Proven WFM Strategies To Reduce Costs and Improve Morale

Proven Case Studies

16 July, 2009

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4 Key Components

So, What's Your Problem?

- ✓ "We are consolidating sites"
- ✓ "We are moving to a smaller site and the workload is staying the same"
- ✓ "We need better customer service than the competition"
- ✓ This facility needs to improve asset utilization to lower costs"
- ✓ "We can't find employee talent fast enough"
- ✓ "We need to improve our margins"
- ✓ "Our capital budget won't fund our need to expand"
- ✓ "We are out of capacity"
- ✓ "Our competition has better productivity than we do"
- ✓ "We can't balance our workload to workforce"
- ✓ "We will have less space, the workload is going up, the funding stays the same"
- ✓ "We have found significant savings, but we aren't sure how to implement our plan"

Hidden Costs of Current Scheduling

- High overtime
- The wrong service level (80/20)
- Inability to staff efficiently for seasonal, monthly, weekly or daily demand
- No full time/part time/temporary employee strategy
- Uneven skills across shifts
- Idle labor time (overall or pockets)
- Hard to recruit and retain good employees
- Outdated HR policies
- Past changes have not achieved long term results
- Inbound/Outbound blending opportunity
- Not maximizing current capital
- Inefficient and/or numerous startups and shutdowns
- Poor forecasting tools
- Not meeting productivity potential/goals
- High level of unplanned absences
- Continued/Increasing health and safety problems
- Hourly employees have morale issues
- Us vs. Them employee/management mindset
- Problems communicating to evening and night shifts
- Inefficient vacation, lunch or break staffing
- Green Room time underutilized – shift change inefficiencies

What is a Schedule?

FORGET ABOUT SHIFT LENGTHS AND START WITH BUSINESS DRIVERS!!

A customer demand driven system for utilizing people and capital equipment, incorporating employee preferences, optimal HR policies, and high levels of flexibility to provide a low cost solution.

Correct Policies are Critical to Success

Shift Change Strategies	$	201,000
Relief Staffing	$	104,000
Absenteeism Policies	$	292,000
Incentive Strategies	$	462,000
Holiday Shutdowns	$	215,000
Quality Incentives	$	126,000
Off Shift Retention Plan	$	147,000
Pay Differential	$	234,000
“44th Hour”	$	615,000
Break and Lunch Costs	$	725,000
TOTAL	$	3,121,000


