

eBook

How to Make a Rock-Solid WFM Business Case

peopleware



Contents

Contents	1
Introduction	2
Understanding WFM	3
Sources of WFM ROI	4
Reduced agent labor costs	5
Reduced planner/team leader costs	5
Reduced hiring costs	6
Increased profit	7
Calculating WFM ROI	8
Data to gather	9
Potential improvements	10
Calculation	11
Content of the business case	12
Executive summary	12
Break-even point	12
Detailed calculations	12
Intangible benefits	12
Conclusion	13
About Peopleware	14

Introduction

To people who understand workforce management (WFM), the return on investment (ROI) on WFM software is so obvious that it doesn't need explaining. Unfortunately, it is often not so transparent to those who are responsible for signing off the expenditure. That's why you need a solid business case. And the key component of the business case is the WFM ROI calculation, which quantifies the benefits of investing in workforce management software. The axiom 'money talks' applies here! In this e-book, we explore the ROI for WFM software and share some proven tips for identifying it, calculating it and presenting it. The tips apply whether you are implementing a WFM system for the first time, or upgrading from a system that you've outgrown.

Understanding WFM

Before delving into ROI calculations, let's briefly revisit the core purpose of Workforce Management: To optimize the deployment of the most valuable - and costly - resource in every contact center: the employees. That's easy to say but not so easy to do. It's a balancing act. In all contact centers, three opposing forces are in play:



- Exclusively focusing on the customer by always having plenty of agents to handle your workload is great for customer experience and company

reputation. It may even result in revenue growth. But ignoring the other two forces could make your business unprofitable.

- Putting the agent first may help you win Great Place to Work awards, but if the customer experience is terrible and staffing costs are excessive, your contact center won't stay in business for long.
- Well-run businesses are always looking for ways to optimize costs, but reducing staffing levels without regard to the customer experience or agent burnout is equally unsustainable.

The good news is that WFM enables contact centers to optimize the balance between the three forces, simultaneously improving outcomes for the customer, the employees (or agents), and the business. The business benefits are really strong. The challenge is to express those benefits in money terms, accompanied by a clear and reasonable explanation of how the figures were derived.

Sources of WFM ROI



WFM delivers benefits in multiple categories. Let's look at them one by one.

Reduced agent labor costs

In a typical contact center, labor costs account for at least 75% of total operating expenses. Consequently, even a small percentage improvement in productivity will have a significant impact on costs. That doesn't mean that a WFM system will lead to layoffs. Staff turnover is a fact of life in every contact center. If WFM enables you to deliver on your service level commitments with fewer staff, you simply won't replace every agent who leaves. Your headcount will naturally tend towards a new optimum.

The components of WFM that make that possible:

- Forecasting: More accurate forecasting avoids periods of wasteful over-staffing
- Scheduling: Schedules that are optimized around demand avoid periods of over-staffing and minimize overtime
- Schedule adherence: Reducing non-adherence shrinkage by just 5 mins in an 8-hour shift increases productivity by 1%

- Self-service: If agents can swap shifts, book time off, etc. on a self-service basis, unproductive time is reduced
- Analytics: Better activity reporting helps manage sickness and absence shrinkage

Reduced planner/team leader costs

A modern WFM application automates and streamlines much of the planning process. It eliminates tedious, error-prone manual work and saves lots of time for planners and team leaders. Automation and artificial intelligence in WFM do not lead to planners and team leaders being laid off. Rather, they are freed up to focus on coaching their teams, collaborating with other departments, creating robust real-time management plans, long-range planning, and so on.

The components of WFM that make that possible:

- Forecasting: Automated forecasting generates super-accurate forecasts with almost no effort
- Scheduling: Automated scheduling generates optimized schedules with very little effort

- Intraday management: KPI dashboards, adherence monitoring, and real-time management save time every day
- Employee engagement: E.g. schedule publication, shift swaps, etc. are handled automatically or in a streamlined way
- Time off: Time-off requests are processed by the system, including automated decision-support
- Meeting planning: Meetings, 1:1s, and training are automatically scheduled at the optimum time
- Reporting: Regular reports can be generated automatically using an API (application programming interface)

Reduced hiring costs

Staff turnover is a given in every contact center. It's neither possible nor desirable to have zero turnover. But excessive turnover is not only disruptive and bad for morale. It takes time to hire and train new agents. During the learning period, agents are less productive than tenured employees. But that's not the worst of it. Hiring, onboarding and training typically cost several thousands per agent. Anything you can do to improve

agent satisfaction and morale will have a positive impact on turnover and its associated costs.

