Workforce Management Software Brings Rapid ROI

Gone are the days when technology is being implemented for technology's sake. These days, management correctly insists on reviewing the financial implications of any proposed software deployment. As well as the actual cost of the software itself, they want to know how long it takes to deploy, how much it will cost to maintain, and most importantly, how will that software impact the bottom line. This is best measured in terms of return on investment (ROI).

In this paper, we take a close look at these issues as they apply to workforce management software. This document covers the main issues to look for, the hidden costs that must be considered, and the primary factors to consider in any ROI calculation. In addition, we include direct financial feedback from several companies, large and small, that have recently implemented workforce management (WFM) products.

How Much Is Lack of Workforce Management Costing You?

With only a handful of agents, it is possible to get away with manual processes for forecasting and scheduling. Typically, this means using spreadsheets and word processors to attempt to jungle the multitude of factors involved in agents management. In many cases, this degenerates quickly into making decisions on staffing levels and agent schedules with blindfolds on. Typically, forecasts are too high or too low – when understaffed, it means failing to meet service level agreements and angry customers; when overstaffed, profitability is reduced. Even in call centers with as few as 20 agents, it can cost you a fortune if you don't have WFM software in place.

Take the case of On Net Communications, a busy call center outsourcer located in the northeast of England. The workload is currently split 60% outbound and 40% inbound among 20 agents – nine full-time staff and 11 part timers. Until a few months ago, On Net utilized Excel spreadsheets to manage its internal operations. This involved repeated data entry and absorbed staff time. Further, human error became a fact of life due to the amount of manual keying and re-keying of information, schedules and campaign information.

"Administrative staff had to manually keep track of agent activity, campaign planning and calls volume trends," said Maureen Stanton, managing director of On Net. "This was time consuming and inefficient – amounting to twenty or more hours every week."

But the pay rate per hour for those twenty hours is only the beginning of the losses associated with a failure to implement WFM. Instead of having the time to walk the floor ensuring agents are engaged in productive activities, managers were tied up in administration. At On Net, this was having a staggering effect on profitability. But it took the implementation of Left Bank Solutions' Monet Workforce Management System before management realized the impact.

"The great thing about Monet is that it is an affordable way for us to offer services that rival those of the largest contact centers," said Stanton. "Workforce optimization reduced our center costs in a matter of days and you can simply use the system to produce center budgets by running a costing of all forecasted agent shifts and agent schedules. This has increased our profitability by 20% since the turn of the year."

While small contact centers have realized a significant ROI from the implementation of WFM, in larger contact centers the gains are even greater. At Alert Communications of South Pasadena, California, for example, its 500-plus seats deal with an average of 65,000 calls per month. This figure rises to over 100,000 per month during the holiday season. With such a high call volume to address and a wide range of demanding clients to satisfy, forecasting has become a vital aspect of Alert's operations.

"It is vital for us to maintain an optimal workforce so we can fully service the many clients that look to us to address their outsourcing needs," said Steve Covarrubias, a staff analyst at Alert Communications. "Failure to effectively schedule our workforce would dramatically reduce the level of service we can provide."

Alert found it a constant challenge to accurately predict call volumes or agent requirements. As a result, it struggled to balance the estimation of adequate staffing levels with profitability.

"Labor costs accounted for as much as 60 percent of our revenue," said Steve Covarrubias, a staff analyst at Alert Communications.

When the company implemented WFM software, labor costs dropped to only 40% of the total. That equated to over $11,500 per month in reduced payroll.

How Much Does Workforce Management Cost to Implement?
Until recently, WFM packages cost $100,000 plus for small contact centers and anywhere from several hundred thousand to one million dollars for large organizations. Recently, though, the price has been dropping as innovative vendors have begun to offer feature-rich packages at an affordable price. Many vendors are now gearing up to offer products below the six-figure price zone – and in some cases, below $20,000.

Here are a few examples:

One recent vendor survey was done by a journalist at a call center show in September 2004 and published in Connections Magazine. It focuses on small contact center pricing. One well-known vendor has a workforce management application available for about $50,000 for 100 seats. Other vendors offer 50 seats for anywhere from $30,000 to $75,000. By far the most cost effective proved to be Left Bank Solutions. It offers the Monet Workforce Management System for less than $20,000.