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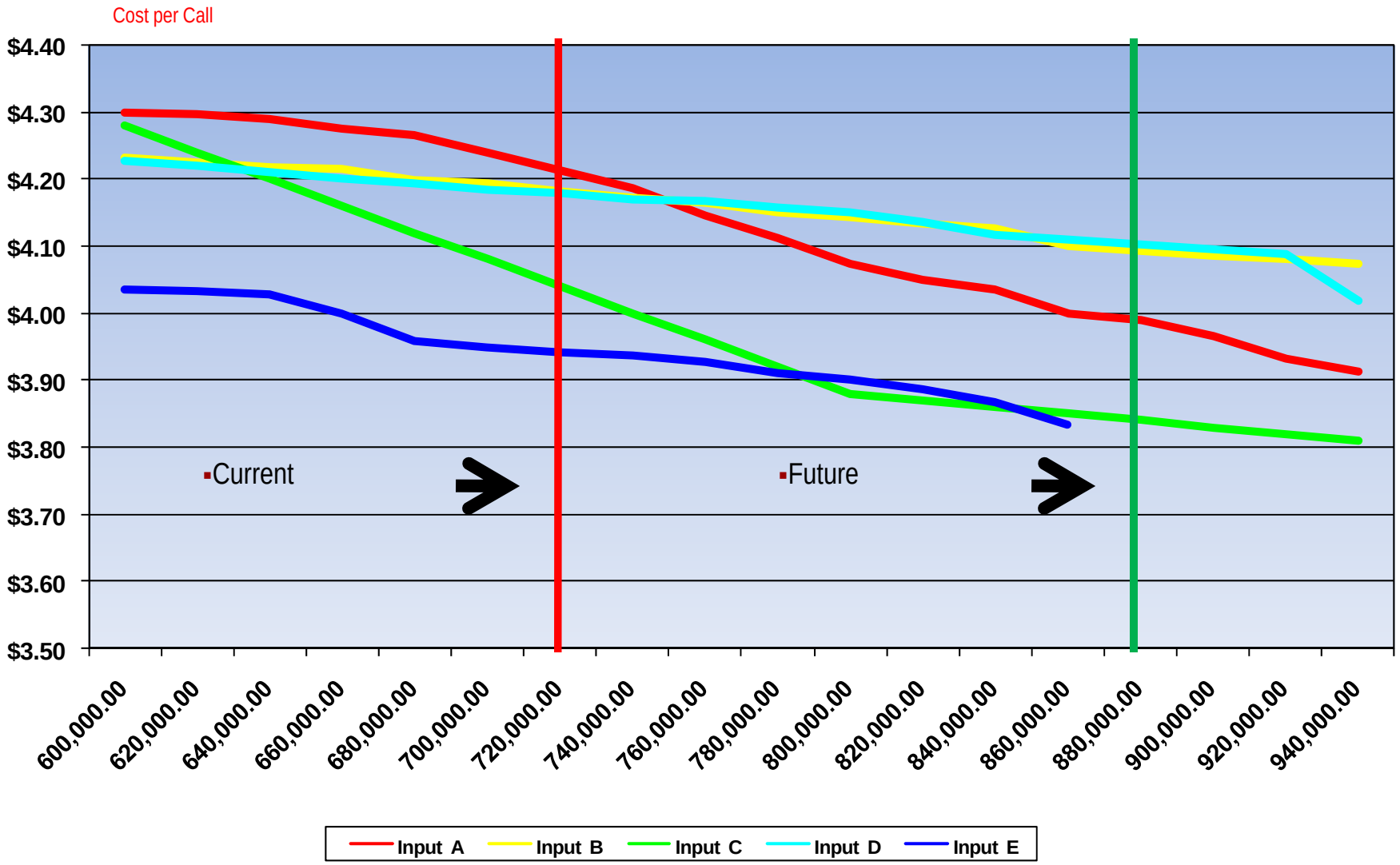
