

# Industry Insider Guide

## WORKFORCE MANAGEMENT

Questions

Solutions

Expert Views

Definitions

Insight

Knowledge

Results





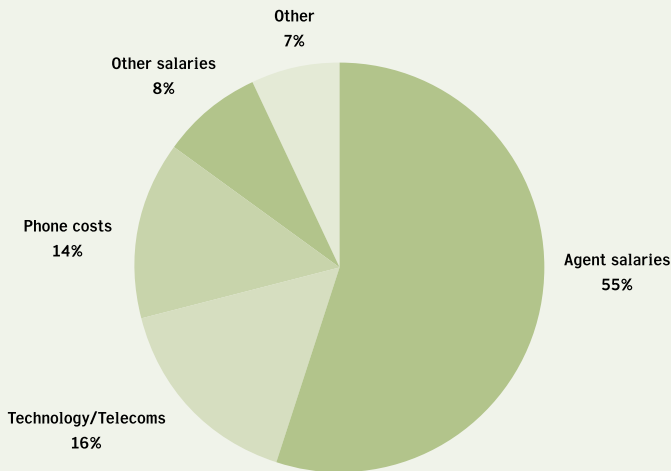
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# What is Workforce Management?

**S**taff costs in a contact centre operation account for around 60-70% of expenditure, easily more than the cost of phone calls, technology, the office environment, rent and utilities put together.

Overall Call Centre Budget



Source: Datamonitor, "The European Call Centre Market 2003"

**I**t is immediately apparent that getting the most from your contact centre staff (or not) will directly impact your bottom line.

Yet managers who work their staff into the ground, making each of them do the job of two people, will soon find the staff attrition levels soaring, which will increase recruitment costs and mean inexperienced staff give lower-quality work.

Predicting the amount of work that will come into a contact centre and matching it with the right staff ratio can be an extremely complex and time-consuming job without the use of technology. When we add variables such as the skill-sets the work may require, staff absences and multi-site scheduling, accuracy rates go down. This leaves contact centres over- or under-staffed, wasting money or losing potential revenues.

Manual or semi-automated workforce management (e.g. using a spreadsheet) uses equations based around Erlang C, developed by a Danish telephone engineer in 1917. SearchNetworking.com explains:



“Erlang C is a calculation for how many call agents (answerers) you’ll need in a call centre that has a given number of calls per hour, a given average duration of call, and an acceptable level of delay in answering the call.”

Source: Searchnetworking.com

There are disparities between Erlang C and what happens in the real world, quite apart from the complexity and time taken to use the equations to find correct answers manually. Erlang C:

- Assumes a steady call rate
- Assumes callers never abandon
- Often leads to over-staffing (due to the point above)
- Assumes there is one source of agents, not several groups whose multiple skill-sets overlap
- Cannot cope with priority call schemes
- Cannot deal with call segmentation strategies
- Does not work for multi-media interactions

As Gartner notes:



“Many call centre managers still rely on experience, a set of Erlang C tables and a spreadsheet to plan staff schedules, but these principles fail with multi-channel contact centres and universal queuing.”

Source: Gartner, “Contact Center WFM Tools Improve Performance”, M-19-1788, 26 February 2003

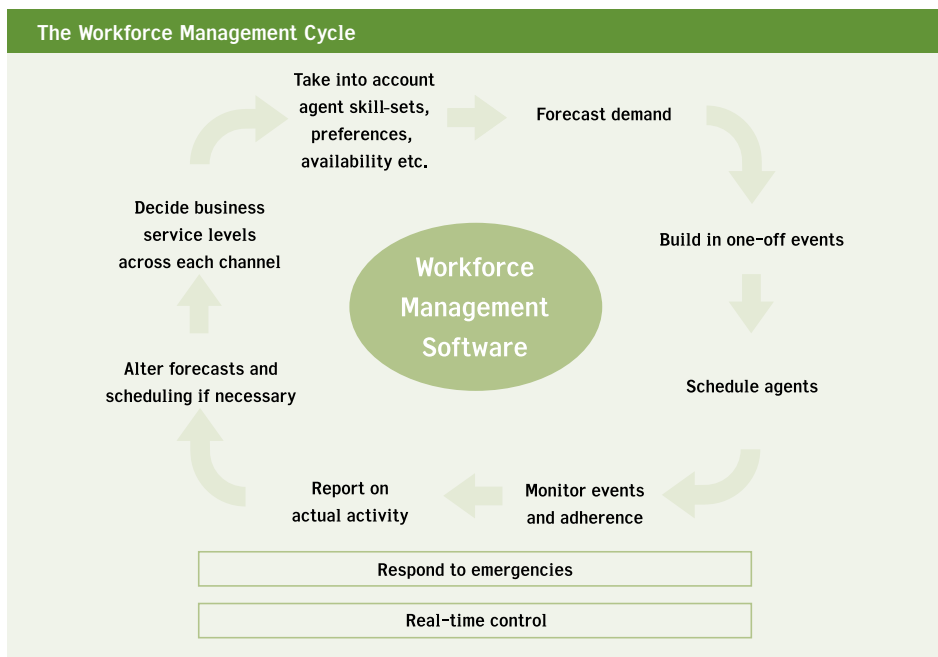
Automated workforce management systems grew out of the need to forecast and schedule more quickly than was possible manually, and to take into account some of the real-world issues that contact centres face. Systems became more automated and sophisticated as the size, complexity and activity of operations mean that for many contact centres, manual methods are unworkable, unacceptably inaccurate or take up too much of a skilled employee’s time.

