	California	\$16.50	\$17.39	Seattle	Washington	\$16.66	\$20.76
Hayward	California	\$16.50	\$17.36	King County	Washington	\$16.66	\$20.29
San Carlos	California	\$16.50	\$17.32	SeaTac	Washington	\$16.66	\$20.17
Fremont	California	\$16.50	\$17.30	Burien	Washington	\$16.66	\$19.66
Los Angeles	California	\$16.50	\$17.28	Bellingham	Washington	\$16.66	\$17.66

Figure 2  
Source: Economic Policy Institute (epi.org)

## 2025 Minimum Wage vs. % of Est. U.S. Workforce by State

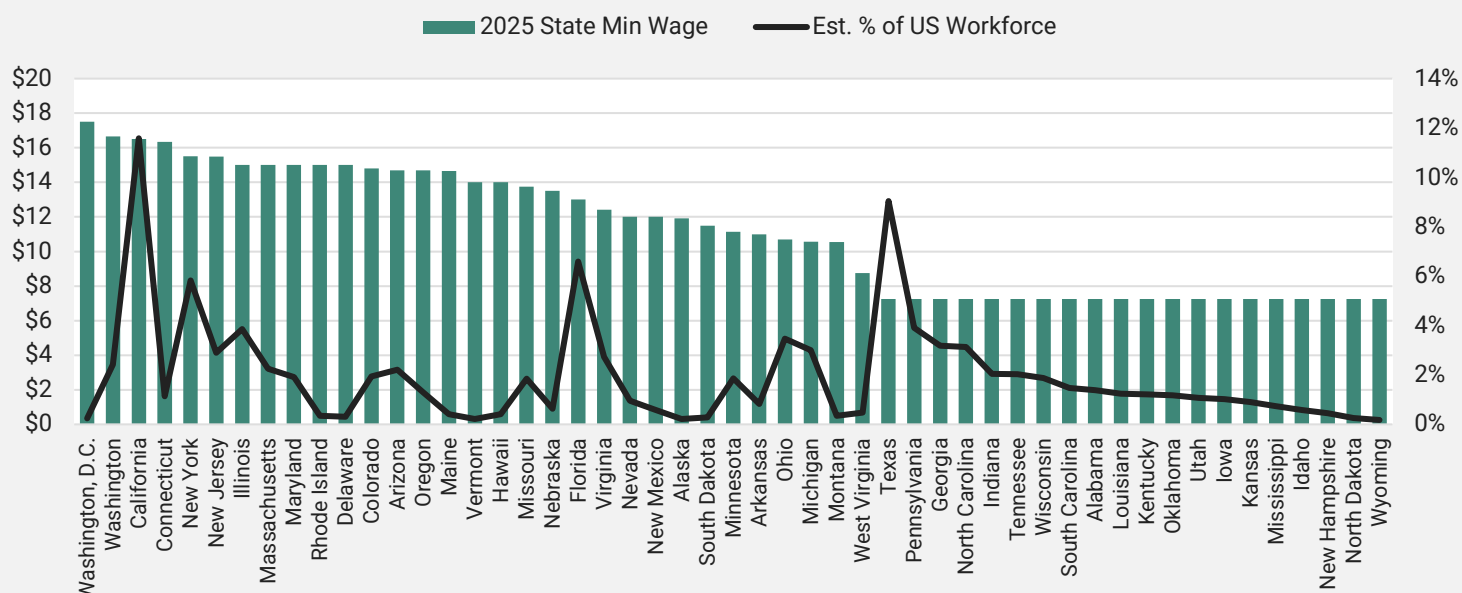


Figure 3  
Source: Bureau of Labor Statistics

## Rising Labor Market Competition

Multi-unit businesses are facing heavy competition not just within their own industries but across industries for qualified workers in the same labor pool. There are far more job choices to consider with rising wages, particularly for workers in entry-level roles. Workers now are more willing to switch jobs and industries to boost earnings, maximize benefits and/or increase job flexibility.