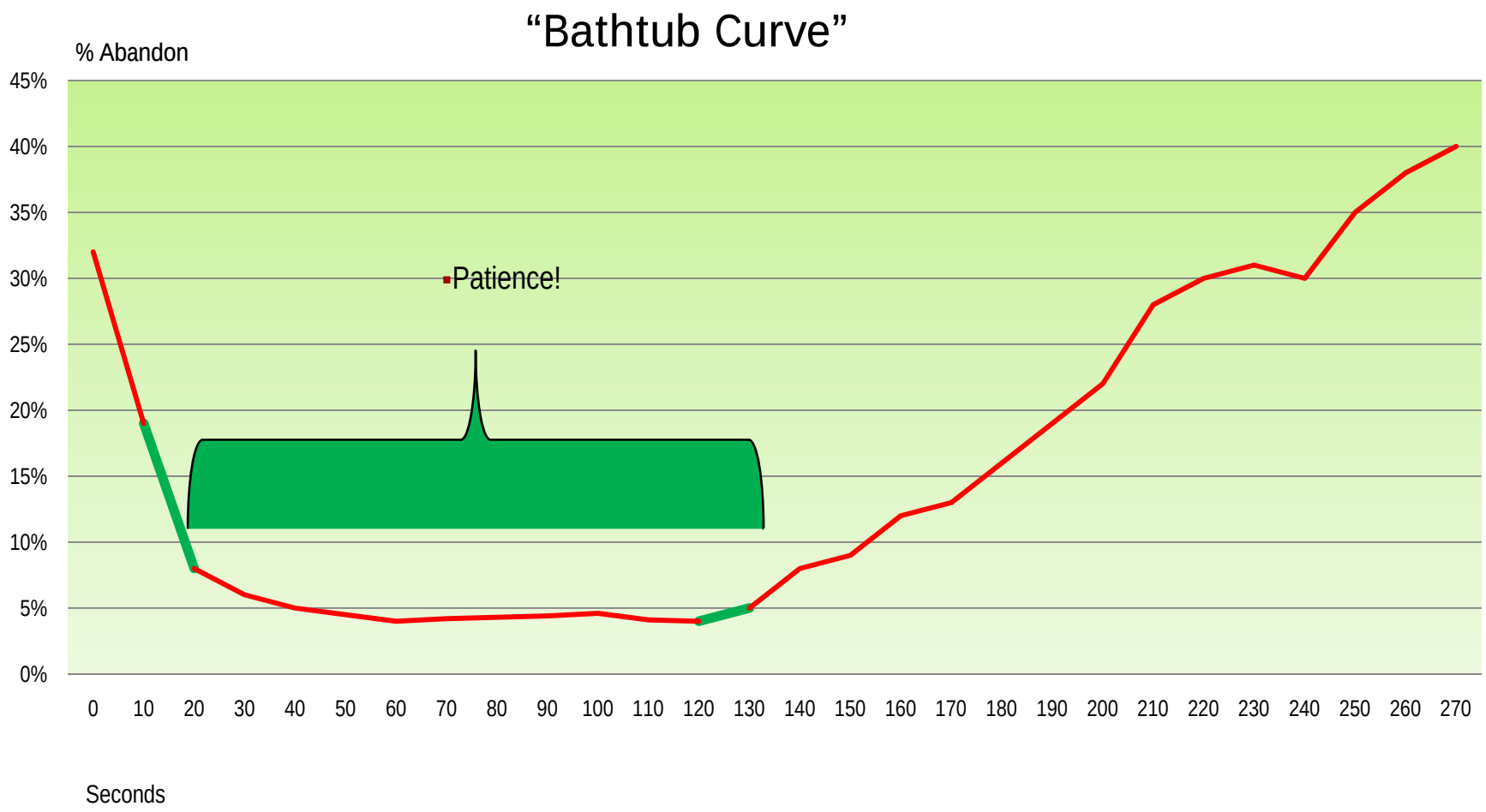
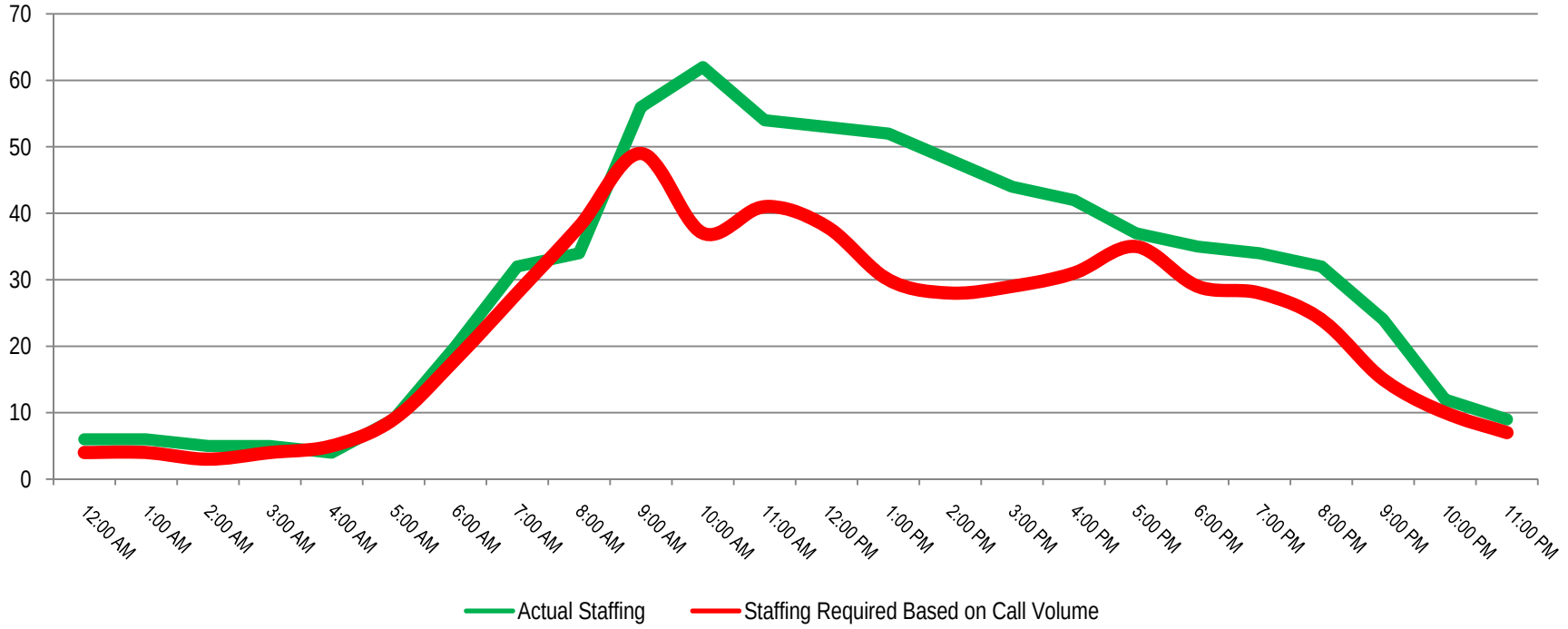
Finding The Long Term Low Cost Option