Today’s systems are flexible, adaptable and provide real-time, dynamic control of what is happening across multiple contact centres. The best can cope with the hour-by-hour fluctuations in demand which happen in busy enterprises, and can support accurate monitoring and reporting.

Workforce Management Methods		
Method	Time taken	Description
Manual	Can be up to a week	Highly-skilled and complex process. Prone to error through last-minute changes in circumstances, lack of historical data or human error. Lacks flexibility once completed
1st-generation Workforce Management software	Many hours	Stand-alone application, little integration with other contact centre applications. Fed data from the ACD, but helped management to make similar decisions to manual process more quickly (rather than better decisions)
Next-generation Workforce Management software	4-6 hours, depending on complexity of input	Automatically fed data from ACD and CTI applications. Multi-media, multi-site capability, supporting browser-based control (to allow remote management). Real-time and historical adherence allows solution to learn from past success and failure

# The Elements of Workforce Management Systems

**F**ulfilling service levels while managing costs is a repetitive cycle, requiring several key processes to be completed. Feedback from each stage means that the enterprise can continually improve its efficiency and become more confident in future predictions.



## Forecasting

Before any staff planning can be done, an enterprise first needs to understand what has happened in the past. A solution which provides historical data from entire customer contacts (i.e. from CTI as well as the ACD) means that scheduling can take place in a more realistic way.

Enterprises should also be able to factor in exceptions, such as advertising campaigns, training and public holidays, and view when the best time for a meeting or training session will be, and measure the impact on the rest of the contact centre.

Businesses should look for flexibility in forecasting functionality: situations can develop very quickly which mean that forecasts can become useless without the ability to alter schedules dynamically to reflect reality.

## Scheduling

Scheduling is not as simple as it may seem at first glance. The enlightened enterprise takes agent preferences and skill-sets into account when scheduling. The “standard agent” approach to solving resource issues (i.e. treating one agent the same as any other) will cause problems with both agent satisfaction and customer service levels. Most companies using advanced workforce management software will have between six and nine skill-sets to work with, although a few contact centres use as many as 50.

Yet the needs of the business must come first, so a scheduler will have to find the best way to match the company’s requirements with those of its employees.

This can get particularly complicated in a multi-media environment, which usually has agents with multiple media-handling skills (e.g. voice, e-mail, text chat etc.) and multiple business abilities (e.g. sales, service, product knowledge, languages etc.).

Businesses must look for a solution which does not over-simplify the scheduling process, yet retains usability and the flexibility to make changes.

## Adherence

Adherence is the ability to compare forecasts with reality, and learn from mistakes. Sophisticated scheduling and forecasting is

useless without the opportunity for improvement brought about by adherence monitoring.

Real-time adherence allows managers to see exactly what is happening, and can alert them to deviations from the expected activity, allowing them to make changes before problems occur.

Adherence allows a business to fine-tune its contact centre activity. Put simply, the more you use it, the more accurate your forecasts and schedules become.

Businesses should look for a solution which is simple to understand (so staff will feel comfortable using it) yet retains the power and functionality to help the contact centre manager understand what has happened and to make changes quickly if necessary.

Frost and Sullivan gives a good working definition of what workforce management solutions are supposed to achieve:



“The overarching purpose of workforce management is to put the right staffing resources in the right place at the right time to produce a quality customer interaction.”

Source: Frost and Sullivan, “Workforce Management Software Market, 7476-62”

The separate parts of this statement (resources, place and time) serve as good headings to investigate further what workforce management is all about.

# “...the right staffing resources...”: Making the Best Use of Agents’ Abilities

**A** key mantra running throughout all workforce management issues is “have the right people available to answer your customers”.

To someone unfamiliar with the issues which leading-edge 21st-century contact centres are dealing with, the importance of getting the right skills in front of the customer is difficult to understand.

## Isn't it enough just to have someone answering the phone?

In some contact centres, that is still true. Much low value-add work doesn't require any particular skills (for example, directory enquiries, brochure fulfilment, utilities meter reading, etc.), and having a standard agent to answer the phone quickly and deal with the enquiry efficiently is still paramount.

However, lots of this type of work is disappearing, at least from mature and/or expensive contact centre markets. Some is moving to cheaper locations such as the Philippines, India or South Africa. Some is being taken over completely by automation, such as web or voice self-service, IVR (Interactive Voice Response) or speech recognition.

Many leading international businesses today have acknowledged that their contact centre has a huge potential for winning (and losing) business. The advent of CRM may have been a mixed blessing for the industry, but it has certainly focused minds upon loyalty, cross- and up-selling to the customer base, and providing the highest-quality service to your best customers. In such cases, it is clearly not enough to have just anyone answering the phone.

