What Is Workforce Management?

Basic Information for "Dummies".

What to Measure and How to Do It.

TELEOPTI

Introduction

If the term "workforce management solution" conjures up images of temporary agencies outsourcing staff on short notice, then writing a white paper to explain this concept is justified. For the uninitiated or those unfamiliar with the term, at its simplest, workforce management (WFM) solution refers to software solutions for contact centers, back offices and stores that help put the right person with the right skills in the right place at the right time, resulting in a quality customer interaction - regardless of the method of contact.

If this definition sounds too simple, establishing sound processes and respecting them to achieve this end is not; try satisfying customers, staff and management all at the same time, and you probably know it is a tricky balancing act that makes the life of a contact-center planner a nightmare. This is particularly true if scheduling is still done manually, using Excel spreadsheets.

With multi-channel interactions proliferating today, requiring multi-skills on the part of agents that may be located in a geographically dispersed contact center, the headaches are even worse. With organizations acknowledging that it is in the contact center where vast improvements, savings and profitability can be made, a sophisticated WFM software solution can definitely play an important role in achieving these improvements, which sometimes seems to be a miracle.

Abstract

This white paper attempts to provide a basic understanding of the processes that workforce management (WFM) encompasses that makes the modern customer service operation possible. Each of the six processes – namely forecasting, planning, scheduling, operating, reporting and performance analysis - is examined closely. The interconnectedness of the processes is emphasized.

In light of the prickly challenges many contact center managers face today – e.g. runaway costs, scheduling for multi-skilled agents and multi-channel interactions, losses in revenue opportunities or savings to name a few – the benefits automated WFM bring to contact centers can seem mind-boggling. Boiled down, it amounts to increased customer satisfaction, enhanced staff satisfaction (translating into lower absenteeism, attrition and training costs) as well as improved efficiency and profitability.

The white paper further addresses what an automated WFM solution might do for your contact center, and some basic questions about WFM solutions: e.g. Who is a suitable candidate? Where and when can you see your return on investment (ROI)? It concludes with some thoughtful tips about what to consider when contemplating a WFM solution for your contact center. It is by no means comprehensive, but rather a thought-provoker to get you started on the road toward WFM optimization.

Your contact center – your face to the world

The contact center today often represents the heartbeat of many organizations. It is where customers turn to for advice, complaints, information or purchasing. It is where you interact with your customers the most. It is, in a sense, your organization's face to the world. How well you service your customers – i.e. getting the appropriately-skilled agent to answer the customer within a pre-defined service level and address that customer's needs satisfactorily - very much impact the overall future success of your organization. Many organizations recognize today that optimizing their customer service operations is a great opportunity for revenue building.

Much more than a selection of processes or just a box under a planner´s desk, WFM is an operational philosophy that strives for continuous improvement in customer service, employee satisfaction and operational excellence. But managing the workforce is a tricky balancing act of trying to satisfy the demands of customers, staff and management. What are the different expectations?

- Customers expect staff availability and quality service;
- Staff expects work-life balance and work satisfaction;
- Management expects efficient, profitable, sustainable operations.

Robust, automated WFM solutions, integrated with your ACD or contact center solution, are able to balance these demands properly, with positive outcomes: superior customer service, motivated employees and efficient operations. This is the beauty of a good WFM solution.

WFM processes – an everlasting, continuous cycle

Most workforce management solutions encompass vital processes that make the modern customer service operation possible. This white paper describes each of the six processes that make up the WFM cycle: forecasting, staffing, scheduling, operations, performance analysis and reporting.

While organizations and WFM solutions may have different names for these, the processes are in essence the same. Of importance is to recognize that each part is dependent on input from the next. Once up and running, there is no beginning or end. Instead, it is a living, breathing and sensitive entity, subject to constant change. With a sound process in place and active input from affected organizational units, negative impacts can be greatly diminished.

Forecasting – flexibility & accuracy absolute musts

Specifically, WFM tools help forecast demand intervals accurately. This means predicting the peaks and valleys of calls coming into a contact center throughout the day, week, month or season or even minute interval and then matching up the staffing requirements to effectively meet the demand. A long-term focus is typically four to eighteen months in advance.