Customer Behavior and Expectation



Contact Centers Staffing with Traditional 8 Hour Shifts



Scheduling Details

175 full-time agents, 0 part-time, 0 split shifts

Start times every 30 minutes

8 hour shift length

All schedules are 5 days on, 2 days off

Mismatch: $342,000

What is your TLC (True Labor Cost)?

Average Wage = $12.00

Burden = 30%

Pay Ratio = 10%

Cost of Straight Time = $12.00 X 1.30 X 1.10 = $17.16

Cost of Overtime = $12.00 X 1.5 X 1.0765 = $19.38

Adverse Cost of Straight Time = $17.16 - $17.16 = $0

Adverse Cost of Idle Time = $17.16

Adverse Cost of Overtime = $19.38 - $17.16 = $2.22

Idle Time Is About 8 Times More Expensive Than Overtime

Contact Centers Using Innovative Schedules

Scheduling Details

141 full-time agents, 22 part-time, 3 split shifts

Start times every 30 minutes

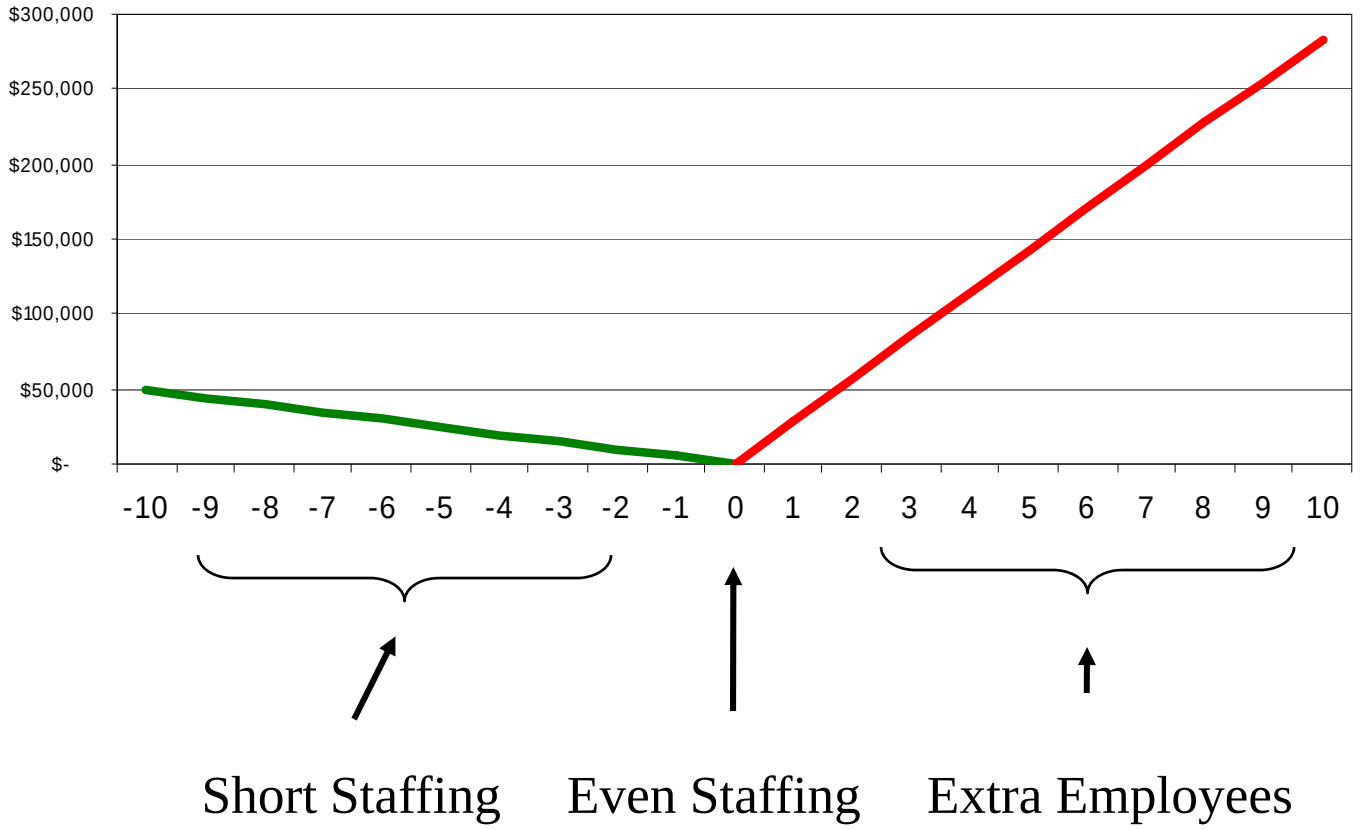
4, 5, 7, 8, 9.5, 10, and 12 hour shift length