## What sort of skills are agents likely to require?

All agents require good listening ability, familiarity with keyboard and IT skills and a knowledge of the business they are working in. However, many of today's contact centres also require a pool of in-depth and specific talent to be available in order to satisfy customers fully:

- Multiple skills such as languages (both in domestic and international markets)
- Specific product or technical knowledge
- Familiarity with either specific customers (e.g. account management) or customer sub-sets (e.g. commercial vs. domestic products)
- Ability to deal with multi-media interactions (either in real time, such as text chats or offline, such as e-mails)
- Similar regional accent to caller (a Vocalis study – cited in Call Centre Focus – June 2003) finds that 37% of UK consumers prefer to speak with an agent whose accent matches their own
- Right level of experience and empowerment for the customer (e.g. customer segmentation; “gold-card” customers may demand single-call resolution, meaning senior agents must take the call)

## What will happen if we just use the “standard agent”-type of scheduling?

Even if the workforce schedule is perfectly matched to the number, duration and type of interactions with which the contact centre deals, there will be opportunities lost through non-optimisation of resources:

### Lost Opportunities in a Non-Optimized Contact Centre

Interaction type	Opportunity	Reality
Call from “gold-card” customer	Improve loyalty, cross- and up-sell, gather customer information	Customer dealt with by less-experienced agent. Fulfils the client’s request more slowly or less effectively, does not gather extra information or sell new products. May have to pass the customer around
Complex technical help request	Deal with the issue first time, reduce follow-up costs, impress customer with knowledge	First-line agent unable to help. Customer joins second queue to get expert help, is frustrated by the experience, even if help is forthcoming. Non-first-time resolution increases follow-up calls and e-mails to the contact centre, sharply increasing cost per issue
Request made in foreign language	Dealt with effectively by speaker of foreign language; reduced cost, positive customer response and increased loyalty	Non-linguist answers the call. May be confusion, passing the call to many other agents, or making the caller speak in a second language. Customer feels marginalised, loyalty weakened
E-mail needs answering	Use templated responses to react quickly, opportunity to cross-sell and up-sell, well-written e-mails improve perception of the company	Under-trained staff may mis-spell words, use incorrect grammar or otherwise weaken the company’s brand. Opportunities to improve the customer relationship may be missed, and non-use or misuse of templated responses mean the time and cost to answer the e-mail goes up

### Global Contact Centre Agent Positions, 2002 & 2007

Agent positions (millions)	2002	2007
North America	1.270	1.779
EMEA	3.003	3.171
RoW	0.3	0.7
<b>TOTAL</b>	<b>4.573</b>	<b>5.650</b>

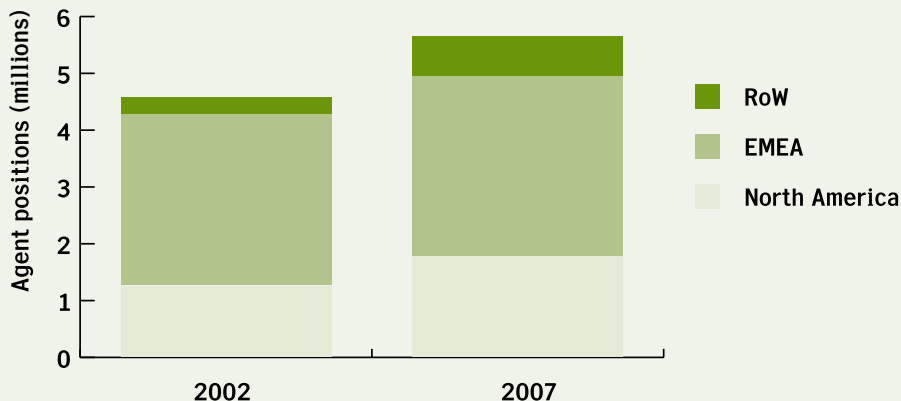
Source: Datamonitor; ContactBabel

## Aren't agents easy enough to replace?

Staff attrition is one of the hottest topics in mature contact centre industries, and attracting and retaining skilled, experienced staff has become one of the primary aims of any contact centre manager. The world where one agent was as good as another is over, and many people are waking up to this:

- As we've seen, the agents of tomorrow need multiple skills. Such agents cost the company a lot to train, and it can be doubly hard to bear if such people leave to go to a competitor
- In mature markets, there are some locations which have been so successful at attracting contact centres that virtual saturation has been reached. Clusters of contact centres exist in Omaha, Nebraska (US), Dublin (Ireland) and Amsterdam (The Netherlands), with most large contact centre industries reporting similar hot-spots in parts of their own country. Contact centres in such areas can't afford to be profligate with their staff
- According to the 2001 US Call Center Compensation Survey conducted by human resources consultants William M. Mercer (New York, NY), blended inbound/outbound customer service and sales agent turnover jumped to 94% from 61% in the 2000 survey
- Absenteeism is running at around 9% across industries and is increasing (Source: Merchants' International Benchmarking Study, 2000)
- Globally, the contact centre industry is still growing strongly, causing more competition for staff (following diagram)

Global Contact Centre Agent Positions, 2002 & 2007



## To summarise:

- Contact centres which wish to add real value to their customers and bottom line acknowledge that matching agent skills to customers' needs is a necessary ability to have
- Agent skills need to continue increasing: "typical" low-value call centre jobs are being replaced by automation or moving to other areas of the world – what is left will require more highly-trained and skilled staff
- The pool of skilled agents is finite, and competition for the best staff is increasing all the time, especially in countries with more mature contact centre industries
- Agent attrition rates are reaching new heights, and businesses are paying thousands of dollars to recruit and train a single replacement, without even taking into account the loss of business which occurs before they are fully competent

One aspect to solving these problems is to make sure that the **right** agents are speaking with your customers. Using workforce management solutions helps match skills to needs, improving customer satisfaction, lowering costs, improving agent morale and reducing staff attrition.

However, even if you're managing your agents' skills immaculately, the contact centre of the 21st century can throw up some very challenging issues to overcome...

