

Home-Based Agents and Workforce Optimization

A Verint Systems White Paper

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Preface

This paper examines the economic and social drivers behind the upsurge in interest in home-based agents. While best practices are still emerging, the work-at-home agent model is currently characterized by a broad range of approaches implemented by in-house and outsourced contact center management teams. Moving past the phenomenon of casual, one- or two-day-a-week home agents, some centers are creating “seldom-see” and “never-see” home-agent models. This paper addresses the unique management challenges inherent in these models and explains why a workforce optimization (WFO) infrastructure is a key factor for success in this environment.

About Verint Witness Actionable Solutions

Verint® Witness Actionable Solutions® is the leader in analytics-driven workforce optimization software and services. Its solutions are designed to help organizations capture customer intelligence, uncover business trends, discover the root cause of employee and customer behavior, and optimize the customer experience across contact center, branch, and back-office operations.

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TELUS provides a wide range of communications products and services including data, Internet protocol (IP), voice, entertainment and video. Committed to being Canada's premier corporate citizen, we give where we live. Since 2000, TELUS and its team members have contributed \$135 million to charitable and not-for-profit organizations, and volunteered more than 2.6 million hours of service to local communities. Nine TELUS Community Boards across Canada lead our local philanthropic initiatives. For more information about TELUS, please visit www.telus.com.

The Workplace: Coming Full Circle

Prior to the 1750s, nearly all work was performed at home. Mass production, courtesy of the Industrial Revolution, profoundly changed that, and industrial societies experienced an unprecedented migration of laborers from the countryside into cities. Shift work, commuting, and time clocks became common. Now, nearly two centuries after the dawn of the Industrial Revolution, metropolitan areas are swamped by tides of workers relentlessly streaming from their residences to their places of employment and back again.

But the tides are beginning to ebb. As industrial societies give way to the services economies of the twenty-first century, a significant shift in the location of the workplace is underway — from the office/production floor back into the home.

This shift is particularly evident among knowledge workers and contact center representatives. While the concept of work-at-home contact center agents has been practiced for more than a decade, the pace of adoption has accelerated in the past few years. IDC analysts have estimated that there are about 150,000 work-at-home agents in the U.S. today and have projected a doubling to over 300,000 by 2010.¹

Business and Socioeconomic Drivers Behind the Trend

A number of business and socioeconomic drivers — many related to costs, both tangible and intangible — are propelling the work-at-home trend. These include:

Access to Larger Labor Pools — Work-at-home models enable employers to reach out worldwide and tap into labor markets never before available. Not only does geographic reach expand, but also the opportunity to reach new labor market segments, such as the disabled, stay-at-home parents, and semi-retired labor forces. This labor pool tends to be more mature and better educated.

Disaster Risk Reduction — Physical contact centers can be single points of failure during natural disasters, civil disturbances, or other catastrophes. By dispersing the workforce, organizations can reduce their risk and help ensure business continuity.

Cost Savings — These include the costs associated with real estate and labor.

- **Real Estate Costs** — Physical contact centers can be expensive to operate. A typical 5 x 6 foot agent workstation requires at least 30 square feet. When space for common areas, meeting rooms, and similar areas is added to the mix, it's not unusual to specify up to 100 square feet per agent workstation. Assuming an annual cost of \$30 per square foot, contact centers can face operational expenses of between \$1,000 and \$3,000 per agent station. For a 200-seat center, this equates to annual costs of \$200,000 to \$600,000 for the building alone. Additional costs are associated with security, food service, and so on.

¹ *Home-Based Agent 2005-2010 Forecast and Analysis: Converging Economic Forces to Drive the Expansion of Homeshoring in the United States*, IDC, January 4, 2006.

- **Labor costs** — Contact centers have sought to reduce labor costs for many years, as evidenced by the offshore outsourcing segment of the contact center industry, which has capitalized on the significant differences between the cost of educated workers in the United States with those in the Philippines and India. While offshore outsourcing continues to grow, the rate of growth has been reduced due to labor-driven pay increases in those nations, combined with the rising cost of local infrastructure, consumer backlash over cultural and language issues, and a weak dollar. Simply stated, a portion of the offshore savings potential has disappeared.

That said, the appetite for labor cost reductions remains unabated. This is evidenced by the continuing interest and investment in forecasting and scheduling software and the simultaneous pursuit of flexible and alternative scheduling practices, such as split shifts, non-typical rotations, and 4 by 10s.

Flexible Scheduling — Judicious use of part-time workers and non-standard scheduling has been shown to dramatically reduce contact center costs by enabling centers to better align their workforce with their workload. However, many agents resist alternative scheduling practices. Split shifts and part-time work can place cost burdens on employees, and part-time workers face the likelihood of having few or no company-paid benefits.

Almost implicit in the work-at-home model is the notion that agents will be willing to work non-standard shift assignments because they have no commute time and enjoy related, tangible financial benefits.