### The “Great Resignation” into the “Great Reshuffle”

- The Great Resignation began in 2021, when millions of employees left their jobs, either for new career opportunities or to exit the workforce entirely. Though the quit rate has since declined, over 3 million Americans still left their jobs in January 2025, highlighting the ongoing labor market fluidity.
- Today, this trend is better described as the Great Reshuffle – workers are still quitting at a high rate but now they are actively seeking positions that better align with their wants and career goals rather than leaving the workforce altogether.
- High quit rates, paired with even higher hiring rates, suggest that employees are not just leaving but also securing better opportunities in other roles or industries.
- Some industries such as Accommodation & Food Services, Leisure & Hospitality and Retail are affected more than others with quit rates significantly outpacing the average.
- While businesses struggle with employee retention, they are also aggressively hiring to replace departed workers, creating a highly dynamic labor market that is forcing employers to rethink talent acquisition and retention strategies.

**Avg. Annual National Quit Rate and Hire Rate (Non-Farm Industries)**

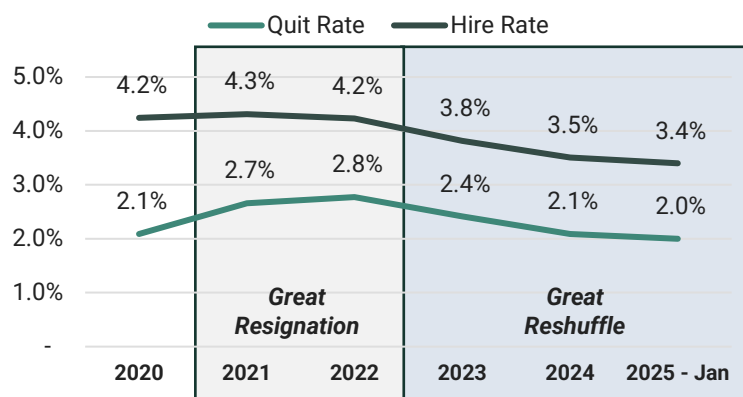


Figure 4

Source: U.S. Chamber of Commerce

**Avg. Annual National Quit Rates by Select Industries**

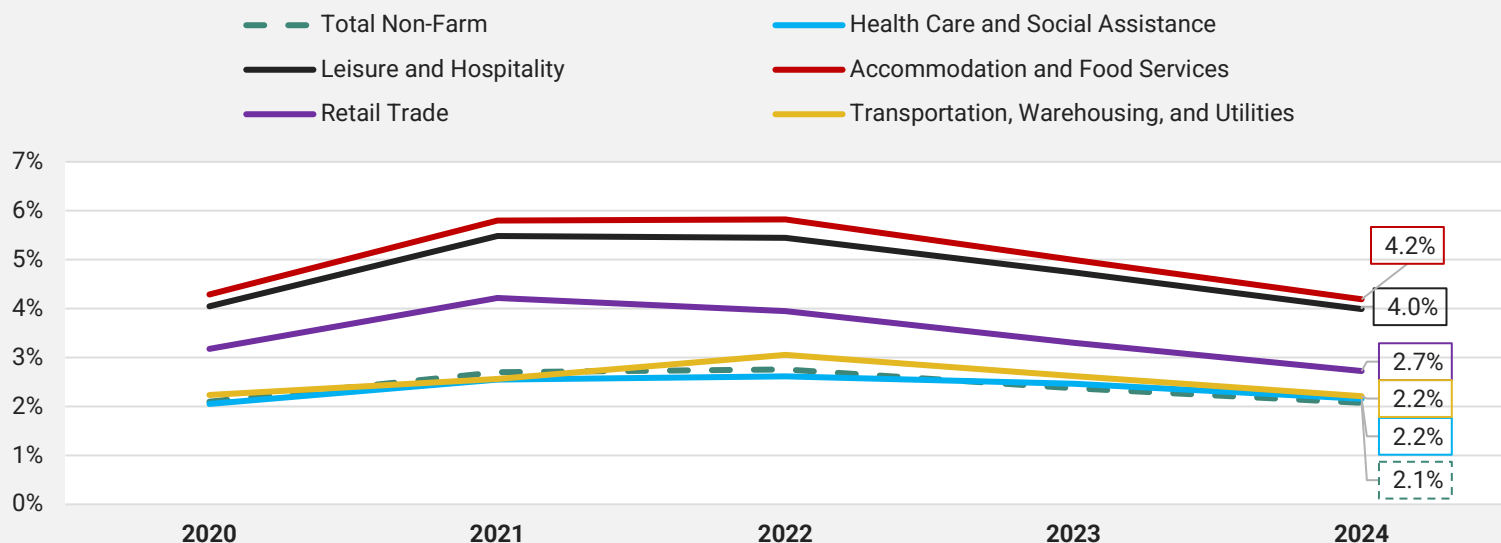


Figure 5

Source: Bureau of Labor Statistics

## Wage Compression

- As entry level wages rise, wage pressures increase to adjust the pay scale for existing employees, particularly for managers and supervisors, to maintain role hierarchy, reporting structure and morale.
- Businesses that fail to adjust managerial and leadership pay accordingly risk losing experienced employees to competitors or other industries altogether.

## Recent Best In Class Responses to the Market

Leading companies are aware of these rising challenges and have begun to proactively implement innovative strategies to position themselves well in the labor market.

### Operational Efficiency and Tech Automation:

- **Dave's Hot Chicken** – to counteract labor costs, the Company automated dishwashing, outsourced cleaning tasks, shifted to sauce dispensers in restaurant, centralized chicken brining procedures and introduced self-ordering kiosks which reduced annual costs by an estimated \$100K per restaurant.