Forecasting is the foundation of the WFM cycle and needs input: historical contact volumes, handling time, arrival patterns, shrinkage, efficiency and the like. But since a good portion of the volume is activity-driven, past experiences and future knowledge must be provided by those organizational units that make use of the contact center in the form of targets, results, trends, changes, etc.

WFM is frequently viewed as uniquely the affair of the contact center. This is a big mistake, especially since call volume is primarily driven by factors steered by other organizational functions - e.g. invoicing, sales, IT, HR, marketing and production. Invoicing, for instance, is frequently done from a logistical perspective or for optimizing cash flow. This cycle often sparks the highest peaks in a contact center but often without taking into account the limitations in available staff or seats.

Let's take an example of a sales- focused contact center: Suppose you've just launched a new product on TV, which encourages customers to call your contact center. This will create volume spikes in the workload. Campaign success is inter-related, even contingent on the readiness and expertise of the contact center to answer incoming calls. The opposite is equally true: without readiness to handle spikes, potential sales opportunities from eager and ready-to-purchase customers could turn into a loss of goodwill. After all, who is in the mood to buy after listening to queue messages over and over again?

A well-functioning input process is vital so that organizational units making use of the contact center

can, without being prompted, regularly feed relevant information to the WFM team - both historical and future - about anticipated call drivers. In the sales-focused example, all experiences from previous campaigns should be used as input so that forecasting future contact volumes becomes successively more accurate. Once this input is coordinated by the WFM team, forecasters can do their job - with much greater precision.

Bear in mind that forecasts must be updated continually with changes up until the moment of truth when the schedule goes live: the closer in time to this moment, the higher the need for accuracy. Without input from the other organizational units, the role of the contact center is little more than a goalkeeper - or worse, a fire fighter.

Sometimes adverse situations escalate rapidly. Here, flexibility in forecasting is crucial. Forecasts are worthless if you're unable to alter schedules in real time. Most WFM forecasting functionalities today factor in exceptions - a sudden flood, campaign periods, holidays, training and the like - and calculating how that impacts the customer service operation. Optimal times for meetings, training or coaching can easily be determined as well.

Advanced WFM solutions offer a "what-if" scenario tool to help gauge changes in the workload (described further on). Remember; your output is only as good as your input: effective teamwork between the affected organizational units and the WFM team commonly results in higher forecasting accuracy.

> " **Remember; your output is only as good as your input: effective teamwork between the affected organizational units and the WFM team commonly results in higher forecasting accuracy.**

"What-if" scenarios – for rapid, proactive measure-taking

Exceptionally useful for contact center managers is the "what-if" scenario tool that excellent WFM solutions can offer. It allows seeing what would happen, for example, to service levels prior to an event even taking place. Contact center managers can experiment with these scenarios without risking operations in the contact center. These scenarios give answers to, for example, how the workload would be impacted if:

- Service hours were shifted, shortened or extended;
- A national TV campaign was held;
- The service level was raised or lowered by a certain percentage;
- A large number of untrained staff were to begin work simultaneously;
- Yet another new media channel, such as chat, was introduced;
- A major product with a rebate was offered.

Still today, most operational headaches are brought on by improperly resourcing tasks. Beyond the WFM solution providing crucial improvements in tactical, intraday management, these scenarios are invaluable for long-term strategic planning. This is where many advanced WFM solutions are putting their focus today: helping contact center managers plan their long-term strategies in areas such as budgeting and recruiting. Rather than suffer from the limitations of only being able to react to external forces, these scenarios equip contact center manager to anticipate the workload and resource the operation effectively before events actually occur.

Staffing – getting the right people for each type of interaction

Staffing involves supplying the right headcount, ensuring that your staff possesses the right skills, providing skills training if necessary and establishing the right work rules. This is done with a view to making sure you are adequately covered for the next three to six months. If HR is involved in these

areas, then close and continual collaboration with the contact center management is essential to WFM success.

When you consider that staff costs account for the majority of overall expenditure in most contact centers - much more than the total cost of telephony, technology, office premises, fittings, rent and utilities put together - estimated at between 60 and 75 per cent, the more pertinent issue at stake is: Can you afford to not optimize your workforce?