# “...the right place...”: Complexities of the Modern Contact Centre

The first generation of workforce management solutions dealt adequately with scheduling blocks of agents in a single voice-only operation which threw up no great surprises. Many contact centres today operate as one of many locations, deal with a considerable amount of customer contact (which is not voice-driven) and have layers of regulation to consider as well.

**When the contact centre isn't a centre... the “Virtual Contact Centre”**

The application of technological abilities to commercial issues has created a new breed of contact centre - the “virtual contact centre” - which, although located in multiple sites, can still be run as a single entity. The virtual

contact centre consists of many operations (or even homeworkers) which are linked together so as to be viewed and managed as one mega-site. This allows flexibility in work-sharing, making larger virtual teams of specific skills available, and removes the need for separate workforce management solutions and schedules for each physical location.

## Types of Contact Centre

Type	Characteristics	Impact on Workforce Management
Single-site	All operations are carried out at same physical location	Easier to schedule, inform and report upon agent activity: what you see is what you manage
Multiple-site	Many contact centres, each with their own separate workforce management: little organised work-sharing between sites	Schedule and report as many single-site operations (above). One schedule per contact centre needed
Virtual contact centre	Many contact centres, viewed as a single entity. Work can be shared across sites as the contact centres are viewed as a single resource	Viewing the operations and skills available as one entity makes scheduling easier and more flexible. The resource pool is much deeper, allowing customers to be offered more skills
Virtual contact centre with homeworking	As above, with separate agents working at home being treated as part of the larger contact centre	Improves flexibility, allowing short shifts to be worked in peak hours and when spikes expected (e.g. after a TV commercial)

The virtual contact centre model has been driven by several factors. These include:

- For businesses involved in acquisitions or mergers, the number of contact centres they run increases. M&A activity peaked in the late 1990s and early 2000s, especially in businesses such as banks and insurance companies
- Rapid contact centre growth in particular areas has caused agent recruitment and retention issues. This has meant that businesses have moved to new physical locations in which to establish and grow their operations
- A rise in teleworking and remote locations means agents may never see their parent contact centre. This is increasingly the case in second and third line technical support, where skilled agents can be extremely scarce and expensive to replace
- Some companies prefer to offer a local touch to customers by basing operations in the area which they serve
- Improvements in networking and communications, such as IP telephony and converged networks, have meant that the virtual contact centre is now much more easy to realise
- Companies have increasing needs to serve global customers, necessitating either contact centres' operating in different time zones, or paying overtime for working anti-social hours
- Operational redundancy and disaster recovery are possible with multi-site contact centres
- Smaller contact centres tend to have lower staff attrition rates than large operations

Treating multiple contact centres as a virtual contact centre allows great efficiencies to be

made through economies of scale.

For example, correctly staffing five 50-seat contact centres is generally more complex, more expensive and less efficient than resourcing a single 250-seat operation.

This is especially true where businesses are using skills-based routing. All agent competencies are displayed to the scheduler – regardless of agent location – who can be more flexible simply because the available resource pool is so much more deep.

### Beyond voice interactions

Workforce management solutions can help to provide an answer to one of the most urgent questions contact centre managers will be asking in the very near future: “How do I staff my multi-media contact centre?” At present, many so-called contact centres simply give agents a few e-mails to deal with when the calls slacken off, but when call volumes rise the e-mails are forgotten about.

Contact centre managers are very capable when it comes to running telephony-only contact centres. In many cases, their experience means that they can make good judgement calls on operational issues, as their years of knowledge guide them to the right decision.

However, the multi-media contact centre has thrown up a lot of questions which even the most experienced contact centre manager cannot answer. This is because multi-media contacts are fundamentally different from telephone calls, and cannot be treated in the same way, which leads to staffing issues.

Some of the main reasons for this are:

- Customers have different levels of expectations depending on the channel they are using. Most customers expect a response via e-mail within a specified timeframe (e.g. two hours), whereas a typical telephony service level is 80% of calls to be answered within 20 seconds
- Rather than have to type the same responses again and again, a standard response can speed things up greatly in e-mail
- Agent competencies have to be considered. A good telephony agent may not have the required skills to be a good e-mail or text chat agent, who will need a quick typing speed, strong technology skills and correct spelling, grammar and punctuation

Vice versa, an agent who is good at written customer service may not have the listening or verbal communication skills required to be a good telephony agent. Some companies are using students to deal with e-mail, leaving experienced telephony agents to deal with the bulk of the telephony work.

- The “batch” customer requests (e.g. e-mail, fax, letter) are, by definition, not interactive. You may have to factor in the amount of extra resource needed to deal with incomplete requests – where there is no customer number included, for example
- Telephone queues, to an extent, are self-managing. If the phone is not answered quickly enough, the call is abandoned, and the phone queue decreases. This is not the case with e-mail, where contacts back up until they are dealt with. For a business, this presents serious problems:

- E-mails may go out of date (the customer loses interest, or rings the contact centre and gets a verbal response). In this case, the business may be busy wasting time answering dead e-mails, while live ones go unattended until they too go out of date
- Costs increase as the unsatisfied e-mail customer rings the contact centre to find out what happened to the e-mail. If this is held in a separate place (i.e. in enterprises where the Universal Queue is not being used), the e-mail may remain live, despite the issue having been resolved
- In the early stages of multi-media contact implementation, the business should factor in some extra time for each non-traditional transaction, as agents will still be adapting to the process. This time per transaction should decrease over time
- It is not only agents who take longer to complete new channel transactions. Customers will need time to familiarise themselves with contact methods such as text chat and web collaboration. In fact, many early customers using web collaboration enjoy the experience so much that they spend longer than they need to with each agent. Once the novelty wears off, contact centre schedulers should decrease the time needed per transaction
- Sales-focused contact centres will notice a rise in calls after a marketing campaign. Apart from the spike in calls after TV adverts (which contact centre managers are well-versed in managing), the new media will produce some different patterns of inbound contact, both in speed of reply, and level of response:
  - E-mail advertising will produce a similar spike in inbound e-mails

- Interactive digital TV will produce major spikes in e-mail activity after TV adverts, which may well extend to text chat and web collaboration as well, depending upon how many channels the enterprise opens up
- Different patterns of usage emerge from these new channels. Interactive TV is used more in the evenings, when most people return from work, while direct e-mail campaigns are likely to get an immediate response depending on where people access their e-mail
- The contact centre manager has some advantages when considering how to deal with e-mail in particular:
  - Supporting e-mail is not dependent on the time of day. This means the scheduler has a considerable amount of freedom to try to keep the backlog low
  - For example, some contact centres bring in students late in the evening to answer e-mails when many of the telephony staff have gone home. Others can answer e-mails through the night, by employing people in other time zones (for example, India, the Philippines and Australia).
  - E-mail is not location-dependent either: it costs as much to route an e-mail to the other side of the world as it does to send it to the person next to you. The same does not yet hold true for telephone calls, although the difference will become even less when VoIP is used globally

All of these points need to be considered when scheduling and forecasting for non-traditional contact types.

Additionally, businesses should consider whether multi-media contacts should be dealt with by dedicated agents (for example, if the labour pool is not cross-functional or you wish to trial multi-media before a full roll-out) or with blended agents (more complex, but has been shown to have very positive effects on agent satisfaction).

A large number of operational headaches in contact centres are caused by not resourcing the tasks correctly: next-generation workforce management systems go a long way towards helping managers run things more smoothly.

### Rules and regulations

Between countries, labour laws are very different. A superior workforce management system has to be easily configurable to take into account union regulations, government laws and other rules.

For example, companies based in member states of the European Community must take into account the Working Time Directive, which specifies employees must work no more than 48 hours per week, and is very specific on night-working, holidays and breaks. Additionally, in Germany, agents cannot be monitored individually by name as it is seen as an invasion of privacy.

Any workforce management solution chosen should be able to be easily adapted to each specific country's requirements.

# “...the right time...”: Improving Agent Productivity

**M**uch has been said so far about workforce management solutions being able to reduce staff attrition, satisfy customers’ needs and generally make the contact centre a better place for everyone. But without a measurable improvement in agent productivity, the business case for workforce management solutions is unlikely to find a sympathetic hearing. The final piece of the jigsaw refers to “the right time”: getting the most out of your agents – and being able to measure the savings.

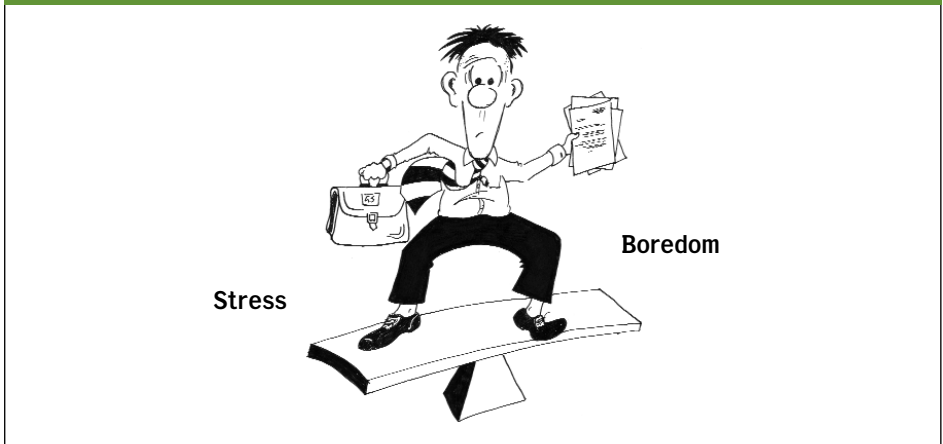
## Getting the balance right

Obviously, agents are not at their most useful when they are waiting idly by the phone. Yet neither are they at their most productive (or doing a particularly high-quality job in many cases) when they are harassed, stressed and over-worked.

Stress and boredom are the two main reasons for agents leaving a contact centre. Stress and

boredom: over-work and under-work. It is not too much to expect that a solution which can give agents the right amount of work – a workforce management solution – will alleviate staff attrition and improve the quality and quantity of successful interactions.

## The Contact Centre Manager’s Balancing Act



For a contact centre manager, forecasting and scheduling is a balancing act between over-staffing and under-staffing. The morale and productivity of the agents is at stake – as is the satisfaction or otherwise of the company’s customers. Even if the manager can predict calls correctly and schedule accordingly, another variable comes into play: for how long should a call last?

### Call duration in a commercial world

The typical answer to the preceding question is “calls should be as short as possible providing that they deal with the customer’s query”.

But yet again, there can be more to managing a contact centre successfully than just getting through the calls as quickly as possible without annoying the customer.