Mix of Day On and Day Off Patterns

Mismatch: $57,000

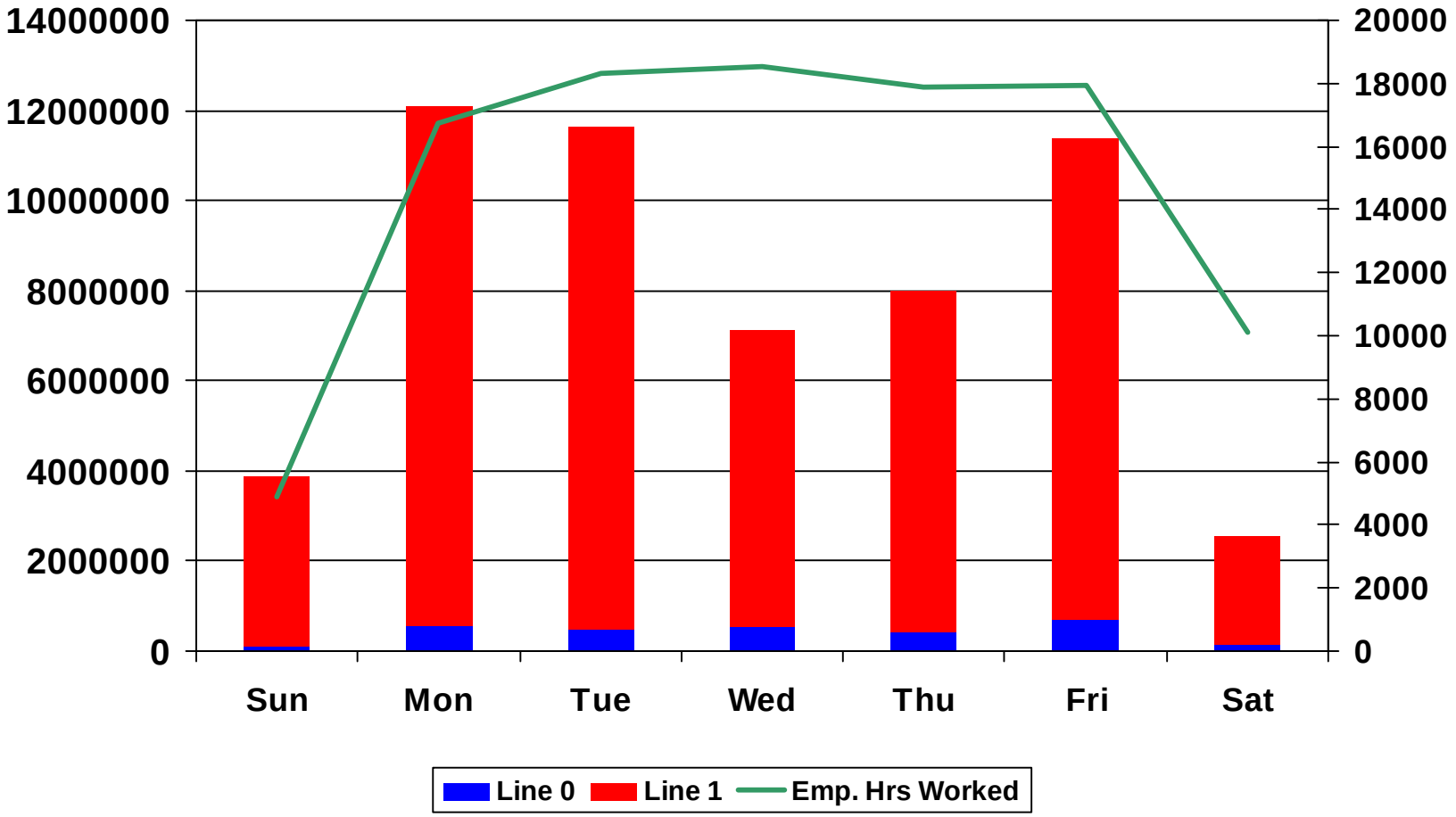
Cost Savings: $285,000

The Implications of Different Staffing Strategies



Out of Industry Example:

