The only constant is change, continuing change, inevitable change that is the dominant factor in society today. No sensible decision can be made any longer without taking into account not only the world as it is, but the world as it will be.”

— Isaac Asimov
Forecasting: shift from probabilities to possibilities

Change is a hallmark of contact center strategic planning (without this, strategic planning would be unnecessary). But the kind of change that the contact center industry has typically encountered has been that which is somewhat slow and predictable. Contact center forecasting has always been successful because performance drivers like contact volumes and agent attrition, and all the other performance drivers that influence our plans, were predictable.

The current business environment has flipped this notion on its head. The speed and extent of change for many industries has rendered the traditional statistical models and methodologies used for forecasting out of date. This is a statistician’s nightmare: forecasting methodologies don’t work, because history is no longer a guide. Forecasters have always been able to rely on historical seasonality and trends as a guidepost, but these aids no longer work. In this environment, one might be tempted to blame the forecasting analyst for their forecasting error and to declare strategic planning a thing of the past. After all, if you cannot forecast accurately, you cannot plan accurately. But the opposite is actually true. In the absence of a solid and believable forecast, strategic planning becomes both more difficult and a thousand times more important.

Why is this? It is because with unprecedented business change comes unprecedented business risk. With a robust, quick, and accurate planning process, business risk is quantifiable and the planning process can help alleviate operational and financial risk. This requires the contact center forecasting function to change its strategy. Instead of using forecasting technologies to determine the scenario most likely to occur, the forecasting technologies, along with some sound and experienced judgment, should be utilized to determine the ranges of possible scenarios, and their approximate likelihood. In the past, our focus has always been around a single volume forecast, but this is now no longer possible. We must plan for all contingencies, and make our resource decisions based upon the expected repercussions of each staffing scenario being considered.

The art of forecasting, in a business environment of significant change, is to enumerate the possible volume forecasts, the expected range of handle times, and those of each of the other performance drivers that can impact the competing resource plans. The obligation of the executive is to focus on the business risk associated with each decision and each forecast, and to determine the resource plan that is most aligned with their corporate objectives. How can we do this?

Managing uncertainty and determining business risk

When forecasts are fairly stable, the operational risk associated with an optimal, well-engineered strategic plan is the occurrence of some unforeseen event, typically of short duration. These take the shape of random system outages, unexpected contact demand, or external events that change the nature of a customer query. While stressful, these do not typically result in long-term damage to the operation or to the company’s financials. Certainly, poorly constructed strategic plans have significant risks associated with their own weak design.

In times of systematic change, however, the risk can be much more extreme. There are many stories about resource mistakes that lead to service failures that take months and months to correct, or decisions that result in huge costs with little company gain. During times of significant change, corporate strategy and the resulting executive queries are even more important. Strategic questions are not just about fixing performance today. Such questions involve evaluating and changing the direction of the company. During periods of instability, executives are often looking for those business strategies that will match the new expected industry standard — and try to determine when this new standard will occur. During uncertain times, strategy is what interests senior management.

So how do we determine the business risk associated with any given resource or operational strategy? The process is fairly simple, and is called “E-PROM,” aka Enterprise Performance-Risk Outcome Matrix. This type of analysis is enabled by the newer mathematical technologies available in today’s strategic planning systems, and the process is this:

1. For each forecast possibility, determine the optimal strategic plan (e.g., hiring and resource plans)
2. Evaluate the set of optimal plans against the set of forecast possibilities, for service expected, costs, etc.
3. Evaluate any middling “sub-optimal” strategic plans
4. Choose the best set of decisions based upon all appropriate measures of business risk

With modern strategic planning systems, this process should take very little time. Even so, this process is repeated whenever there is significant variance to plan and as the business environment evolves. This process of actively evaluating the business’s resource decisions as the business environment changes is essential to managing an operation in an environment such as those today.
The contact center industry has a long history of successfully quantifying and predicting change. Taming it, if you will. In past years, while specific industries found themselves undergoing unexpected and sudden transformations, the contact center industry has, as a rule, always been able to monitor, measure, and react to business change in a very analytically sound manner. Contact centers have done this through the contact volume forecasting and capacity planning exercise. Until now.

The industry’s more recent history has been one of change; of random, unpredictable changes in volumes and contact content. Numerous forecasters have been flummoxed — history is no longer a guide — and the standard planning approach is no longer keeping pace with today’s changing contact centers. Planning in this changing environment is more important than ever and planners need better, more innovative tools to work in this new environment.

The sections that follow discuss new methods and technologies for forecasting and planning in a time of significant business change and uncertainty.

**How the best companies plan**

Strategic planning has always been an exercise that has common cyclical steps: monitoring demand and performance, evaluating changes to forecasts, reforecasting volumes and other significant business drivers, developing new resource plans, executing the plan, and then monitoring all over again. The best companies have introduced new technologies to automate this planning exercise into a series of computerized data analysis and mathematical modeling steps. By leveraging these new systems and mechanics, the process — monitoring changes to business drivers, reforecasting those drivers, developing a new resource plan, and pricing out this new plan — is accomplished accurately in minutes, near real-time. The key features of these new strategic planning systems, for companies with advanced analytic capabilities, are this: the planning process is both fast and verifiably accurate. These improvements in strategic planning technologies have been accomplished through improvements in data storage, computer processing speeds, and new mathematical modeling technologies.