### A Real-Life Scenario

A company specialising in holidays takes bookings over the phone from its customers, who have been looking through brochures. Customers often know which holiday they want to book and will pay with a credit card straightaway.

**Question: Which of these approaches will produce the most successful contact centre?**

**APPROACH A:** Take the customer’s booking as quickly as possible, minimising the cost to the business while maximising order throughput.

**APPROACH B:** Keep the customers talking for a minimum amount of time, even if they know exactly which holiday they want to book, requiring more staff resources.

**Answer: It depends on your definition of success.**

Almost all contact centres would say that Approach A is the one to choose: minimising cost while maximising interaction throughput has been the target of most contact centres since their inception. Forecasting and scheduling for maximum throughput and minimal staff is relatively straightforward in this case.

However, this wildly-successful real-life company chose Approach B, seeing their contact centre as just a part of their overall business, rather than a standalone operation, judged by its own rules. The company understood that most of their costs came from advertising and marketing, the purpose being to get potential customers to ring the contact centre. Rewarding the contact centre for making these hard-won calls as short as possible was in fact, counter-productive, as the extra cost to the company of a five-minute call rather than a two-minute call was negligible compared to how much they had paid in advertising to get that call in the first place.

The potential up-selling, cross-selling, information-gathering and relationship-building opportunities were significant.

Even in cases where the customer knew exactly what they wanted, the agents are encouraged to ask about the type of holiday experience the caller would like. This has several very positive effects on the business:

- If the specific holiday is unavailable, the agent can quickly come up with a list of alternatives, rather than having to say “no” and risk losing the call altogether
- The business learns more about the customer, so that next year they are able to offer holidays proactively, tailored on what the customer wants – whether or not they bought a holiday from the company this year
- Even if the specific holiday or type of holiday is unavailable, the business still captures the demand information, so that next year the business can buy more holidays in the most popular areas, and avoid running out

So what does this have to do with workforce management systems?

Simply this: before planning and measuring what a contact centre should be doing, a business needs to **understand what success actually is**. A workforce management system that is programmed to maximise interaction throughput and minimise human resources may produce wonderful savings, but paradoxically it may be costing the business more money than it saves.

Businesses need to use a workforce management system which fits into the way they choose to do business, rather than being forced down a path that may not be completely right for them. The solution should be flexible enough to differentiate between the types of calls an operation receives, and to schedule for them accordingly.

## “What-if” scenarios and quick reactions

One of the most useful tools for contact centre managers is the ability to see what will happen to service levels before an event even occurs.

Sophisticated workforce management systems allow managers to try out “what-if?” scenarios, at no risk to the contact centre’s operational ability.

For example, the contact centre manager can understand how the workload changes if:

- A new advertising campaign increases call volumes
- A large number of untrained agents start work at the same time
- A new multi-media channel becomes available to customers
- A key product line is offered at a discount

What-if scenarios are also useful to direct long-term strategies, such as planning, budgeting and recruitment. Next-generation workforce management solutions focus heavily on allowing contact centre managers to plan their long-term strategies.

Businesses can use these tools to model their operations based on various assumptions (agent turnover at 20%; fixed agent career paths; 25% of workload being e-mail etc.). Rather than having to react to external forces, the contact centre manager will know how to resource the operation effectively before the events actually happen and will have a good idea of their effects on the business.

## Reporting

Having the ability to see exactly what is happening via real-time reports is a key stage in the workforce management process.

Reporting gives the business a measurable view of its success in achieving targets. Key standard reports for determining efficiency include:

- Speed of answer
- Average talk time
- E-mail handling time
- % calls abandoned
- # of interactions waiting

Workforce management solutions can be excellent for gauging the efficiency of the contact centre, but it is more difficult to introduce CRM-focused metrics, such as:

- Customer satisfaction
- Increase in the share of a customer's expenditure
- Improvement in loyalty levels

These are just as important to the queue-centric reports shown above, and businesses should make sure they capture and extract this information from their business systems. The more statistics from various sources that can be brought together consistently, the more accurate the view of customer-facing activity.

It's no use striving to achieve high levels of efficiency if your customers are still going away unhappy or ignorant of products they should be buying.



When using workforce management tools, try to take into account business metrics, as well as the service level measures which the workforce management solution is so effective at providing.

# What's the Reality of Workforce Management Solutions?

Industry experts' corner – views from the analyst community

*“(the) workforce management software market is experiencing rapid growth rates. The solution enables contact center managers to optimize their most valuable and expensive resource: its staff.*

*“By doing so, centres can ensure that customers are provided with the desired level of service, meaning a rapid response from an agent with the appropriate skill set. This ability is an essential component of quality customer care and key to successful implementation of customer relationship management (CRM) strategies.”*

Source: Frost and Sullivan, Workforce Management Software Market, 7476-62

*“Consolidation across many industries has placed a higher degree of importance on the provision of quality customer service leading to a shift away from a purely cost-centric philosophy towards a hybrid philosophy that addresses both cost reduction and employee efficiency. To that end, call center managers want to ensure that their agents have the necessary tools to enable them to use different CRM technologies.*

*“As competition intensifies, companies will continue deploying workforce optimization technologies as a means of making their enhanced customer service a competitive differentiator.”*

Source: Datamonitor, Workforce Optimization Technology Markets to 2007, DMTC0855

*“Workforce management software will benefit any contact center with more than 100 agents.”*

Source: Gartner, “Software for Optimizing the Contact Center Workforce”, M-19-1909, 11 February 2003