Runzheimer International, a global authority on travel costs, advises the U.S. Internal Revenue Service concerning the cost of business miles that can be deducted from income tax returns. For the last half of 2008, the national per-mile business driving rate was set at 58.5 cents per mile. Thus, for an employee in the U.S. considering a one-way commute of just 20 miles, the monthly out-of-pocket costs can approach \$470. Add related incidental expenses such as lunches out, employee social events, and business-casual clothing, and the out-of-pocket costs associated with being an in-house agent can easily reach \$600 per month.

Let's assume that an agent earns a gross income of \$40,000, which equates to approximately \$2,600 per month net after deductions for taxes, Social Security, and Medicare. The out-of-pocket \$600 represents 23 percent of monthly income! If this hypothetical agent were to work from home all or nearly all of the time, he or she could realize a 23 percent increase in disposable income with no tax consequences.

In return for this clear financial benefit (not to mention the intangible benefits of working at home), the contact center expects the home agent to be much more flexible with respect to scheduling. Depending on the scheduling environment in place, an aggressive work-at-home program could yield significant labor cost savings by leveraging greater schedule flexibility. For example, in one customer engagement, Verint Impact Services (the consulting organization within Verint Witness Actionable Solutions) projected that flexible scheduling could yield a total labor savings of approximately 30 percent.

Enhanced Agent Morale — Home-based agents tend to be happier than their in-center counterparts, and experience lower turnover and absenteeism. Many home-based agents find that their unconventional working arrangement provides them with a better work/life balance.

Social Responsibility — By reducing the commuting miles of its workers, organizations can foster their "green" image while actively helping to reduce carbon and other emissions into the air. Moreover, by employing agents who might not otherwise be able to enter the workforce, organizations contribute to the overall quality of life of those individuals.

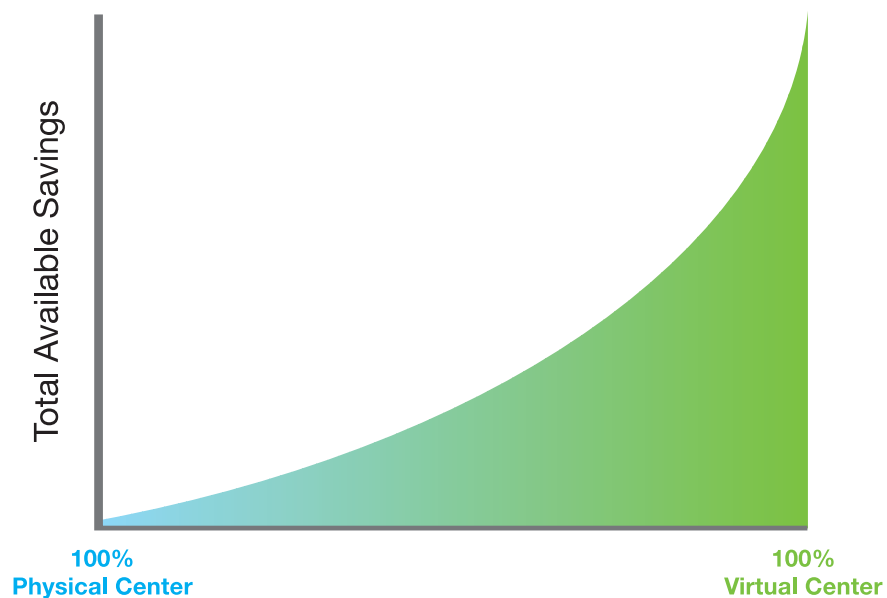
The Emerging Spectrum of Work-at-Home Operational Models

Although work-at-home agents have been part of the contact center landscape for some time, the number of organizations experimenting with different operating models is increasing. Some are embracing what could be called “seldom-see” and “never-see” work-at-home business models. In the “seldom-see” model, the agent spends only one or two days per month in the physical contact center. In “never-see” models, the agent works exclusively from home.

Others centers are moving away from a company-employee model toward a company-contractor model. In these work-at-home business models, the agents are sometimes required to purchase their own equipment according to company specifications. This helps avoid recovery costs and issues upon employee termination. It also is thought to reduce early attrition by reminding would-be work-at-home agents that they have a real financial stake in their own success.

More commonly, agents spend three or four days per week in the physical contact center and only one or two days a week working at home. This casual approach to working at home is the easiest to adopt and typically requires the fewest changes to implement.

While any work-at-home approach is likely to impose some additional technology costs, the movement toward home agents is largely driven by the total potential cost savings available and related operational advantages. If we anticipate that savings available from progressively more comprehensive work-at-home environments are realized over time, they might be charted as follows:



As agents spend less time in the physical contact center, the center can realize a larger percentage of the total available savings.