The traditional and now obsolete contact center strategic planning process was managed through simple equation-based spreadsheets, and enabled neither automation nor accuracy. These simple methodologies, while the only tool available just a decade ago, have now been rendered obsolete by the newer mathematical modeling technologies that are now common. The proof of this transition is in the success that the best companies have achieved.

What the state-of-the-art planning process enables is a nimble organization. The best companies are able to react to changes in their business environment very quickly, provide consistency of service, avoid service disruptions, and are able to determine the appropriate service versus cost conclusions in real-time. To these same points, many contact center decisions are strategic in nature, and almost all executive-level decisions are strategic. For instance, the “simple” decision to hire is both an immediate one and a strategic one. It is an immediate decision because a staffing need might be determined for the “here and now.” However, it is more of a strategic decision because new hiring affects operational and financial performance longer than the “here and now.” Further, the appropriate timeframe to analyze whether to hire or not is rarely over the short-term. Trade-offs associated with different staffing levels are best analyzed over the timeframes of a year or more. Resource decisions are strategic.

Many companies additionally use the planning process to develop a budget. This budget is managed through monthly budget meetings, which serve to report any negative variance to the fixed budget. It is a simple exercise in cost control. The best companies view planning differently. They view the strategic planning process as an exercise in dynamic decision-making. For these companies, variance is not seen as “forecasting error” or “budget variance,” but rather variance is recognized as a change to the baseline of their business drivers (each forecast becomes the new baseline). Variance to plan, for these companies, generates two activities: 1) exploration into the reasons for the variance, and 2) analysis around the possible courses of business reaction — their business decisions — with an eye toward managing the business risk associated with their decisions.

With this corporate mindset, the strategic planning process takes its appropriate role as both a driver and an enabler of the dynamic decision-making process. During times of significant change, it is a trap to have a staid, “in concrete” plan with which to measure performance. A fluid and flexible business is the result of a fast, accurate, and nimble planning process. The best companies view the strategic decision-making exercise as a trade-off on three dimensions:

- operational performance,
- financial costs and benefits,
- and business risk (examples follow).

Once again, the new modeling technologies enable an enumeration and analysis of a significant number of operational scenarios and alternative forecasts. Before these new mathematical models became feasible, the Erlang-based spreadsheet-based processes could make rough-cut analyses of only a few scenarios, but certainly not enough alternatives to allow the analyses of business risk. Business risk requires models to evaluate not just the weekly resource requirement given a forecast, but the service repercussions if the resource decision itself is wrong. Erlang and “workload” calculations fall apart when evaluating contact center performance that does not meet high standards, and spreadsheets are both clumsy and slow.
The requirement: quick and accurate evaluation of resource plans

The executive response to changes in their business environment is greatly aided by advanced analytics, which are core to the modern strategic planning system. In effect, these systems allow planning departments and operations officers to interactively test alternative plans and ideas real-time, while projecting plans and their resulting operational and financial performance on a screen. Gone is the morass of the budget planning spreadsheets and the months of budget season. The best companies develop their operational budgets monthly, through their straightforward and provably accurate strategic planning process. They can do this because the planning and scenario evaluation process is so easy. Yet surprisingly, numerous organizations still haven’t switched from their cumbersome and low-accuracy Erlang or equation-based spreadsheets. This is unfortunate. For those companies, the number of alternative resource decisions is limited by the slow speed and inaccuracy of their legacy planning technology.

It is said that during times of business change, those companies that are best prepared for change will be the companies that survive and thrive. Nimble companies will take market share from slow-moving companies. The best way to ensure that a company is agile is to develop processes that respond automatically to whatever business environment that is encountered. A robust planning process, where monitoring the contact center operation, developing new possible performance driver scenarios given variance to plan, analyzing the best resource responses incorporating operational risk, and deciding and executing on the best plan will pay incomparable dividends. Your company might exit these times of transformational change ready for whatever the future holds.

Take Action

Organizations are investing millions of dollars to improve the customer experience, particularly in the contact center. They’re offering special sales and servicing programs, providing multi-lingual agents, investing in new technologies, and presenting a wider diversity of products and solutions. At the same time, these servicing strategies are being tied to an unprecedented number of customer contact points, including inbound phone, outbound, email, web chat, and social media. Consistent customer service delivery therefore has become a challenge, as is planning for it.

Interaction Decisions™, from Interactive Intelligence, is an agent capacity planning and analysis platform for contact centers. This robust and flexible planning solution is based on analytic capability, and is designed to optimize resources and performance throughout any contact center operation. In making strategic planning easier, faster, and more accurate, the Interaction Decisions solution enables centers to get the right number of agents in the right place at the right time to deliver exceptional service.

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