*“It is not uncommon for enterprises using workforce management solutions to report that they have reduced the time it takes to create agent schedules by 45 percent to 90 percent, that they have increased service levels by 10 percent to 13 percent, that they have decreased payroll costs by 10 percent to 13 percent, and that they have decreased call abandon rates to 3 percent (overall call abandonment rates consistently average around 7 percent).*

*“By reconciling staffing requirements with service levels, one user reported reducing overtime hours during the first six months of 2002 by more than half of what they were during the same time the previous year.”*

Source: Gartner, “Contact Center WFM Tools Improve Performance”, M-19-1788, 26 February 2003

### Implementing to avoid the pitfalls

Workforce management solutions have a direct and immediate impact upon the way a contact centre operates, so it's critically important to consider the effects an implementation might have:

- Manage the culture shock: different scheduling will impact agents, supervisors and management immediately, much more than almost any other form of technology
- Get buy-in from the people who will be using it, and the people whom it will affect. Employees can get defensive about change, and may perceive workforce management solutions as something which is being introduced to keep a closer watch on them: explain the tool is there to help everyone get a fair amount of the right work, and point out the empowering aspects to it (e.g. the ability to request specific shifts/holidays and enabling sensible traffic handling during busy periods)
- Workforce management systems can reveal gaps or limitations in current business processes which can be resolved. However, there are many instances of implementations which only mimic the existing business processes, rather than considering changing the way they work. This can mean businesses do not get the full benefits of the tool, as they are losing some functionality

- Workforce management is not just about purchasing software. It is about change, optimisation and also about compromise. In order to successfully implement a workforce management solution, organisations will need to understand how their business processes work and when they need to be changed. The road to success is never easy, but once operational with these powerful tools, contact centres immediately notice the impact. The most important lesson is to persevere and be flexible
- Due to the nature of workforce management and its effects on many people throughout the contact centre, there is a need for a project champion at a high level of the business who has the interest, knowledge and power to make the project succeed despite corporate politics
- It's important to give a lot of training, and to reinforce and test this training over a period of time. Workforce management systems can be very feature-rich, and users may only be using 20% of the functionality that businesses have paid for, as the training stopped too early
- Successful users of workforce management tend to do a lot of planning upfront: they know exactly what they want from the implementation (and measure it), and consider the technical architecture as well as the business processes. A successful implementation needs functional groups (e.g. IT, telephony, HR) to talk with each other, and understand each others' views
- A company's business rules must be considered fully before implementing workforce management solutions, as well as gauging how the system supports these
- Getting workforce management up and running quickly is not that difficult: optimising the business processes with the tool is where the real value resides, and this will take longer to fine-tune

**What are other contact centres doing?**

As a general rule, the larger the contact centre, the more likely it is to be using a workforce management solution. This is quite simply because manually forecasting and scheduling work for hundreds of agents is a much more complex and time-consuming task than doing so for a few dozen, so benefits are seen immediately.

Recent figures from Gartner Dataquest show that there is a big drop-off in usage at the smaller end of the industry.



The Workforce Management tool is an application and is not a solution. This means it will not solve your problems by itself, you have to go through the topics mentioned on this page to understand what the Workforce Management tool can do for you. You can not sit back and wait for the perfect planning to happen – you have to do the planning.

The better the input is, the better the output, which leads to the least amount of necessary fine-tuning.

## Workforce Management Adoption Data (North America only)

	Fewer than 75 agents	More than 75 agents
Currently have	13%	58%
Planning in next two years	13%	17%
No Plans in next two years	72%	23%
Don't know	3%	3%

Source: Gartner, Gartner Dataquest, cited in Gartner "Contact Center WFM Tools Improve Performance", M-19-1788, 26 February 2003

Surveyed 327 companies in North America.

Note: While the "Planning in next two years" data provides a good indication of awareness, it is generally aggressive compared with actual implementations.

Amongst the main industries using workforce management solutions are:

- Outsourcers
- Financial services
- Travel and transport
- Hospitality
- Telco
- Retailers / e-tailers
- Utilities

Such contact centres, in the main, can be large, costly operations, dealing in extensive amounts of multi-media, often across many sites. In such cases, workforce management solutions are critical to running the contact centre efficiently and effectively.

However, many small and mid-size contact centres are likely to at least consider using workforce management solutions, as they are increasingly facing similar issues to large operations: greater complexity due to multi-media customer contact; a desire to raise service levels through prioritising contacts with the best customers; the need to lower staff attrition levels and to improve standards throughout the contact centre.

Vendors are rushing to fulfil this demand by offering simpler and more cost-effective solutions, which require less training than the full-blown versions offered to top-tier contact centres, while still providing much of the functionality necessary to improve efficiency and effectiveness.

## Real-life usage and return on investment

So how are businesses using workforce management, and are they succeeding? Where should you look for returns on your investment?