- **Quick Serve Restaurants** – Companies like McDonalds, Wendy's and Panera have slowly been testing into and expanding self-order kiosks and self-serve beverage & condiment counters. Some of these restaurants are also exploring and testing automated kitchen equipment to streamline food preparation.

### Employee Compensation and Benefits:

- **Costco** – Increased wages with most hourly U.S. staff earning over \$30 per hour in 2025 and increasing to nearly \$32 per hour by 2027. Their non-union workers' pay will also raise to \$20 per hour. Costco also offers comprehensive health insurance; retirement plans and additional vacation benefits as part of its commitment to employee well-being. Company has cited retention rate was about 93% for those with the Company at least a year.
- **Starbucks** – Increased wages in 2024 to an average of \$18 per hour across its fleet. The Company boasts an industry leading benefits hub with comprehensive health insurance, parental leave, retirement plans, tuition coverage and reimbursement to ASU and a myriad of other health, wellness and wellbeing programs.
- **Best Buy** – Expanded its education benefits to provide no-debt and no-cost pathways to college degrees for its full time and part time employees through Strayer University's Degrees@Work program.
- **Walmart** – Added a bonus program for its full-time and hourly associates which makes them eligible for up to \$1000 per year.

### Wage Compression & Investment in Leaders:

- **Walmart** – Increased the average store manager salary to \$128,000, from \$117,000, and increased annual bonuses to up to 200% of their salary. They also added \$20,000 in stock grants to the compensation package. Earlier this year, Walmart announced they've also raised the minimum salary for market managers, who oversee about 12 centers, to \$160,000 from \$130,000. The position will also benefit from increased stock grants of \$100,000 from \$75,000 and bonus potential of up to 100% vs. 90% prior.

## Key Challenges for Multi-Unit Businesses

It is expected that 9.2 million workers will be impacted by the wage increase in 2025 by an incremental total of nearly \$6 billion. By 2027, it is expected that nearly half of the U.S. workforce will experience minimum wage at or above \$15 an hour. To combat these rising costs, businesses must learn to navigate through some of the key pressing issues below:

### 1. Workforce Alignment and Productivity

- Increased wages may lead to pressure to make blanket reductions to labor hours overall vs. identifying opportunities to align labor to demand and maximize labor productivity.

