



# Software - Strategy = Stranded Savings

## Making Best Practices Your Core Practice

**W**hether your business challenges are to improve employee morale, lower labor costs, increase revenue, reduce turnover, or better forecast call volume, a satisfied customer is probably still your number one focus. Scheduling systems should help you meet your customer service goals, but if employee morale is low or labor costs are high, chances are your scheduling system is poorly designed. Most managers mistakenly believe that automating their existing scheduling process with software is all they need to do for optimal business results.

However, the best results are only achieved when automation is supported by careful and deliberate analysis and the right labor strategies. Because labor scheduling software is designed to automate existing scheduling systems, if the original system is poorly designed, the automation will produce poor results, just faster.

### **Software alone is not the answer to efficient schedules**

A few years ago, a North American contact center with over 1,200 agents purchased scheduling software to fix its

labor problems. Soon after automation, both management and employees became frustrated with the results. Many of the employees still had horrible schedules, including inconsistent days off, fluctuating start times, afternoon and night shifts scheduled in the same week, significant unplanned overtime, and other last-minute changes to their schedules. Although the software was working as designed, the original scheduling inputs and assumptions were never changed. To make a clean break from past practices, leadership



realized they had to start from scratch and not limit themselves to any one area of labor management. Core Practice Partners rebuilt their scheduling system from the ground up, including changes in: work rules, pay policies, shift lengths, work patterns, overtime allowances, health and safety guidelines, and consideration of work / life balance. As a result, schedules were more predictable, employee morale improved, turnover was reduced by 25% and schedules were healthier and safer. Management was also able to save more than \$9,000,000 in labor costs each year by making business considerations an integral part of building the right scheduling system. A sample list of typical opportunities is shown in **figure #1**.

The right scheduling system will meet your business goals, but do you have the right goals? The

## Making Best Practices Your Core Practice

### Figure #1

#### Sample Opportunities

- Hard To Retain Good Employees
- Work / Life Balance
- Fluctuating Workload
- Employee / Management Strife
- Uneven Skills Across Shifts
- Idle Labor Time
- Poor Communication
- High Overtime
- High Unplanned Absenteeism

service level goal of handling 80 percent of calls in 20 seconds is mistakenly assumed to be the industry standard. Managers do not realize that Bell Labs established this service level a long time ago as a good measure for hold times in their call centers when a call from a payphone cost a dime. Today's contact centers have all types of customers, each with a different set of expectations. Some customers hang up immediately when placed on hold, while others seem to wait patiently forever. Business decisions also affect caller hold time. Customers that generate substantial revenue will have their calls answered quickly, while other callers that generate less value may have to wait. Staffing for the wrong service level will either under-serve the customer, resulting in lost business, or will result in over-servicing, which is very expensive.

### **Do your service level goals support your operations and labor strategy?**

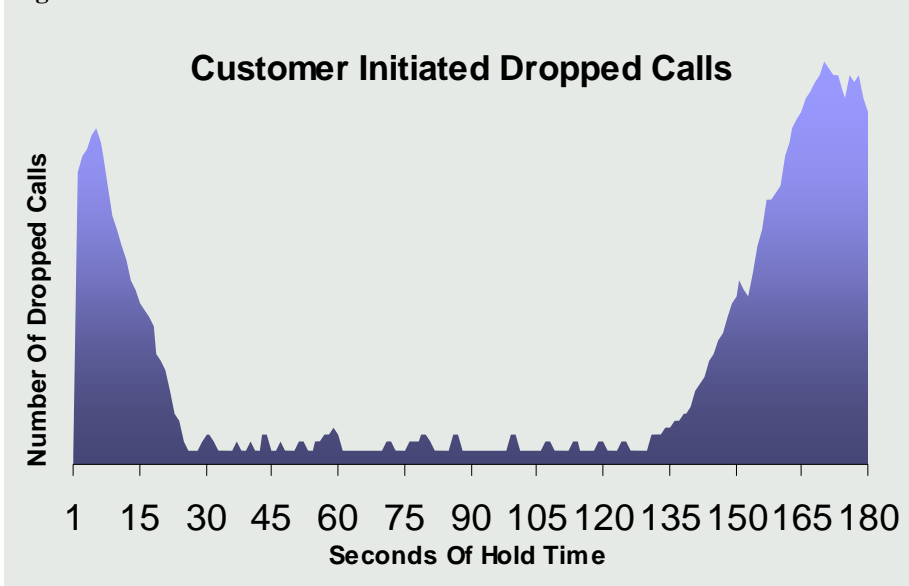
Recently, the contact center director for a major internet provider happily stated that his customer service goal of 90 percent of calls to be answered in 15 seconds was set above the industry standard. When asked what the industry standard was, he said "80/20, of course". Since there is no industry standard I became curious with how he arrived at his service level goal, so I asked. He confidently answered that he wanted to provide better customer service than his competition. Several red flags went up in my mind but my primary concern was that his answer was not based on data analysis, but gut feeling, resulting in the wrong service level for his customers. The right service level should be based on historical data, specifically focusing on demonstrated customer behavior and expectation. After analyzing the right data, you should expect the right service level goal to look non-traditional, such as 87/100 or 76/14. Usually, traditional looking service level goals are derived from gut feelings and are not data driven. With our help, the contact center manager implemented the right service level goal to support his customer expectations. **With typical savings between 11% and 17% of labor costs in addition to profit making opportunities that can total in the millions of dollars, you**

