



# Improving Back-Office Productivity and Quality with Workforce Management

2010

Sponsored by:

**InVision**  

---

**Software**

**DMG**  
CONSULTING LLC

6 Crestwood Drive  
West Orange, NJ 07052  
973.325.2954  
[www.dmgconsult.com](http://www.dmgconsult.com)  
[info@dmgconsult.com](mailto:info@dmgconsult.com)

**Improving Back-Office Productivity and Quality  
with Workforce Management**

***Table of Contents***

The Back-Office Staffing Challenge .....3  
The Business Case for Back-Office Workforce Management Solutions .....3  
Functional Capabilities of Back-Office WFM Solutions .....5  
Operational Recommendations for Successfully Rolling Out Back-Office  
Workforce Management Solutions in an Enterprise .....7  
Deciding if Back-Office WFM is Right for Your Department.....8  
Final Thoughts .....8  
About InVision Software.....9  
About DMG Consulting .....9

## **Improving Back-Office Productivity and Quality with Workforce Management**

### **The Back-Office Staffing Challenge**

Back-office operating areas that process orders, applications, claims, white mail, payments, etc., have historically been left to develop their own staff planning strategy. Companies have invested in technology to automate their back-office workflow and processes, but little to no effort has been made to enhance the performance of the remaining staff. Senior management perception was that there wasn't much that could be done to improve the performance of these people-intensive but non-strategic operating areas. So, these departments have received limited attention and investment dollars, and in some cases have been outsourced.

Contact centers used to confront similar challenges, before tools and applications were introduced that transformed their cost structure, service quality and the contributions they make to the customer experience. Workforce management solutions, which are used to optimize staffing cost while ensuring that the right resources with the right skill sets are available to meet projected volumes, are the number-one contact center productivity tool. Workforce management solutions are slowly making their way into back-office operating areas, where they are having a similar impact – when properly implemented, they are typically delivering staff-related savings of 10% to 40%.

### **The Business Case for Back-Office Workforce Management Solutions**

During the past 10 to 15 years, significant investments have been made to automate paper-intensive back-office operations. The goal was to eliminate paper; to minimize the number of times a document was handled to reduce processing time; and to improve quality by reducing the number of errors. A great deal of progress has been made in optimizing paper flow, but little or no effort has been invested in ensuring that back-office departments have the right number of employees with the right skills to do the job at the right time. Even with the best workflow automation, people are still needed to process transactions.

Workforce management solutions have two fundamental components: They forecast workload – the anticipated volume of applications, credit card charge-back requests, refunds, adjustments, return merchandise authorizations (RMAs), etc. – and use these projections to create optimal work schedules. Back-office departments need workforce management tools to reduce their staffing costs by ensuring that each department has hired the right number of employees with the appropriate skill sets to process the projected volume of work for every half hour of every day. In the past, the assumption was that back-office operating departments would be staffed by full-time employees (FTEs), but this is changing as the workforce becomes more flexible.

## Improving Back-Office Productivity and Quality with Workforce Management

### *Back-Office Workforce Management Scenario*

*Situation:* A catalog retailer typically receives 2,000 returned packages every day. However, in January and February, following the holidays, they receive two to three times their typical volume. The department is always caught short-staffed during this peak period, which slows down the return process and stimulates calls from customers checking to see if their returned package has been received.

*Resolution:* The retailer asked their call center workforce management provider if they had a solution that could be adapted to meet the needs of their back-office returned-package handling group. The vendor implemented a workforce management solution that used a forecasting algorithm designed to handle non-call-related activities. This gave the department manager the information he needed to build work schedules that identified the correct number of FTEs required to process the returned items within the committed time frames.

*Benefits:* For the first time in the history of the cataloger, the returned-package group met its service level goals in January and February. As a result, the call center did not receive a constant flow of calls from customers checking on the status of their returns. Credits were applied on a timely basis, reducing the need to make adjustments for missed payments. The returned-package department reduced their overtime costs by over 25% from the same period in the prior two years. And the volume of customer complaints dropped by 15% from the previous year.

This case study makes it clear that back-office workforce management solutions can make significant contributions throughout the enterprise. By staffing a back-office function properly, even one as seemingly insignificant as package returns, back-office payroll expenses were reduced, as were complaints and transaction volumes in the call center.

## Improving Back-Office Productivity and Quality with Workforce Management

### Functional Capabilities of Back-Office WFM Solutions

Back-office workforce management solutions are conceptually and functionally similar to solutions used for call centers. They have the following core capabilities:

**Forecasting** – uses appropriate mathematical modeling techniques and historical volume data that take into account month of the year, day of week (and sometimes even hour of the day) plus seasonal changes (holidays, marketing promotions, etc.) to project future transaction volumes and demand at different points in time, generally in hourly increments.