As for skills training, all agents need to have good listening skill, basic IT skills and a basic knowledge of the business. But agents today do not want to be bored; they want more qualified work. True, particular skills are not required for simple work: e.g. directory inquiries, brochure fulfilment or utilities meter reading. But much of this type of work is now automated by Web or voice self-service, IVR (Interactive Voice Response) and speech recognition.

The modern service operation requires more diverse, specific skills and a higher level of skills to satisfy customers; skills, such as foreign language proficiency, specific product, customer or technical knowledge and the ability to deal with multi-channel interactions. With the contact center industry expanding rapidly worldwide, recruiting and retaining top staff is a central issue and a priority for leading contact centers.

Demand for greater flexibility in work rules

Since it is in the nature of contact centers to offer extended service hours, demands for flexible work rules are usually higher than those for a regularly scheduled nine-to-five day job. Requiring that agents are flexible to the point of interfering in their personal lives serve no-one. This means needing to get the level of flexibility just right so as to minimize unwanted, costly absences and staff attrition.

Planning staff according to call patterns and skills sets results in a boost in service levels, improved first-call resolution and makes the contact center a more enjoyable place to work: important for staff

retention. The bottom line? Accurately matching staff to call flow is essential in achieving workforce and cost efficiencies.

Scheduling – optimization critical

The WFM team is solely entrusted with creating an effective work schedule, often covering the next four to twelve weeks. The schedule is based on the WFM team's own contact center input.

Manually forecasting the work load and matching it up with the right staff ratio is a complex, arduous and labour-intensive task. In many contact centers today, these processes are still slow, inaccurate and inflexible. What do you envisage happening to the level of accuracy when you add the following variables to the equation?

- Continual absences, holidays, vacation times;
- Multi-channel interactions causing a change in flow patterns;
- Skills levels - i.e. foreign language proficiency, product or customer knowledge, superior written skills for e-mailing and chatting - ranging typically from eight to nine and up to fifty in large, geographically dispersed contact centers;
- Scheduling time for the associated skills training;
- Staff work-time preferences;
- Scheduling for a multi-site contact center.

Accuracy, as you might expect, drops like a stone. This understandably leads to inevitable under- or over-staffing – detrimental to customers and staff, and draining your organization financially.

In light of the ever-growing complexity of multi-channel interactions and multi-skill requirements, even customer service centers with fewer than 100 seats may benefit greatly from an automated WFM solution.

Getting the balance right

Agents are not at their most useful when waiting idly by the phone. Neither are they at their most productive when stressed or over-worked. Stress and boredom – the consequences of over-work and

> ❝ **In light of the ever-growing complexity of multi-channel interactions and multi-skill requirements, even customer service centres with fewer than 100 seats may benefit greatly from an automated WFM solution.**

under-work – are the two primary reasons given for agents abandoning ship. With absenteeism running rampant at around nine per cent (Source: Merchants' International Benchmarking Study, 2000) across industries and increasing, and attrition reaching alarming rates, organizations are hit hard, paying a fortune to recruit and train replacements – not to mention covering the losses before agents are fully competent.
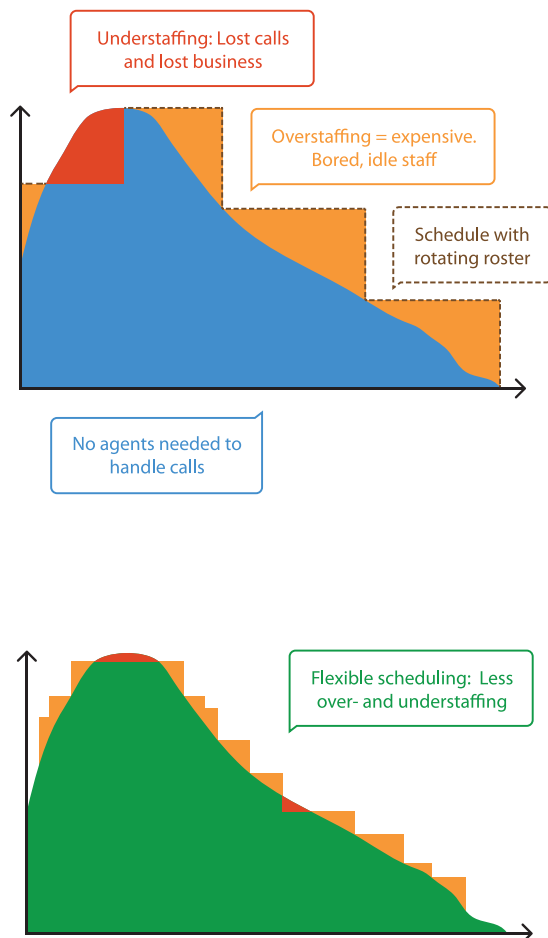
This is where a WFM solution so effectively comes into play, creating automated, optimized schedules that cover queues consistently and smoothly. Smoothness means that staff is evenly scheduled throughout the interval, with the resource graph matching the volume curve. Optimal levels of smoothness also give individual agents a better work situation since a smooth workload – even if high – is less stressful than long, idle periods interspersed with periods of intense work, long queues and irritated customers.