### 2. Growing Cost of Inefficiencies in Store and Unit Level Process Execution

- Inefficient processes and workflows become more expensive and harder to justify.
- Too many administrative tasks, manual processes and inconsistencies in execution will hinder efficiency in operations.
- Businesses oftentimes push non-critical tasks to individual stores or units, burdening on-site teams with work that detract from customer service, sales and core operations. Centralizing such tasks can allow on-site teams to focus on driving sales and delivering value to the business.

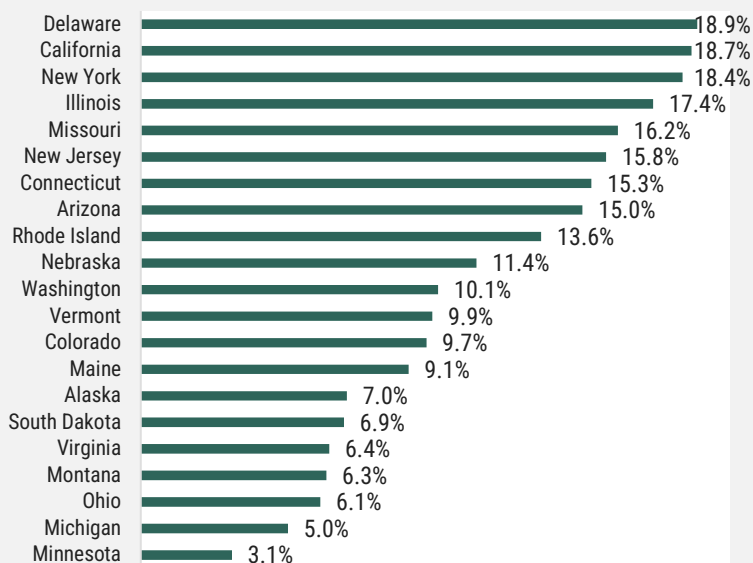
### 3. Rising Labor Costs and Wage Pressure

- Rising payroll costs squeezes profit margins.
- High competition both within and across industries for the same qualified labor pool contributing to elevated turnover rates.
- Increased minimum wages create pressures to raise pay for experienced employees.
- Shrinking pay differentials create need to restructure performance-based incentives.

### 4. Technology and Automation Investment

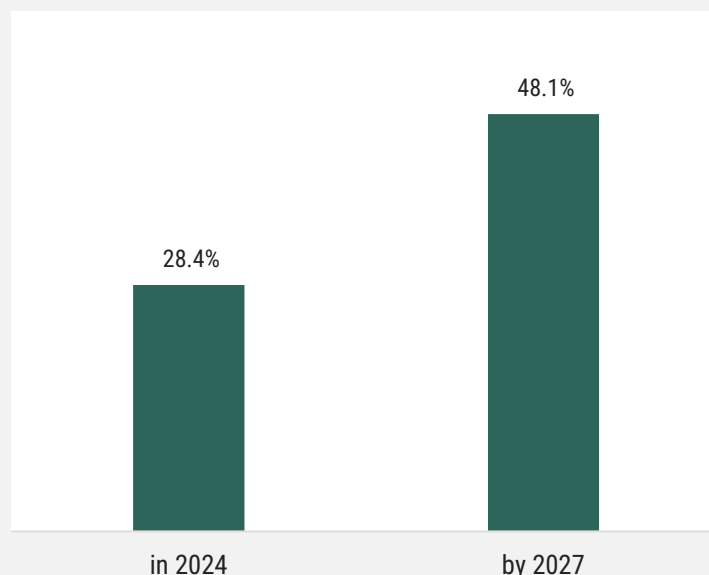
- Understanding where investments in automation and technology need to be made to offset rising labor costs will become more important than ever.

Share of Workforce Affected Within States With Increased Min Wage in 2025



Source: Economic Policy Institute (epi.org)

Forecasted U.S. Share of Workers in States With at Least a \$15 Minimum Wage



Source: Economic Policy Institute (epi.org)

**With these key challenges it is imperative that strategies and improvements are in place to make every labor hour more productive.** Though raising prices can be a short-term reprieve, businesses must look to streamline operations and absorb costs elsewhere.