Orange County's Credit Union (OCCU), for example, purchased the product for $17,000 dollars. OCCU is a not-for-profit community-chartered credit union exceeding $763 million in assets, and more than 81,000 members. The inbound call center handles over thirty thousand calls each month. 21 full-time employees (FTE) and 20 part timers work a variety of schedules. Managing agent scheduling via spreadsheets, however, proved to be cumbersome and inefficient. The credit union frequently misestimated staffing levels: understaffing meant failing to meet service level agreements; and overstaffing caused costs to soar. OCCU realized it needed to eliminate manual forecasting and scheduling from call center operations.

“We expect to save, at a minimum, the equivalent of one FTE, or $25,000 within the first year after implementing Monet,” said Randy Stolp of OCCU. “Monet has eliminated the guesswork from our profitability analyses and scheduling, and can help us improve our service levels by at least 5 percent. Although our software cost a fraction of the bigger call center packages, it has every key feature that the large packages offer.”

What Hidden Costs Have to be Considered?

Over the past few months, some vendors have attempted to reduce their prices by slimming down their offerings. Therefore, anyone considering a WFM purchase should ask searching questions about what they are really buying. Here are some important factors to take into account:

- Don’t buy a “lite” product i.e. one the vendor has trimmed down to try to make the price more attractive in the market. This is easy to ascertain by visiting the website. If it offers a full-featured version as well, that is the one your call center needs.
- Find out which additional modules you may have to purchase which are not included in the price quoted. The vendor mentioned above pricing its software at $30,000 for 50 seats, for instance, demands more pay for additional modules for vital features as adherence, Web-based portals, multi-media blending and its vacation planner. Other vendors also offer additional modules at a higher fee for functions such as real time adherence and agent browsers.
- Verify that the price quoted includes everything you need. Ask specifically about ACD connection, agents browsers, real time adherence, installation and at least one year’s maintenance.

While some vendor charge more for maintenance, additional modules and ACD connection, these are all included in the price of Monet. Further, it scales up to several hundred seats, at an additional cost of $150 - $200 per seat.

According to OCCU's Stolp, that translated to a total of $17,000 dollars. That figure included the call center suite, a customized version to manage scheduling and forecasting in OCCU's seven branches, all the custom coding, installation and one year's maintenance. Next year, the cost will be $2200 for maintenance, he says.

How Long a Payback Period is Typical with WFM?

The payback period on WFM varies based on the capabilities of the software and the price charged by the vendor. Fortunately, there are software packages available that offer the features of expensive and feature-rich WFM products at a very affordable price.

Alert, for example, implemented Monet. This brought about more accurate call volume forecasts, optimization of staffing levels and scheduling of agents, as well as a labor cost reduction.

"Since adopting Monet, we have been able to 'bridge the gap' by being able to output no-nonsense, highly accurate information that all aspects of our call center operations can use to make better, sound decisions," said Covarrubias.

He gives a specific example of how the change to Monet has made an immediate impact on efficiency and productivity. In the past when the company estimated labor costs, it would take several weeks before management could determine if the right decision had been made i.e. it could view its labor costs in terms of their overall percentage of revenues to see if the schedules and staffing levels implemented were correct or incorrect.

Through utilization of the 'what-if' scenarios built into Monet, Alert Communications can now rapidly model a series of potential changes to measure their project outcome on revenue and service levels. The results have been spectacular.

Whereas labor costs used to account for as much as 60 percent of revenue, the percentage has been reduced to 40 percent by implementing Monet. According to Covarrubias, this equates to monthly savings of over $11,500 and a payback period of only 7 weeks.

"Since we adopted Monet for forecasting and scheduling, we've been able to reduce this percentage to as little as 40 percent of our revenue totals," said Steve Covarrubias, a staff analyst at Alert Communications. "This represents monthly savings of over $11,500. As a result, the software paid for itself within 7 weeks."

OCCU experienced similar results. By implementing workforce optimization software in its call center, OCCU has significantly increased the efficiency level of its call center. Based on a projected improvement of no less than 5 percent it expects to achieve a return on investment within less than a year.

"We have saved, at a minimum, the equivalent of one FTE, or $25,000 to date," said Stolp. "Workforce optimization has eliminated the guesswork from our profitability analyses and scheduling, while helping us improve our service levels by at least 5 percent."

What Other ROI Factors Should be Considered?