The line charts on the next page illustrate the difference between fixed rotations (top) and a customer-service-driven schedule (bottom). Rotating rosters create unwanted over- and under-staffing and inconsistent customer service levels (since these

and abandon rates vary during the day). Scheduling agents with individual shifts enables handling peaks and valleys during the day, week or month, and with greater service-level consistency and optimized level of staffing.

Figure 2: Line charts

Automated WFM solutions precisely, conveniently and rapidly match up agent skills sets to customer needs taking as well work-time preferences into account. It is not uncommon for agents to expect and be granted 80 per cent of their work-time preferences.

Understaffing: Lost calls and lost business

Overstaffing = expensive. Bored, idle staff

Schedule with rotating roster

No agents needed to handle calls

Flexible scheduling: Less over- and understaffing

Once the scheduling is completed, this is by no means a done deal. As part of a cycle, scheduling affects the other processes so continuous re-scheduling must be done by operations as situations changes; for example, agents fall ill, meetings must be attended or new impacting events are reported by other units. Intraday management tools help team leaders take control of their day, allowing making minute adjustments at any interval.

Accurately calculating the long- term headcount and effectively scheduling the appropriate skill level to the right agent at the right time cuts down tremendously on under- and over-staffing. Being able to honour the majority of staff work-time preferences and giving ample schedule notice makes for heightened staff morale, diminished attrition rates and overall improvements in the quantity and quality of successful interactions. With a sound WFM solution in place, contact center managers can optimize their most valuable and most expensive resource: its staff.

But perhaps the happiest person in all this will be the scheduler, whose time previous was consumed by a slow, laborious, manual process, ultimately not optimizing the valuable time of a skilled employee.

Shortcomings of spreadsheets & Erlang C tables
Contact center managers of single, voice-only operations can still rely on experience, a spreadsheet and a set of Erlang C tables to plan staff schedules. Invented by a Dane in 1917, Erlang C tables are calculations based on the number of agents needed in a contact center with a given number of calls per hour, a given average length of a call and an acceptable level of delay in answering the call.

This sounds reasonable enough, yet these calculations have major shortcomings for the modern service operation: they can only assume a steady call rate and a zero abandonment rate; they frequently result in over-staffing; they only take single-skilled "standard" agents into account; they cannot consider priority-call schemes nor all-segmentation strategies, nor can they

be applied when scheduling for multi-channel (e.g. e-mail, text and chat) interactions or where universal queuing is utilized – all typical characteristics of the modern service operation.

Operating – or intraday management

This area has many responsibilities, with WFM representing just one. Operations managers and team leaders are vital to the WFM process as they ensure that the staff follows the plan: i.e. doing the right things at the right time in the right way. Their time perspective is the here and now up to two weeks ahead. Measures and control points must be established; equally important is that they indeed enable the operation to focus on the right things.

Operations must focus on achieving the targets set for adherence and average handling time (AHT), both of which are discussed shortly – and report back if the targets are unrealistic. From this perspective, agents and their managers have two main targets that are looked at for measuring individual performance.

Automated, intraday management tools help operations managers tremendously by showing in clear visual format the situation at hand, which, when necessary, can be changed at the flick of a finger. Some solutions offer stunning clarity and contrast in their graphics, making the life of the operations manager that much easier.