The components of WFM that make that possible:

- Forecasting: More accurate forecasting reduces the stress associated with a volatile workload
- Scheduling: Optimized schedules put the right number of people with the right skills in their seats at the right time and reduces burnout. Balanced and fair schedules improve work-life balance. Skills-based scheduling matches customers with the most appropriate agents, improving customer experience and agent job satisfaction
- Employee engagement: Employees appreciate smartphone self-service access to their shifts, colleagues' shifts, shift swaps, etc. Predictable schedules, usually for several weeks into the future, help agents to plan their personal lives better
- Time off management: Employees love being able to book time off via their computer and mobile devices

- Meeting planning: 1:1s and training don't end up being skipped because they are scheduled at the optimum time based on varying customer demand

Increased profit

Do you sell products or services in your contact center? Or do you collect unpaid debt? If so, abandoned calls mean lost revenue. The same is true for other contact channels such as web chat and email. WFM enables you to consistently match the supply of employees with the appropriate skills (e.g. sales skills) to customer demand. That inevitably drives down the abandonment rate, leading to more conversations and more closed deals. Of course, in business "revenue is vanity, profit is sanity", so return on investment should be based on profit, not revenue.

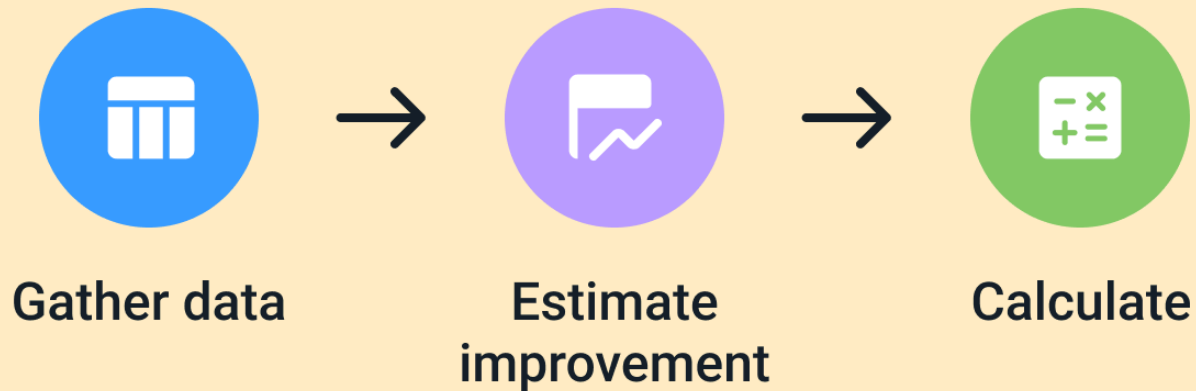
The components of WFM that make this possible:

- Forecasting: More accurate forecasting avoids the periods of under-staffing that lead to abandoned contacts
- Scheduling: Schedules that are optimized around demand while taking agent skills into account

ensure you schedule the right employees to close deals

- Intraday management: Ensure you still have the right employees to close deals, even when plan and actual diverge
- Time off management: Approve time off when it will have least impact on coverage of demand and thus abandonment rate

Calculating WFM ROI



Start by identifying both the costs and benefits associated with implementing WFM software.

Costs may include SaaS (software as a service) fees, software licensing fees, implementation & training costs, and ongoing support and maintenance expenses.

Benefits should be grouped into the categories presented above, i.e. agent labor costs, planner/team leader costs, hiring costs, and profit (if applicable to your organization). In each case, you'll need to know the current cost and an improvement percentage.

Data to gather

- Total agent labor costs: This is a function of the number of FTE (full-time equivalent) agents and their average cost of employment. You should include fully-loaded employment costs in the calculation. That includes salary, national insurance/social security, Medicare, employer pension contributions, health insurance premiums, etc.
- FTE average vacation days per year

- FTE average sick days per year
- Current annual staff turnover percentage
- Average cost of hiring and onboarding a new agent
- Total cost of planners and team leaders. This is a function of the number of FTE (full-time equivalent) power users and their cost of employment. Again, be sure to include the fully-loaded employment cost
- An estimate of the amount of time that planners and team leaders spend on forecasting, scheduling, intraday management and reporting each week, so you can calculate the cost of time spent on these activities
- If you are selling products or services in your contact center, an estimate of the annual profit generated on sales through the contact center and the current abandonment rate on sales contacts
- If you already have WFM software and you will cease payments to the provider of that software when moving to the new software, you'll need to know what the total fees are per month so you can deduct this from the calculation

- An estimate of the amount of time it will take before training and setup is complete and you go live with the new WFM software

Potential improvements

The next step is to estimate the improvement that will be achieved in each category as a result of implementing WFM software. There are no one-size-fits-all values here. The improvements you achieve depend on the extent to which there is scope for improvement, the capabilities of the tools and processes you currently use, how well you overcome any barriers to realizing the improvement, and the capabilities of the software you select.

Here are some rules of thumb based on over 20 years of experience in the Peopleware team:

- Agent labor costs: typical range of savings 3% to 20%
- Planner/team leader costs: typical range of savings 4% to 30%
- Hiring costs: typical range of savings 5% to 15%
- Profit: typical increase range 1% to 10%

It's important that the assumptions you make about improvements are conservative and realistic for your organization. Nothing is more likely to ruin the chances of your business case being approved than making over-ambitious projections.

