



# white paper

## Workforce Optimization: The New Workforce Management

by William Durr, Jr.  
and Ofer Matan

INTRODUCTION	1
WORKFORCE MANAGEMENT	1
WORKFORCE OPTIMIZATION	2
INFORMATION TRACKING & PERFORMANCE EVALUATION	3
FORECASTING CONTACT DEMAND AND SKILL REQUIREMENTS	3
CLOSING SKILL-GAPS ("MIND THE GAP!")	4
SUMMARY	5
ABOUT BLUE PUMPKIN SOFTWARE	6

## INTRODUCTION

---

The contact center industry has used the term "Workforce Management" to describe systems that enable people to deal effectively with the complexities of demand forecasting and staff scheduling. While these systems can increase efficiency dramatically, they are only one part of a more comprehensive solution that increases the productivity and performance of your customer-facing employees. Other essential components include strategic planning, budgeting, performance evaluation, skill-gap analysis, recruiting, developmental and remedial training, and recognition and reward systems.

In this article we coin the term "Workforce Optimization" that describes the practice of leveraging the totality of these systems and practices to continuously align people, skills, and business goals. We describe the way the various components interact to ensure the readiness of your workforce to provide effective and efficient interactions that increase customer value and profitability.

## WORKFORCE MANAGEMENT

---

The function of a modern contact center can be described quite simply. Groups of agents serve different customer populations to meet their needs while attempting to achieve one or more of the following goals:

- Revenue
- Profit
- Customer satisfaction
- Service levels
- Quality of service (QoS)

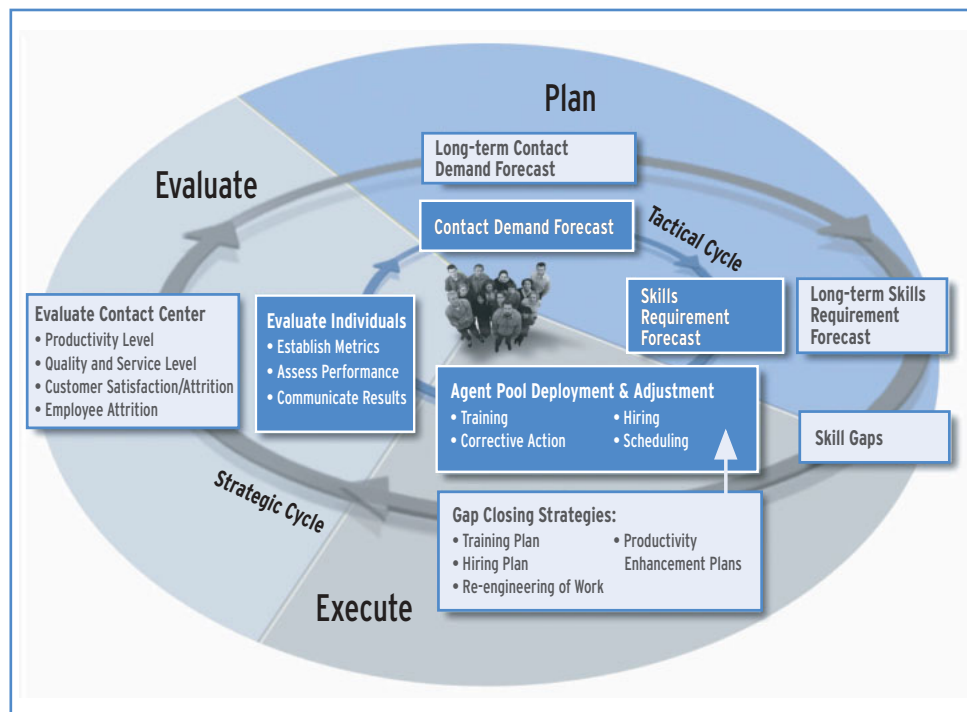
These goals together with the volume of various interaction types determine the makeup of the workforce, in particular, its size and required skill sets. Planning for and managing this workforce to meet corporate goals is not easy because the entire contact center environment is constantly in flux:

- Customers are in flux due to changing markets, competitive pricing pressures, and general economic conditions.
- The nature of the communication is changing due to new products and services, shifts in customer habits, and new contact media or channels, such as email.
- Lastly, the workforce itself changes. Employees leave, and the job market changes, affecting the labor pool. In addition, the skill requirements for the contact center change due to increased complexity of communication channels.

Workforce management processes in the contact center today tend to result in a relatively myopic view of the management task—i.e., it is limited to demand forecasting, staff scheduling, and tracking. Forecasting and scheduling systems will help ensure that the agent team you currently have is deployed as effectively as is possible. However, it will not ensure that you have the best team. You cannot achieve best-in-class performance by optimizing a mediocre team.