As well as reduced labor costs and improved profitability, there are other factors to be taken into account in the ROI equation. By having access to a wide array of forecasting capabilities, it is possible to maintain unrelenting accuracy when forecasting call volumes. As a result, organizations can optimize the staffing and scheduling of their agents.

At OCCU, for instance, the organization forecasts, modifies and monitors agent occupancy rates by displaying that data next to the current call history and service level objectives. This allows the call center to be more flexible when it comes to the agent scheduling and adherence process. Call center managers can determine the exact cost of existing schedules as well as planned schedule changes. Stolp explains that he can use the software to determine the consequences of various scenarios and forecasts.

"Monet helps us decide if we have set the right goals and if we need to make staffing adjustments," said Stolp. "I can use it to jockey factors such as improved service levels and reduced customer wait time against the cost to provide it. This has enabled us to find the right balance of efficiency and profitability without having to hire people on the hope that it will work out to be cost effective. I know in real time what every change in schedule will cost."

One of the early benefits brought about a change in policy at OCCU. A forecast showed that experienced agents worked the early shift while peak traffic came later in the day. To fill the gap, the credit union previously employed less-experienced part timers for the later slots. Result: call times were much longer at night i.e. the part-timers were not dealing with customer calls as efficiently as their full-time counterparts.

Further, full-timers working the late shift were shown preference for any positions that became available in the early shift. Thus the company was continually losing veteran performers from the late shift. Through accurate forecasting, management realized that it had to change this practice and keep its more experienced agents working later hours.

"We noticed that handle times at night went up dramatically as the part timers would have to put people on hold to work out what to do," said Stolp. "Essentially, we were cutting our own throats by putting new people on at night."

Another benefit of WFM comes when a call center is trying to plan and manage multiple campaigns at once. Typically, such planning is done on a haphazard basis. It is mainly driven by rough estimates and guesswork.

As an outsourcer, On Net recognized the need for a program to help plan and monitor numerous campaigns at the same time. It selected Monet to resolve this issue.

"In terms of administration, we have reduced hours spent on campaigns by 75% slim-lining from 20 hours per week down to 5," said Stanton. "Monet has also dramatically eliminated the chances of human error and inaccuracies we suffered before."

Ensuring Call Center Profitability

Call center profitability hinges on making agents as productive as possible. It is all about having enough agents for peak periods and avoiding long periods where agents sit idle. You have to achieve the right balance so that call wait times are low while agent productivity is kept at a maximum.

Traditionally, call centers have used spreadsheets for this function. But this approach is guesswork at best, based upon the experience of the call center manager. Under those circumstances it is not uncommon for the call center to be caught flat-footed by demand spikes or to have agents loafing around for hours with nothing to do.

Enter the Monet Workforce Management System by Left Bank Solutions. Monet offers accurate forecasting and optimization of agent schedules. It eliminates the many hours consumed in manual scheduling by automating the entire scheduling process. At the same time, it greatly increases the precision of forecasting so that schedules can be adjusted as often as needed to satisfy demand.

Monet was developed with two key goals in mind:

- To offer all the features, bells and whistles of large, expensive workforce management products. The latest version, for example includes: Monet AnyWhere, a Web-based workforce management interface that provides agents and supervisors convenient, easy access to scheduling, tracking and exception planning management functions; skill-based scheduling and routing; and the ability to set individual service levels to each call type
- To make it available at a price that is affordable by small and mid-sized contact centers. Thus Monet can be implemented profitably in centers with only a handful of agents. Yet at the same time, it has successfully been implemented in sites with over 1000 seats.

In conclusion, Monet enables the contact center manager to take charge of the agent scheduling and forecasting functions. This integrated workforce optimization system reduces contact center costs while allowing for immediate and measurable gains in customer service levels.

About Left Bank Solutions

Left Bank Solutions™ is a global provider of workforce optimization solutions for small and medium sized contact centers. Left Bank Solutions enables businesses to leverage their workforce investments by providing efficient deployment of critical resources and effective management of personnel. Results include significant increases in customer service levels and business profitability.

The integrated workforce optimization solutions offered by Left Bank Solutions provide customers with powerful workforce optimization systems that allow for immediate, measurable, gains in customer service levels and reduction of contact center costs.

For more information about Left Bank Solutions and its products, please visit http://www.leftbanksolutions.com or call +1 (310) 207-6800.