## Four Vital Strategies to Navigate the New Cost Reality



### WORKFORCE OPTIMIZATION & LABOR ALLOCATION

**Improve labor efficiency by optimizing workforce allocation to drive sales and identifying & reducing unproductive labor hours.**

- Drive demand-based labor allocation and scheduling to align staffing to peak sales and/or traffic periods to ensure scheduling of the right people, at right place, at the right time. Identify opportunities to reduce non-peak labor hours without affecting service levels.
- Cluster fleet to compare performance across peer groups, standardize operational models across similar stores and scale best practices through.
- Refine sales playbook to ensure employees are empowered to drive high customer satisfaction, secure the sale and upsell/cross-sell where possible.
- Cross-train employees to take on multiple roles where possible and drive workforce flexibility.



### PROCESS IMPROVEMENT & STREAMLINING

**Reduce operating task load at the unit level through end-to-end process mapping & workflow redesign. Identify opportunities to centralize time consuming tasks to improve consistency in execution.**

Conduct end to end process and customer journey mapping to understand any gaps and pain points to address.

Ensure consistent execution of operational SOPs and identify opportunities to reduce, simplify or eliminate tasks that do not impact service levels. The little things add up.

Reduce administrative burden on unit leadership to ensure most of their time is spent running the business.

Assess which processes can be centralized or transitioned to remove non-revenue generating workload at the unit level.



### EMPLOYEE PRODUCTIVITY & RETENTION

**Improve retention, engagement and performance to maximize productivity and reduce turnover of the workforce.**

Develop clear career pathways to advancement and opportunities for training to upskill.

Provide opportunities for coaching and cross-training to develop core competencies.

Redesign performance-based incentive structure, benefits packages and KPIs to align with employee productivity.

Ensure schedules are posted and available at proper cadence to allow employees to plan their week.

Set clear expectations of roles and responsibilities through RACI standard.



### TECHNOLOGY & AUTOMATION

**Leverage technology and automation to streamline operations and offset labor costs while maintaining customer service levels.**

Understand bottlenecks in end-to-end processes and cost benefit to address them via tech enablement.

Develop business requirements to align platform with what the business needs both upstream and with the end user.

Select right technology through rigorous RFP and vendor score carding process.

Ensure seamless adoption for all parties with a clear integration and change management plan.



## Ankura: Collaborative Team Approach for Comprehensive Client Support

**Ankura identifies opportunities and facilitates implementation across all facets of workforce and field management, to develop and implement solutions that improve both top and bottom-line performance**

### Labor Planning & Scheduling



- Part time / full time mix
- Min staffing levels
- Traffic & conversion
- Hours of operation
- Open and close process
- Labor planning
- Labor budgeting
- Labor allocation
- Labor scheduling

- Gatekeeper process & function
- Norms of communication
- Communication frequency
- Field interaction
- Store/site visits
- Monthly / weekly planner
- Store/site recording & reporting
- KPIs, monitoring & exception reporting

### Communications & KPIs



### Task Simplification & Elimination



- Truck to floor process
- Backroom storage & processes
- New floor set & POGs
- Price changes
- Markdowns
- Signs & banners
- Cash wrap
- Training
- Off site storage

- Field hierarchy
- Regional & DM spans of control
- Geography
- HR field support
- Weekly & period reporting
- Outlier identification
- HQ support functions

### Field Management & Support



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### *Delivering End-to-End Solutions to Companies at Critical Inflection Points*

The Performance Improvement team partners with private equity, lenders, and management to drive rapid EBITDA and cash flow improvement. Using our 3D (Diagnose, Define, Deliver) framework, we assess opportunities, develop sustainable goals and operating plans, and implement solutions.

Our expertise spans diverse industries, including **Retail, Direct-to-Consumer, Healthcare, CPG, Services, Education, Manufacturing, and Logistics.**

Our experienced operators and consultants address strategic and operational challenges, delivering data-driven, transformative results quickly and efficiently.

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