## WORKFORCE OPTIMIZATION

Looking at the variety of practices and systems in a modern contact center, we notice that many of them dramatically impact the issue of "workforce preparedness" and could also be considered workforce management tools. The most obvious candidates are quality monitoring, recruiting, and training. While each of these individual practices and systems lends itself to great savings and improvements in productivity, their full potential is unrealized unless used in conjunction with other systems and seen as part of a larger context. When these different practices work together in a synergistic way, the workforce is transformed into a mission-critical element of corporate strategy. We refer to this synergistic set of practices as "Workforce Optimization."



*The Workforce Optimization Cycle creates and monitors a match between customer demand and appropriately skilled employees. A good implementation of a Workforce Optimization strategy is dependent on many diverse contact center systems and practices.*

The following is a high level description of Workforce Optimization that ensures consistent long-term matching of resources with the company's business objectives:

- Long-term planning permits center management to forecast the volume and nature of transactions they will have to handle over the course of the year.
- Demand Forecasts coupled with corporate goals determine the size and the mixture of the various agent skill sets that will be required to meet expected customer demand and quality of service requirements.
- Comparisons can be made between the skill inventory of the existing agent popula-

tion and the implied makeup of the required future population. We term the difference the skill-gap.

- Actions designed to close group and individual skill-gaps are the key to increasing the productivity and success of your workforce in achieving its goal.
- The ability to assess the current skill inventory and decide on corrective actions depends on performance evaluation of individuals as well as organizations.

In the remainder of this paper we focus on some key points of the Workforce Optimization Cycle and some of the relationships between strategic and tactical best practices.

## INFORMATION TRACKING & PERFORMANCE EVALUATION

---

Evaluation is the last step in our Workforce Optimization figure, since we need to generate data before we can analyze it. But evaluation needs to be the very first thing to consider. The reason is that information fuels both strategic and tactical workforce optimization. The contact center is an incredibly data-rich environment but often information is not easily interpreted by nor accessible to people who need it.

The information needed are well-defined performance metrics that can be tracked and made accessible to people responsible for delivering service. Centralized performance information need to be automatically collated and mined from the transactions between employees and customers in CRM databases, voice logs, customer satisfaction surveys, transaction logs from ACD, CTI and e-mail routing systems, and the extensive HR database systems.

All levels of an organization will benefit from access to this performance information. A well-designed system is one that is fully inclusive. Participation can range from the individual employee, through first-line management, middle management, and upwards to executives.

An individual at any level can review his or her objective performance criteria every day, providing opportunities for behavior adjustment in Real-Time. For example, agents need to understand how they are performing with respect to their individual goals and in comparison to their peers. Since businesses must adjust at a faster pace than ever before, annual or even semi-annual performance reviews have become inadequate. Given timely performance feedback, many employees are able to modify their behaviors based on their own efforts. In effect, constant feedback enables some agents to self-coach themselves to better performance.

Performance evaluation is also key to identifying which agents seem to be struggling with their responsibilities. Armed with productivity and quality reports, supervisors and coaches may work with the agent teams to help improve their skills.

Middle and executive management would also benefit from continual feedback as a tool to manage their respective organizations and direct reports. These managers will likely be paying attention to metrics appropriate to their role and scope of responsibility, such as costs, revenues, customer satisfaction, or other broad measures of efficiency and effectiveness. Their personalized set of feedback will indicate if the organization is aligned with and achieving the company's strategic objectives. Just as in the agents' and supervisors' case, timely feedback is critical for adjusting organizational behavior.

## FORECASTING CONTACT DEMAND AND SKILL REQUIREMENTS

---

While many contact centers forecast demand with great success, they are often unable to meet that demand with the appropriate headcount. We attribute this to the fact that long-term budgetary and headcount planning is not executed with appropriate depth.

The best practice requires much of the planning depicted in the strategic cycle to be done before a budget and headcount can be set. The key to Workforce Optimization is the consistent drive to meet skill-gaps by evolving the workforce through different strategies, which require adequate budgeting. Taking into account individual performance metrics with compensation, developmental and remedial training costs gives insight into the true costs of the existing staff. Armed with a better understanding of existing costs, management can begin to make determinations regarding costs associated with securing new talent for the agent pool.

Translating the customer demand forecast into a skill requirement forecast requires clear quality of service (QoS) goals. This means much more than the knee-jerk "We want to answer 90% in 20 seconds" target. Beyond service level metrics, the QoS goals need to include specific quality and value metrics that will translate into particular skills and skill levels. Such metrics could include percent of first call resolutions, number of customer defection turn-arounds and cross sells, or even a courtesy assessment. All these help determine skill and productivity requirements that will later drive hiring/training and compensation strategies. The QoS metrics are also an essential part of the performance evaluation, which determines if the execution phase is working according to plan.