**Scheduling** – creates a timetable for back-office activities that balances forecast staffing needs against staff availability. Scheduling modules should be able to determine an optimal schedule for each back-office function based on staff availability, staff skills, shift rotations, service level requirements, vacations, lunches, breaks, training sessions, operating hours, staff satisfaction, or a combination of all of these factors.

**Staff Self-Service** – enables staff members to input their schedule preferences, hours and days they want to work, preferred vacation time, time-off accruals, overtime/under-time, schedule swaps/trades, and exceptions into the workforce management system by themselves. Self-service modules allow staff to “bid” for their preferred hours and trade shifts with little or no management involvement.

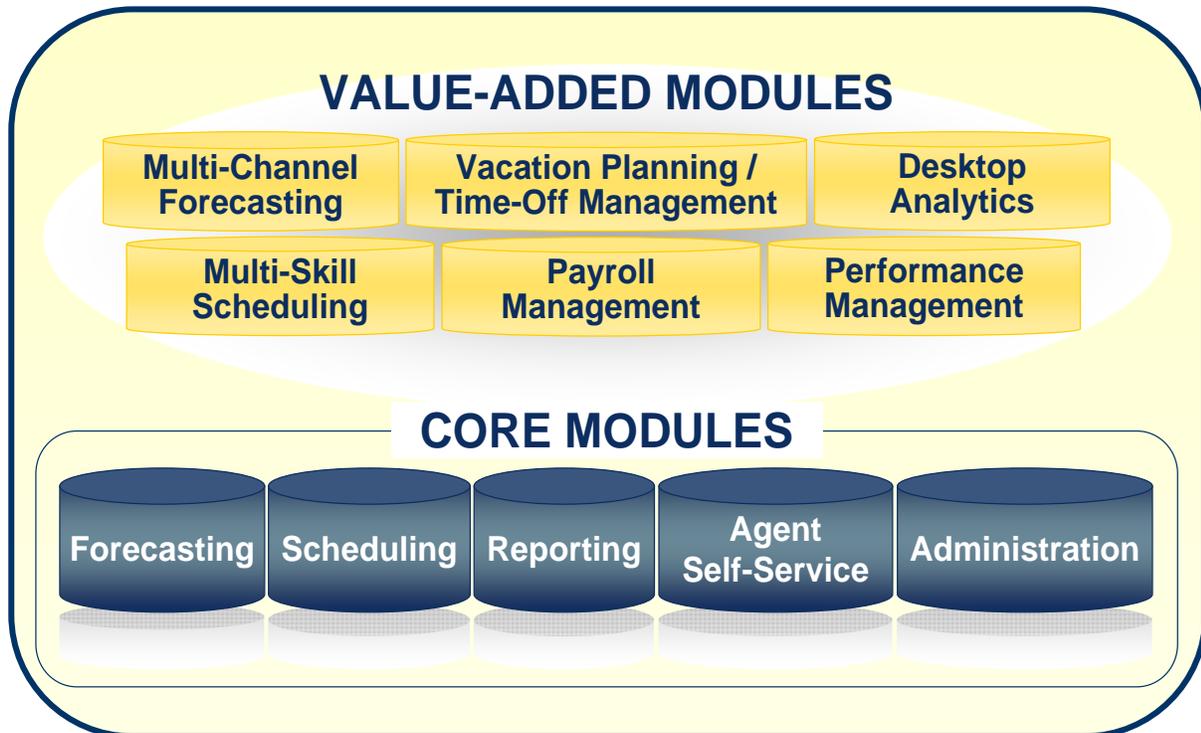
**Reporting** – automates the gathering, organizing and display of workforce management-related data and other content in order to show how well the department is performing. Reporting modules should provide standardized information using an online dashboard and printed documents.

**Administration** – provides a seamlessly integrated environment for managing the parameters used to set up the application and to drive forecasting and scheduling. Also manages system security and access.

Back-office workforce management solutions generally include a number of value-added modules for vacation planning/time-off management, multi-skill forecasting and scheduling, payroll management, performance management, and desktop analytics. See Figure 1.

## Improving Back-Office Productivity and Quality with Workforce Management

Figure 1: Back-Office Workforce Management Functional Building Blocks



It's essential to use a back-office workforce management solution where the forecasting algorithms and other functional capabilities have been designed and optimized to handle back-office activities. It is not effective to simply apply a call center workforce management solution that depends upon erlang C or a modified form of erlang C. The mathematical characteristics of back-office work are different from those for calls. Erlang C does not allow for latency and is not effective in handling multiple channels, both of which are core requirements in back-office operations.