Performance analysis – adherence and average handling time

Adherence, a critical concept in WFM, basically means measuring the extent to which agents stick to the schedule. In our previous definition, this translates to doing the right things at the right time. Determining appropriate adherence levels is a key operational responsibility of WFM. It varies among industries and organizations and depends on the mix of tasks. Once realistic levels have been established, adherence

must be targeted and measured, with coaching responsibility of achieving targets carried out by team leaders.

Level of adherence is one of the most telling key performance indicators (KPIs) by which agents and team leaders are measured. Operations typically conduct the follow-up here. It would be unrealistic and unfair to expect an adherence of 100 per cent since scheduling involves human beings that are subject to unexpected changes.

Other examples of KPIs:
- Absenteeism
- Adherence
- Answered calls per scheduled phone/ready hour
- Average after call work
- Average handling time
- Average talk time
- Readiness

Average handling time is the other key KPI that must be monitored two-dimensionally by operations. AHT includes After Call Work (ACW), which is the time the agent do not spend interacting with the customer in real time, but on related administrative tasks, such as e-mailing or scanning docs.

Real-time adherence allows you to see exactly what is happening, alerts you to deviations from the expected activity and enables you to make changes before problems occur. Put simply, the more you use it, the more accurate your forecasts and schedules become. As such, an organization can fine-tune its contact center operations.

Organizations should look for a solution that is simple to understand so staff will feel at ease using it, yet make sure it retains the power and functionality to help their contact center manager understand what has happened or not happened, with the ability to make changes quickly – if so required.

Reporting – measurable view of success and improvement needs

The WFM team has a key responsibility toward the other managers involved in the previous steps; namely to give feedback, based on all input given and indicate the anticipated service level.

Reporting is a vital stage in the workforce management process which provides the contact center with a measurable view of its success in achieving targets. Key standard reports for determining contact center efficiency include calculations on the speed of answer, average talk time, e-mail handling time, per cent of calls abandoned and number of interactions waiting.

The benefit of a standard reporting process is that it allows you to glean relevant information so that performance can be tracked and improved on all levels – from agents and team leaders to resource planners. Furthermore, armed with statistics and proof, customer satisfaction can be improved and measured, as well as optimal standard service level targets set. Finally, through transparency of performance and fairness, staff satisfaction can be improved significantly.

Impressive success – results from walking the talk

Organizations using WFM solutions have reported an average reduction in agent scheduling time by a whopping 45 to 90 per cent, an increase in service levels by 10 to 13 per cent, a decrease in payroll costs by 10 to 13 per cent, lowered call abandon rates to 3 per cent (overall call abandonment rates consistently average seven per cent), and a reduction of overtime hours by over 50 per cent. (Source: Gartner, "Contact Center WFM Tools Improve Performance," M-19-1788, 26 February 2003)

WFM solutions – who are they best suited for?

Large customer service operations in outsourcing, financial services, travel, transport, hospitality, telecom, utilities and retailing have been actively

> **In view of the growing complexity experienced in contact centers – impacted, for example, by multi-channel interactions and multi-skill requirements – even customer-service operations with fewer than 100 seats may benefit greatly from a WFM solution.**

using WFM solutions for years. However, in the face of similar challenges, small and medium-sized contact centers are jumping on the bandwagon and joining them in growing numbers. What challenges or goals are inciting them to turn to a WFM solution for help?

- Heightened skill complexity due to multi-channel contact, causing scheduling headaches;
- Need to decrease employee attrition and raise contact center standards;
- Need for competitiveness with enhanced customer service as a competitive differentiator;
- Higher service levels and the highest quality service offered to best customers to impact customer loyalty and increase revenue-making opportunities, such as cross- and up-selling.

Nowadays, smaller contact centers have the luxury of being able to select among easier-to-use, cost-efficient, Cloud-based solutions that require less training but still offer the main functionalities that help raise the bar on efficiency and effectiveness in the contact center.

In view of the growing complexity experienced in contact centers, impacted, for example, by multi-channel interactions and multi-skill requirements, even customer-service operations with fewer than 100 seats may benefit greatly from a WFM solution.

Return on investment (ROI): Where and when?