One area that is often not taken into consideration in either long-term or short-term planning is appropriate overhead. Typically, it is necessary to staff between 20 to 40 percent more work hours than the contact demand strictly requires. This is due to obvious overhead such as sickness, vacation, absenteeism, and training. Training, in particular, is frequently ignored in long-term planning and either is done ad hoc or not at all. This approach is short-term oriented—you may have the correct headcount and may be answering the phone within 20 seconds, but the quality of the interaction is poor or you lose agents due to stress.

## CLOSING SKILL-GAPS ("MIND THE GAP!")

---

Skill-gaps fluctuate over time and are a natural course of doing business. They change with the changes in customer demand, corporate needs, employee stagnation or attrition, and structural productivity issues. Addressing skill-gaps over time is the key to optimizing the workforce to deliver the best customer relationship value. Skill-gaps may be:

- **Strategic** ("We will start selling a product aimed at Senior citizens next year. We will need people with additional expertise that we don't currently have.")
- **Tactical** ("We are missing Vietnamese speakers for the swing shift in May")
- **Personal** ("Joe needs training in objection handling")
- **General** ("Agent knowledge of product X is weak").

Analyzing the skill-gaps and developing plans to close them is one of the most interesting and challenging aspects of managing a contact center (or any business for that matter). We touch on only a few gap-closing components:

**Training:** Having developed better individual performance evaluation metrics, management is able to identify individual skill-gaps. Since training costs are high and training time always scarce, workforce optimization also encompasses developmental and remedial training practices. Computer-based education delivered to the desktop (and scheduled at most appropriate times) through ubiquitous Web browsers is rapidly supplanting traditional classroom education by virtue of its reduced expense, individual audit trails, and accommodation of differing learning rates and styles.

**Recruiting:** Having a clear picture of current agent performance and a better understanding of future agent pool requirements confers a special insight on contact center management teams. This kind of insight permits the recruiting process to be more effective. Instead of informing human resources that additional agents are needed, center managers can literally specify what skill set is required for which hours of the day and week. Clearly, there is much greater efficiency associated with a specific recruitment request rather than a generalized one. This goes a long way in avoiding the high cost of recruiting and training new agents only to lose them in a matter of months from unrealized expectations on both sides.

**Scheduling:** Pseudo-schedules can be created for future periods in which the existing staff is matched with the future transaction demand. Gaps in skill-set as well as shift coverage can be identified with much better precision than previously possible. This relates to both allocation of training during down time and the identification of the target skills to cross-train. Total reengineering of shifts can also allay some skill-gap problems.

**Recognition and Reward:** Skill-gaps can be reduced by increased productivity (this is not necessarily number of contacts handled but other QoS metrics that were discussed earlier). There is evidence that productivity can be increased by well-designed compensation packages that motivate and reward agents.

## SUMMARY

---

Workforce Optimization, as we have defined it, is an iterative process combining well-understood short-term tasks with a number of lesser-understood, long-term processes. The full potential of customer relationship management initiatives can never be realized without creating a contact center environment where continuous attention is given to closing group and individual skill-gaps. When all existing disparate processes are brought together with appropriate software tools and management best practices, a much higher level of performance is possible.

This approach to management leads to an optimized workforce to handle customer demand. This in turn, creates improved service levels, interaction quality, customer satisfaction, loyalty, and enterprise profitability.

The engagement begins with a Blue Pumpkin Performance Management Audit. This is a three-week process in which the Blue Pumpkin Solutions Group works with the company's management team to thoroughly inventory and evaluate the existing measurement and feedback processes, and to develop a plan to optimize them.

### **About the Authors**

Bill Durr is Chief Evangelist at Blue Pumpkin. He is an industry veteran and is the author of two books on contact center technology and management: "Building a World-Class Inbound Call Center" and "Navigating the Customer Contact Center in the 21st Century".

Dr. Ofer Matan is a cofounder of Blue Pumpkin. He received his Ph.D. in Computer Science from Stanford University and his expertise is in the area of statistical modeling, optimization, and machine learning techniques.

A version of this article first appeared in *Customer Interaction Solutions* magazine, November 2001.

We would like to thank Kris Bazán, Tiffany Riley, Joanne Ehrich, and Serdar Uckun for their help in the preparation of this article.

### **ABOUT BLUE PUMPKIN**

---

Blue Pumpkin offers leading workforce optimization solutions that help businesses align their people, skills, and performance with company goals. Our enterprise applications and services enable you to achieve your corporate objectives of increased customer service, enhanced productivity, improved employee satisfaction, and higher profitability. Blue Pumpkin solutions are used by over 1,000 organizations worldwide, including many Global 2000 corporations.