On the other hand, if you can find case studies from companies similar to yours, the gains they achieved are indicative of what is possible for you. Of course, results achieved by another company aren't a guarantee that you will achieve the same improvements, but they do provide solid evidence of what is possible. WFM software vendors with satisfied customers should be able to provide relevant testimonials, case studies and reviews.

You can find examples of the improvements that have been achieved by Peopleware customers [here](#).

Calculation

There are 3 basic steps in performing the ROI calculation:

1. Calculate the monetary benefit by multiplying the current cost in each category by the expected improvement % in that category, then sum up the total improvements to estimate the total monetary benefit. Don't forget that if you are currently using a legacy WFM application, you should include the savings you'll make by no longer paying fees to the old vendor.
2. Calculate the ROI as a percentage. Subtract the total costs of the new software from the total benefits to get the net monetary gain. Then, divide the net monetary gain by the cost of the software and multiply by 100 to get the ROI percentage. Don't make the mistake of referring to (benefit minus cost) as 'return on investment'
3. Calculate the break-even month. You'll need to create a cash flow forecast, showing benefits minus costs each month for the coming few years. Normally, you won't show any benefits during the training and setup phase. In the month that the total accrued benefit exceeds the total accrued cost, you have broken even. From that month onwards, the WFM software is delivering benefits that exceed its cost.

Content of the business case

Executive summary

Sad but true: very few people in senior leadership positions read business cases in their entirety. You never get a second chance to make a first impression, so it's important to get your message across on the first page: the executive summary. It's a mistake to dive straight into the details.

In one page or less, you should present:

- Estimated year one benefit
- Estimated year one cost
- Estimated year one cost minus benefit
- Year one ROI%
- A summary of the intangible (non-financial) benefits
- Steps you will take to ensure that the benefits are realized
- A link to the detailed calculations
- Charts - 'A picture is worth a thousand words'

Break-even point

All sophisticated software requires time and effort for integration, configuration, and training. If your business case claims that you will start to generate improvements from day one, you will lose credibility. Remember to include the estimated break-even month in the business case.

Detailed calculations

Here you can break down the details of the efficiency gains in the four categories and explain how the cost is calculated. You should also cite examples of the benefits achieved by similar organizations.

Intangible benefits

While presenting your business case, don't forget to consider intangible benefits that may not have a direct monetary value but can significantly impact the overall value of the investment. These could include improved customer loyalty, enhanced brand reputation, eligibility for Great Place to Work status, and so on.

Conclusion

There's no doubt that a modern WFM application can quickly pay for itself many times over. But to get approval from all the stakeholders in your organization, you'll need a strong business case backed up by hard-nosed return on investment calculations that express the benefits in monetary terms. By quantifying the tangible benefits, you can gauge the true value of the software and its impact on your contact center's efficiency and customer satisfaction. When you add in the intangible benefits and evidence about the WFM achievements of similar organizations, your business case will be 'an offer they can't refuse'. Free WFM ROI resources Performing an ROI calculation for WFM isn't a trivial exercise. There are however several resources available that remove a lot of guesswork and reduce the effort. Here are some examples:

Free WFM ROI resources Performing an ROI calculation for WFM isn't a trivial exercise. There are however several resources available that remove a lot of

guesswork and reduce the effort. Here are some examples:



Tool

[Online ROI calculator](#) is a simple and easy-to-use calculator that provides an indication of the return on investment that you can expect when implementing a new WFM application



Video

[How To Make A Strong Business Case For Workforce Management Software](#)



Advice

Our WFM experts are here to help you build your business case. They've got a sophisticated ROI tool that takes into account the details of your operation, the tool you currently use for planning, the WFM functionality you'll use in future, and more. Set up a free, no-obligation call with an expert [here](#).

About Peopleware

Peopleware is the award-winning, multi-channel cloud workforce management application for contact centers and customer support. Over 300 customers, ranging in size from 50 to over 4,000 seats, trust Peopleware to bring work and demand in perfect balance while embracing the constant change in their business. With Peopleware, you spend less time and effort on manual forecasting and scheduling, while maximizing efficiency and focusing on what really matters: your people and customers.

We have a team of highly experienced experts who are passionate about WFM and the transformation that it can bring about. Many members of our team are former planners. They have walked in your shoes and they speak your language. When it comes to implementing the Peopleware WFM software, we measure ourselves by your success and we never recommend Peopleware WFM unless it will really help you achieve your goals and overcome your challenges. If you've read enough about WFM to know that it's worth investigating, why not [arrange a no-obligation call with us?](#)



Want to see how Peopleware makes the workforce management process a breeze?

[Book a demo](#)

Contact

www.peopleware.com

info@peopleware.com

Thank you for reading!

Stay up-to-date with the latest WFM news, trends, and insights by following us.