## **Improving Back-Office Productivity and Quality with Workforce Management**

### **Operational Recommendations for Successfully Rolling Out Back-Office Workforce Management Solutions in an Enterprise**

1. Create a steering committee of managers whose departments will use the workforce management solution. Include the contact center workforce management team, as their experience will be instrumental in avoiding pitfalls.
2. Identify the various back-office departments and activities that will benefit from the structure provided by a workforce management solution.
3. Identify one or two dedicated resources who will be assigned to managing the workforce management solution.
4. Select a workforce management solution that has been designed for back-office use and has a proven track record of success for the type of activities for which you want to use the solution.
5. Draft a contract that provides ongoing support for your pilot initiative; purchase professional services to improve your chances for success.
6. Send at least two people to workforce management training, and possibly a third person so that there is a back-up resource available in case someone is on vacation, out sick or leaves the organization.
7. Decide which back-office department will realize the greatest productivity improvements from the workforce management solution, and conduct a trial.
8. Identify all historical volume data that is available for the trial department. If historical activity data is not available, ask your workforce management vendor to provide detailed guidance for estimating volumes and seasonality trends. If the vendor cannot provide this guidance, it is a good indication that they do not have the necessary experience to address your organization's back-office workforce management needs.
9. Try out the workforce management application for at least three months in one department, and then conduct a "post-mortem" analysis to determine if the solution met its goals. If it did, roll out the application to the next appropriate back-office function. If it did not deliver the expected results, discuss any performance issues with the vendor to see if they can recommend a way to improve its effectiveness. Keep in mind that workforce management solutions should deliver staff productivity savings of 10% to 40% the first time they are used and properly implemented, depending upon the size of the operating group. (The larger the number of employees in the department, the greater the potential savings.)
10. The workforce managers should share "lessons learned" with the members of the Workforce Management Steering Committee, so that operational best practices can be quickly established in your company.
11. Continue to roll out the application to other areas until all departments that will benefit are on board.

## Improving Back-Office Productivity and Quality with Workforce Management

### Deciding if Back-Office WFM is Right for Your Department

Back-office workforce management solutions can make significant quantifiable and qualitative contributions to operating group performance. Operating environments with the following characteristics will realize the greatest benefits:

- ✓ Fifty or more clerks or back-office employees performing a similar set of functions/tasks.
- ✓ Have or can gather historical volume data to seed the forecasting process.
- ✓ Have or can develop a way of measuring the department's work product or output, i.e., purchase order numbers generated, applications processed, packages handled, checks processed, insurance claims reviewed, etc.
- ✓ Have or can develop service level goals for each work product.
- ✓ Have support of senior management and human resources.
- ✓ Are willing to change the department's culture, how it operates and is managed.
- ✓ Have flexibility to change work schedules.
- ✓ Have or can institute a variable cost structure, so that identified savings can be realized.

### Final Thoughts

Back-office operating departments need improved management and productivity tools. Since employee costs are their largest budget category, optimizing staff utilization is a priority, as it will reduce expenses and improve quality. As has been proven in call center environments, a well-implemented and managed workforce management solution can reduce the cost of line staff (the people who do the work) by 10% to 40%, the first time it's used. To succeed with workforce management in the back office you'll need senior management support that will empower you to change deeply entrenched personnel policies and operating procedures. You'll also need to use a workforce management solution that has been designed for the back office, and includes the necessary functionality and models for back-office functions.

## Improving Back-Office Productivity and Quality with Workforce Management

### About InVision Software

InVision Software is a world-leading supplier of enterprise-wide workforce management solutions that enable companies to optimize their staff planning and scheduling processes. InVision empowers customers to reduce personnel costs, increase productivity, improve employee satisfaction and boost revenue by leveraging better customer service. Founded in 1995 and based in Ratingen (Germany), InVision currently employs about 200 WFM specialists and has offices across Europe, North America, and South Africa. InVision Software AG (IVX) is listed in the Prime Standard Segment of the Frankfurt Stock Exchange. Among InVision's clients are numerous international blue-chip companies, such as ABN Amro, Allianz, BMW, Computershare, Deutsche Telekom, IKEA, Sky and Vodafone.

Further information at: [www.invisionwfm.com](http://www.invisionwfm.com)

#### **North America Contact InVision Software:**

Craig R. Shambaugh, Vice President Sales - North America  
InVision Software, Inc.  
2135 CityGate Lane Suite 300  
Naperville, IL 60563  
Phone: 630.780.1060  
Fax: 630.780.1001  
E-mail: [craig.shambaugh@invisionwfm.com](mailto:craig.shambaugh@invisionwfm.com)

### About DMG Consulting

DMG Consulting is the leading provider of contact center and analytics research, market analysis and consulting services. DMG's mission is to help end users build world-class, differentiated contact centers and assist vendors in developing high-value solutions for the market. DMG devotes more than 10,000 hours annually to researching various segments of the contact center market, including vendors, solutions, technologies, best practices, and the benefits and ROI for end users. DMG is an independent firm that provides information and consulting services to contact center management, the financial and investment community, and vendors in the market.

More information about DMG Consulting can be found at [www.dmgconsult.com](http://www.dmgconsult.com).