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## **REVERSE AUCTION FOR VOLUNTARY TIME-OFF**

### **ABSTRACT**

A process is disclosed for performing a reverse auction for voluntary time-off (VTO) to reduce excess staff at fulfillment operations at retailers. The process includes determining if there are excess operators at a store and that work queue can be easily cleared. A store lead is informed to reverse auction one or more VTO spots if there are excess operators. The reverse auction includes offering one or more VTO spots with a number of hours being paid for. The operators bid for lower number of paid hours and the bid for least amount of time for the VTO spot wins the reverse auction. The operator associated with the winning bid is granted the VTO spot and gets paid leave for that amount of time. The method provides employees some incentive to leave work and provides a win-win situation for the organization and employees.

### **BACKGROUND**

Organizations related to shopping service generally staff their fulfillment operators at retailer stores. The organizations provide a buffer for call outs and there are instances where fewer operators call out than expected. In some cases, when there is excess staff at a particular store, a certain number of operators may be offered Voluntary Time Off (VTO). The operators that agree to take VTO end their shifts and would only be paid for the hours they worked that day. However, operators may be hesitant to take VTO because they would want to be paid for their full shift, which leads to excess staffing at the store. This affects the throughput per hour (TPH) and labor efficiency. Further, the wages paid to the operators become a sunk cost.

### **DESCRIPTION**

A process for reverse auctioning voluntary time off (VTO) is disclosed for improving labor efficiency and reducing sunk costs, as illustrated in FIG. 1. The process includes

determining if there are excess operators at a store and that work queue can be cleared, by a fulfillment lead (Step A). The fulfillment lead may inform a store lead to reverse auction one or more VTO spots if there are excess operators (Step B). The reverse auction includes offering one or more VTO spots with a number of hours being paid for. The number of VTO spots to be reverse auctioned may be determined based on the number of excess operators.

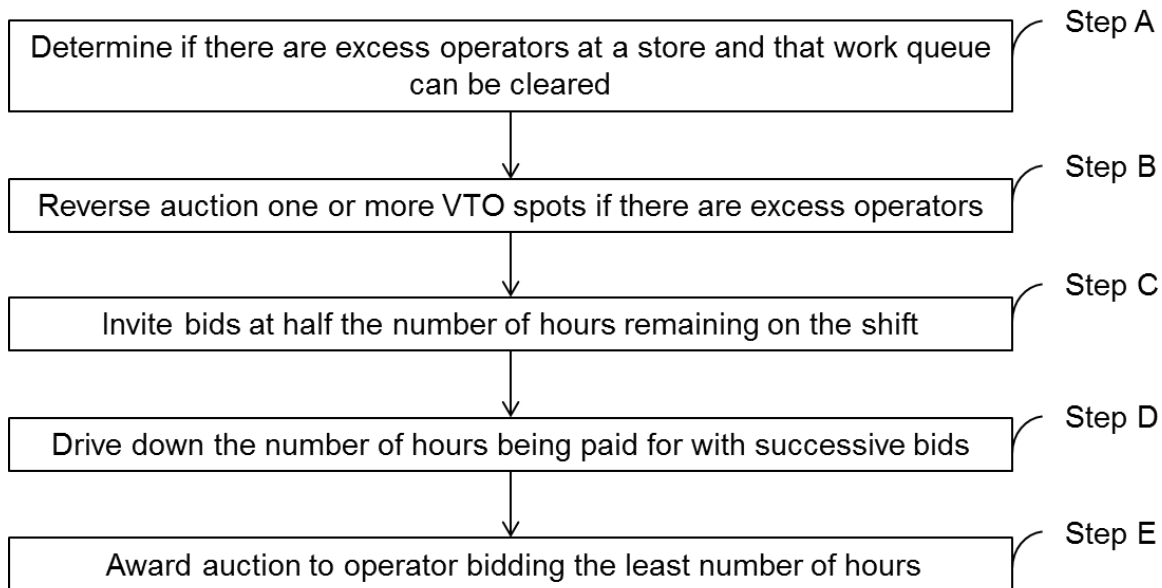


FIG. 1: Reverse auctioning voluntary time off (VTO) to improve labor efficiency

The bidding may begin at half the number of hours remaining on the shift (Step C). For example, if there are 6 hours left on the shift, then the bidding may begin at 3 hours. The operators would be able to reverse bid on the one or more VTO spots and continually try to outbid each other by driving down the number of hours being paid (Step D). The bid for least amount of time for the VTO spot wins the reverse auction. After the winning bid is placed and confirmed, the store lead gives the fulfillment lead the final bid, which is escalated to the service team. The operator associated with winning bid is granted the VTO spot and obtains paid leave for that amount of time (Step E). The auction may be repeated for the remaining spots.

As an example, the fulfillment lead determines there are excess operators at a warehouse club and decides to auction off 1 VTO spot. There are 4 hours remaining in the shift, so the starting bid is set at 2 hours. The store lead tells the operators at the warehouse club that a VTO spot is made available for reverse auction with an initial price of 2 hours. Operator A places their bid at 2 hours and another operator B bids 1.5 hours to take the VTO spot. Operator C really wants to leave so he/she bids 1 hour. If no other operators want to leave for less than an hour's wage, then Operator C wins the reverse auction. Operator C leaves 4 hours early and is paid for the number of hours they worked and for the 1 hour they bid for the VTO spot.

Therefore, the method provides employees some incentive to leave work and provides a win-win situation for the organization. This provides the flexibility to quickly reduce staffing at different stores without forcing operators to leave their shifts. This process may be used at any retailer or fulfillment company.