While many organizations utilizing WFM solutions may "feel" they've become more efficient, the majority are unable to "prove" it. From the outset, before implementing a WFM system, sit down with the WFM solution provider to determine clear, measurable ROI objectives, such as:

- Decreased costs though a reduction in over-staffing;
- Revenue-building through a reduction of under-staffing;
- Enhanced agent productivity by more accurately matching agent skills to the task at hand;
- Reduced management costs due to rapid, automated scheduling;
- Lower administrative costs by automating processes - e.g. time-off requests;
- Improved productivity with time over to identify skills shortages/arranging for suitable training;
- Enhanced staff morale, diminished attrition and the associated recruitment & training costs;
- Reduced costs and increased revenue by effectively handling new multi-channel in advance;
- Handling unanticipated situations rapidly and effectively as "what-if" scenarios have created best practices;
- Better service levels, with a decrease in call queuing and abandonment as proof;
- More satisfied customers, stronger loyalty and greater receptiveness to cross- and up-selling.

What is the average estimated time until break-even on initial expenditure for a WFM solution?
Answer: Six to twelve months in most cases, with some organizations reporting two to three months.

Tips: Circumventing common pitfalls

- Get buy-in from those that the solution will affect the most: agents. They may fear big brother is keeping closer tabs on them. Point out the benefits to be gained: fairer distribution of work, the empowering aspects of, for example, requesting specific shifts and holidays, and sensible traffic handling during peak periods.

- Successful implementation requires that functional groups, such as IT, telephony and HR talk with each other to understand one another's targets.

- Successfully implementing a WFM solution means organizations need to have a clear view of how their processes work; where and when they need to be changed. Sometimes implementing a WFM solution reveal limitations or gaps in existing processes. The WFM tool is an application; not the full answer to one's problems. It can't do the planning on its own; the initial work still needs to be done: the better the input, the better the output. This, in turn, will successively reduce the amount of necessary fine-tuning.

- Getting a WFM solution up and running in no time is easy; optimizing the business processes with the tool is not. WFM isn't just about buying software; it is an operational philosophy about change and optimization. This is where the real value can be found. The road to success is rarely a straight line. Be realistic about the time required before reaping the full benefits and rewards of fine-tuning.

- In the early stages of implementing multi-channel interaction or multi-skill training, factor in extra time so that agents have time to adapt. Time per transaction and training session successively decreases as familiarity and know-how increases.

- A proper amount of continuous training is essential, as is reinforcement and testing of the training outcome at intervals. Workforce management systems are usually very feature-rich; it would be a shame if only a small percentage of what has been paid for is used - simply because training was broken off too early.

Summary

The importance of getting the right agent to respond satisfactory to a customer query cannot be underestimated. Seemingly simple at first glance, we've learned successfully initiating and going through the processes involved to achieve that target is far from easy and requires input from those who use the contact center.

We've looked more closely at each of the six vital processes that make up the WFM cycle - forecasting, staffing, scheduling, operations, performance analysis and reporting - and we've seen that going through those processes correctly, where everyone involved is pulling their weight and sharing input, the chances for WFM success are more than promising. With invaluable data provided as input in the cyclical process, WFM solutions offer an enormous opportunity to learn from past successes and failures, and continually improving in customer and staff satisfaction, as well as efficiency and profitability.

Do not be put off by the sheer magnitude of what these advanced solutions offer. For small and medium-sized organizations, there are smaller-scale, world-class, powerful solutions that are easy to learn and are easy to use. Whether on premise or cloud-based, a WFM solution scalable to your needs constitutes a considerable competitive advantage.

An ounce of prevention is worth more than a pound of cure. Anything worthwhile takes time and effort. Do your homework: put in the time and effort to research and introduce a WFM solution for your contact center today; you'll be reaping the benefits many times over tomorrow and for years to come.

TELEOPTI

Teleopti, a top, global provider of workforce management software, offers a world-class WFM solution that is sophisticated, localized and easy to use. As the largest "best-of-breed" vendor, Teleopti focuses on helping contact centers, back offices and retail stores improve customer service, employee satisfaction and profitability – through optimized, automated forecasting and scheduling.

Founded in 1992, Swedish-established Teleopti has customers in over 75 countries, numerous offices around the world – from Beijing to São Paolo – and a comprehensive global network of partners. With a record of continuous net profitability for over 20 years and with high customer satisfaction ratings, Teleopti serves as a reliable partner. Find out more: **www.teleopti.com**

WHITE PAPER | WHAT IS WFM | 10