Lost Efficiencies (37%) Occur During Low Milk Supply Periods On Wednesday and Thursday At a Cost of $367,000/Year



Example Iteration 1

- Setup:
  - Actual customer forecast (no unusual spikes or abnormalities)
  - Service Goal: 80% answered in 20 seconds
  - Slider bars set all the way to the right
    - Prefer Overstaffing
    - Maximize Overall Service Level
  - No preferences nor assignment rules
- Goal: Create a schedule that meets the weekly service level goal

ITERATION 1	All full time 8-hour shifts, 5 days per week. Consistent start times on hour interval only Consistent off phone periods with fixed start times: BRK 2:00, LNCH 4:00, BRK 6:00 Two days off in a row where one must be a weekend

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
1	205	140	66	87	94	93	82	58	66	80

Example Iteration 2

ITERATION 2	Same as ITERATION 1 except Open off phone period start times to: BRK 1:45-2:15 LNCH 4:00-5:00 BRK 6:30-7:15 [Keeping the consistency requirement for off-phone periods]

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
1	205	140	66	87	94	93	82	58	66	80
2	202	140	67	94	98	98	94	34	58	80

Cumulative cost savings (assuming $40k per FTE): $120,000

Example Iteration 3

ITERATION 3	Same as ITERATION 2 except Allow shifts to start on any 30-min interval (not just on the hour) [keeping consistent start times every day]

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
1	205	140	66	87	94	93	82	58	66	80
2	202	140	67	94	98	98	94	34	58	80
3	201	140	59	96	99	95	95	38	51	80

Cumulative cost savings (assuming $40k per FTE): $160,000

Example Iteration 4

ITERATION 4	Same as ITERATION 3 except Increase start windows for off phone periods to: BRK 1:15-2:30 LNCH 3:30-5:00 BRK 6:45-7:30 Keeping the consistency requirement for off-phone periods]

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
1	205	140	66	87	94	93	82	58	66	80
2	202	140	67	94	98	98	94	34	58	80
3	201	140	59	96	99	95	95	38	51	80
4	198	140	66	92	99	99	97	37	46	80

Cumulative cost savings (assuming $40k per FTE): $280,000

Example Iteration 5

ITERATION 5	Same as ITERATION 4 except Assign new WP to all agents: • Four 10-hour shifts • Minimum of two days off in a row • One day off must be a Saturday or Sunday

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
1	205	140	66	87	94	93	82	58	66	80
2	202	140	67	94	98	98	94	34	58	80
3	201	140	59	96	99	95	95	38	51	80
4	198	140	66	92	99	99	97	37	46	80
5	190	140	78	91	98	98	94	35	41	81

Cumulative cost savings (assuming $40k per FTE): $600,000

Example Iteration 6

ITERATION 6	Same as ITERATION 5 except Agents assigned to work 10-hour shifts no longer require a weekend day off, although they must still get at least 2 days off in a row

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
3	201	140	59	96	99	95	95	38	51	80
4	198	140	66	92	99	99	97	37	46	80
5	190	140	78	91	98	98	94	35	41	81
6	178	140	64	91	98	98	96	43	56	81

Cumulative cost savings (assuming $40k per FTE): $1,080,000

Example Iteration 7

ITERATION 7	Same as ITERATION 6 except For all agents, remove the consistency requirement for Sat and Sun [Keeping the consistency requirement for Mon to Fri

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
3	201	140	59	96	99	95	95	38	51	80
4	198	140	66	92	99	99	97	37	46	80
5	190	140	78	91	98	98	94	35	41	81
6	178	140	64	91	98	98	96	43	56	81
7	164	140	56	97	100	98	92	19	87	80

Cumulative cost savings (assuming $40k per FTE): $1,640,000

Example Iteration 8

ITERATION 8	Same as ITERATION 7 except Remove the weekend day off requirements from the remaining agents [Still requiring 2 days off in a row]