### **cannot afford to pick a service level arbitrarily.**

Several years ago, customer behavioral data was analyzed for an airline in North America. Information logged into the database revealed a pattern common for a contact center. The number of customer-initiated dropped calls peaked twice, once within the first 5 seconds of hold time and a second peak after 170 seconds of hold time, as shown on the next page in **figure #2**. This graph is nicknamed "The Bathtub Curve" for its similar shape to the household bathtub. Regardless of the type of customer support, this curve will always stay the same. Only the size of the peaks and the distance between the two peaks will change with various marketing initiatives, such as: special promotions, last minute sales, etc. You can use this information to calculate precisely forecasted lost call numbers for each second you allow customers to be on hold. You can also use this information to determine the cost of capturing potential lost calls. Core Practice Partners helped the contact center manager use the bathtub curve analysis to select the right service level goal for the business. As a result, labor costs were reduced by 8% through this initiative alone. Other changes to the operations and labor strategy resulted in over 1 million dollars of additional savings and the contact center was able to better

## Making Best Practices Your Core Practice

Figure #2



support the company's overall business strategy.

### Conclusion

As you review opportunities to solve problems in your own contact center, start by setting the service level goal strategically, based on demonstrated behavior which supports customer expectations. Review your options before making multiple labor schedule changes. Understand that even small schedule changes can be emotionally disruptive to employees. Employee buy-in is critical for long-term success, and with employees, you only get one real shot at transitioning successfully to the right operations and labor deployment system, before employees lose confidence in leadership. With millions of dollars on the line, you cannot afford to make a change without a well thought out plan. While the right system can save you millions of dollars

year after year, implementing the wrong system can cost you even more money than you are spending today.

Core Practice Partners has more than 25 years of experience helping companies just like yours. Implemented cost savings typically range between 11% and 17% of current labor costs. Additionally, profit making opportunities can be much larger. Our proven methodology starts with a detailed review of your operations and labor system, including a thorough HR policy review. We gain employee buy-in throughout the process by communicating the right information at the right times. We also build in several opportunities for all employees to participate in the change process, creating an open and honest environment. Using our extensive database of shift workers survey responses we can

pinpoint the issues that are truly important to your employees. In addition to our focus on business savings and employee buy-in, we use our expertise in health and safety to design the right schedule. We develop a detailed plan to ensure all members of the leadership team, including the HR team, understand the change and are able to communicate the details effectively. In the final step, we meet personally with employees to discuss all facets of individual new work schedules to facilitate the transition from old to new.

**Core Practice Partners LLC** is the world's leader in Operation and Labor strategy, specializing in shift work and scheduling. If your organization operates outside the 9-5, Monday through Friday work week, contact John Frehse, Chief Strategist and Executive Coach in Labor Strategy at: [JFrehse@Corepractice.com](mailto:JFrehse@Corepractice.com) or call 1-212-534-0539

### Executive Workshop

You can also learn about our free half day executive workshop on our website at: [www.CorePractice.com/workshop.html](http://www.CorePractice.com/workshop.html)