- Some contact centres allow their best agents to have their choice of shift; others choose a fair distribution: much depends on the nature and skill of your agents, and your staff retention strategy
- Some operations build in priority response times for their best customers, supporting CRM initiatives
- Many contact centres frequently use workforce management to check real-time adherence, helping supervisors to do their job, and allowing them to be coaching staff rather than administrators. Statistics from real-time adherence also helps when evaluating teams or individuals
- Data from workforce management solutions on adherence becomes really useful once it is combined with HR data and those held in other reporting packages: reporting becomes a real competitive advantage
- Daily scheduling and real-time adherence are the most used tactical aspects of workforce management solutions. Much of the solutions' use to date has been tactical, but users are getting more confident about strategic applications, such as long-term modelling
- Most large contact centres (250+ seats) will have one or two scheduling personnel, with input from some supervisors and team leaders. Savings can accrue through a reduction in headcount or freeing up time for schedulers to be more creative and strategic
- In the past, few call centres with fewer than 100 agent positions would have needed to run a dedicated and sophisticated workforce management system. The increase in complexity that multi-media and multi-site contact centres cause means that workforce management solutions are becoming 'must-have' at some smaller contact centres as well. (For example, we know of instances where 40-seat multi-media operations can no longer

manage using manual spreadsheets, due to the complexity and number of the agent skill-sets involved)

- Businesses should set clear ROI goals up-front and measure against them. Many businesses will feel that they are more efficient, but cannot prove it. Return on investment on such solutions comes from a variety of areas, some more obvious than others:
  - Lowered costs through reducing overstaffing
  - Increased revenues through reducing understaffing
  - Reduced management cost through automating scheduling processes more quickly
  - Improved productivity by freeing up time for management to identify staff issues and train agents accordingly
  - Reduced administration costs (e.g. holiday booking request) by automating the process
  - Increased agent productivity by matching the agent's skills to the work
  - Improved staff morale, leading to lower staff attrition rates and attendant recruitment and training costs
  - Lowered costs and increased revenue by dealing effectively with multi-media, rather than ignoring it until it becomes a problem
  - Dealing with unexpected issues and exceptions quickly and effectively, as "what-if" simulations have revealed best practice
  - Reduced call queuing and abandonment, leading to happier and more loyal customers, who are more receptive to cross-and up-selling



The average time until break-even on initial expenditure for workforce management systems is estimated at between six and 12 months in most cases, although some businesses have reported break-even within three months

## A Real-Life Case Study

A recently-set-up UK CRM outsourcer had two sites, 20 clients and around 1,000 employees. Although they had been winning business successfully, they were losing control of their workforce, as the staff numbers had spiralled five-fold within 18 months.

Workforce planning was carried out through Excel spreadsheets with no flexibility or dynamism, limited historical reporting and little visibility of non-productive agents. Outsourcing contracts can be very sophisticated and difficult to staff and price profitably, and proposals were becoming increasingly hard to handle correctly.

The business implemented a workforce management solution from a leading solution provider, and had the solution running very quickly. Unfortunately, the company had not taken into account several key issues:

- There were no workforce management processes in place
- No process integration with HR was present
- One client had 37 different shifts
- There was no workforce management solution expertise

The contact centre reviewed the situation and focused upon improving operations, making HR, technical and training processes more consistent and integrated, as well as taking time to learn what workforce management could really offer, and how it did this.

The revised workforce management launch now provides:

- Flexibility and visibility
- A huge reduction in the number of shifts
- Notification to staff of the shifts they will work four weeks in advance
- Accurate and consistent measures
- Live adherence and handling by exception
- Accurate and quick proposals

The company has seen a measurable return on its investment:

- A performance improvement of 12% through better forecasting, exception handling and shift planning
- Staffing issues flagged earlier
- Less staff attrition
- Absence down 30%, saving €62,927 / US\$70,000 per month
- Decreased unproductive hours down from 12% to 5%, saving €40,453 / US\$45,000 per month
- Holidays planned and under control
- The introduction of multi-skilled groups and real-time monitoring teams

# Innovation

**T**he future of workforce management solutions will be driven by the desire and need to make contact centres a more strategic part of the whole business, as well as being able to deal with increasingly more complex and technical environments. Amongst other abilities, future workforce management tools will be able to deliver:

Performance management (effectiveness as well as efficiency) on an individual agent and group basis, feeding into appraisals and driving contact centre performance to deliver company-wide objectives

Incentive management to improve agent effectiveness (rewards and recognition, personal development and training reviews)

Work with universal queues, dealing with offline and online interactions, batch and real-time, as well as being future-proofed against new interaction types

More strategic views and tools, aimed at developing the contact centre's long-term performance

An increased number of solutions for the small but high-value-add end of the market, where complex skills and multi-media interactions are causing scheduling headaches

Registration of nuances in agent skill-sets, rather than binary “yes/no” attributes

Reduced custom integration, lower support costs and simplified training

# The Bottom Line

Employee costs account for 60-70% of overall expenditure in most contact centres

Multi-media contact, the universal queue and the increasing complexity of agent skills required mean that manual scheduling has become too slow, inaccurate and inflexible for many contact centres

CRM means that contact centres should match the customer's needs and profile to the skills and knowledge of agents: almost impossibly complex without a workforce management solution.

Businesses can make savings through reducing the time and cost of scheduling, and through getting the headcount right so that under- or over-staffing is avoided as much as possible.

Skilled agents are getting difficult to recruit, and retaining the best staff is a priority for most leading contact centres.

Stress and boredom are the two main reasons that agents leave a contact centre: workforce management can alleviate this and improve morale and effectiveness through getting the right work to the right agent at the right time.

Even contact centres with fewer than 100 seats may benefit from workforce management, as the increasing complexity of interactions, skillsets and multi-media means that scheduling and reporting becomes ever more difficult to do manually.

Return-on-investment on the initial cost of the workforce management solution has been measured in many cases as occurring between six and 12 months, although some businesses have reported break-even after as few as three months.

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