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
6	178	140	64	91	98	98	96	43	56	81
7	164	140	56	97	100	98	92	19	87	80
8	150	140	80	75	85	83	91	69	85	81

Cumulative cost savings (assuming $40k per FTE): $2,200,000

Example Iterations 9 and 10

ITERATION 9	Same as ITERATION 8 except Remove consistency requirement for off phone periods
ITERATION 10	Same as ITERATION 9 except Remove consistency requirement for start times

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
6	178	140	64	91	98	98	96	43	56	81
7	164	140	56	97	100	98	92	19	87	80
8	150	140	80	75	85	83	91	69	85	81
9	146	140	64	76	81	83	90	87	88	80
10	145	140	63	84	80	83	91	86	88	81

Cumulative cost savings (assuming $40k per FTE): $2,400,000

Example Iterations 11 and 12

ITERATION 11	Same as ITERATION 10 except For the 10-hour shifts, remove requirement for at least 2 days off in a row
ITERATION 12	Same as ITERATION 11 except For the 8-hour shifts, remove requirement for at least 2 days off in a row

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
9	146	140	64	76	81	83	90	87	88	80
10	145	140	63	84	80	83	91	86	88	81
11	143	140	59	86	81	83	88	85	84	80
12	142	140	80	83	77	79	85	79	78	80

Cumulative cost savings (assuming $40k per FTE): $2,520,000

Example Iteration 13

ITERATION 13	Same as ITERATION 12 except Assign new part-time WP to 20 agents • 5 hour shift • 5 days per week • Any days off • No consistency

	# of FTEs		Forecasted Service Levels							
Iteration	FOR	REQ	M	TU	W	TH	F	SA	SU	WK
9	146	140	64	76	81	83	90	87	88	80
10	145	140	63	84	80	83	91	86	88	81
11	143	140	59	86	81	83	88	85	84	80
12	142	140	80	83	77	79	85	79	78	80
13	141	140	80	82	80	83	85	80	85	82

Cumulative staffing reduction: 64 FTEs (31%)
Cumulative cost savings (assuming $40k per FTE): $2,560,000

Drive Employee Acceptance –

Great Ideas Are Worth $0 Unless You Can Implement

- ✓ Narrow options to choices that meet both business needs and employee preference
- ✓ Heavy employee interaction and input
- ✓ Documented course correction based on employee feedback
- ✓ Buy-in achieved through combination of participation and benchmark results

Agent Response to Key Questions (Sample)

Question	Anonymous Client Answers of Yes	Normative Database Answers of Yes
Are You Working Too Much Overtime?	10%	27%
The Management Team Cares About Me	29%	47%
My Employment Is Secure	37%	51%
I Have Good Pay and Benefits	77%	81%
I Depend On Overtime For Regular Finances	36%	39%

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- High overtime
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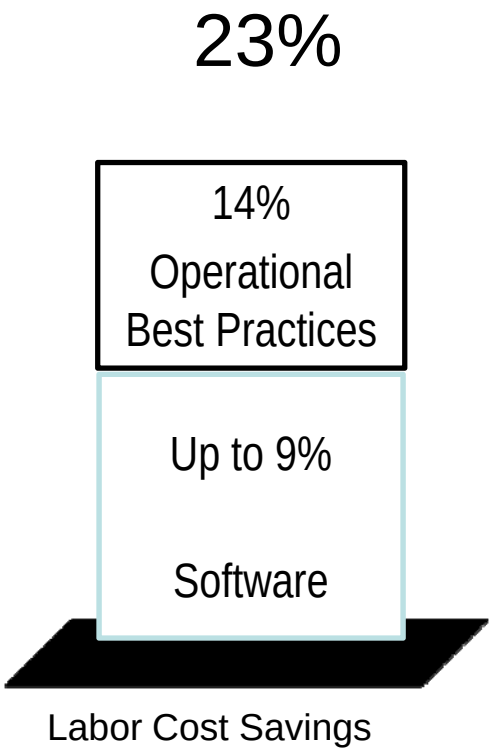
Optimization, Not Automation, Yields 23% Savings…



- Find economies of scale across teams
- Minimize over-staffing
- Increase employee productivity
- Reduce staff turnover
- Develop pay policies
- Assess impact of business changes on costs (attrition, training, etc)

Thank You For Your Attention!

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16 July, 2009

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