Getting Started with Home-based Agents

Putting the home-based agent model into practice requires planning around three key areas:

- **Equipment/Environment** — This includes the hardware, software, and other necessities — such as a suitable work environment — for home-based agents to be effective.
- **Agent Suitability** — Working at home is not for everyone. Some employees may be challenged by the comparative isolation of the home-based environment.
- **Management** — Traditional management techniques — including motivating, coaching, and training staff — may not work in the home-based model.

Equipment and Environment

What does it take to properly provision a home agent? Although organizations have differing requirements, a useful checklist includes:

- **Sophisticated Interaction Routing Engine** — Leveraging a dispersed, multi-skilled workforce effectively depends on a sophisticated routing engine to deliver interactions to appropriately skilled agents wherever they are located.
- **Wired Connectivity** — The home agent requires reliable connectivity and bandwidth. Broadband Internet access is a minimum requirement. Voice connectivity can be provided by either a dedicated telephone line or by using voice over IP. Some organizations also use “presence” technology that automatically signals enterprise network users whenever an agent logs on.
- **Wireless Connectivity** — A dedicated cell phone with email and instant messaging access is extremely useful to maintain contact during local power outages or broadband interruptions.
- **Appropriate Work Area** — Ideally, a home agent has a dedicated work space that can be closed off from the rest of the living space with a door. Some organizations permit the work space to be in a shared area, provided it is shielded from noise and interruption. An appropriate work area also includes suitable office furniture. While it might be tempting to envision setting up on the dining room table, some concession to ergonomic function is needed to help avoid maladies such as repetitive stress syndrome.
- **Computer Equipment** — Typically, the contact center’s IT staff will provide a specification for the minimum acceptable hardware and software. To counteract isolation and foster camaraderie, some organizations require or supply a Webcam to help provide home agents with face-to-face contact with their supervisors, coaches, and colleagues.
- **Security** — Depending on the nature of the work performed in the home, security systems should be considered. Physical security can be as simple as requiring a lockable file cabinet or a paper shredder. Electronic security is usually managed by the IT department.

Suitability

The intrinsic isolation of the home-based environment introduces a very different kind of requirement for agents — suitability.

It's easy to imagine that many agents might be lured by the very real benefits attached to work-at-home. While a casual home agent may experience sufficient interaction while working in the physical contact center to avoid social or emotional issues stemming from work-at-home, what about a "seldom-see" or "never-see" agent? As the number of days spent working away from the physical center increases, so does the likelihood that some agents will find themselves unsuited to the challenge of working alone.

Of course, the pendulum can swing the other way, with agents developing a decided preference for working at home. First-hand research involving interviews with home-based agents at one contact center revealed that the "seldom see" home agents were initially quite happy with coming in twice a month, where they used "hot desks" (i.e., desks shared with agents on other shifts). After a while, these home agents began to push for less time in the center. Their biggest complaint was that the "hot desk" environment was unappealing.

The emotional or social effects of working in a home office may be much less of an issue in the future. Generation Y has been brought up on electronic social interaction and may be ideally suited for working at home.

Paul Stockford, chief analyst for Saddletree Research, recently authored a report that speculates about the impact of social networking tools on the contact center, and how Gen Y employees will bring these technologies with them as they enter the workforce and become new contact center employees.² His speculation is that agents may well create an internal social networking site that team members can access.

Management Challenges

The most obvious challenge with home-based agents is that a supervisor cannot simply walk over to an agent and peer over his or her shoulder to determine what is going on. The ability to act directly and spontaneously is greatly changed in totally virtual environments, and supervisors may be concerned about managing what they can't see. The challenges include:

- **Coaching** — Remote coaching may require the Webcam and the computer. Everything used in the coaching session must be available electronically, and ad-hoc coaching will have to give way to planned, scheduled coaching sessions.
- **Motivation and Teamwork** — Motivating staff and fostering team spirit is an important managerial function. How can this be done if the agents seldom or never meet face-to-face? Moreover, processes must be put into place to help ensure home agents know exactly what is expected of them and how they are performing against those expectations.
- **Training** — Theoretically, in the most extreme home-agent scenario, a hiring manager may never see the person hired to be an agent in the contact center. The employment application might be filled out over the Web, and a telephone interview or two might be conducted to determine suitability. An applicant might be instructed to visit a local clinic for employment screening, and upon acceptance, be emailed links to eLearning courses with a deadline specified for completion. Upon successful testing, the new agent could be certified in a basic skill and join the team. Over time, the agent could receive updates on policies, products, and procedures through eLearning sessions at his or her workstation — all without ever setting foot in the contact center.

² *From Social Security to Social Networking: Web 2.0 and the Contact Center*, Paul Stockford, Saddletree Research, September 2008.

Tips for Getting Started

Are you ready for this? Most organizations are not — which is why the casual or “seldom-see” agent models will likely become the most frequently encountered. Here are a few ideas that could help make the transition from a traditional contact center to a home-based, virtual center easier:

- **Create a Work from Home Guide** — This document should describe the requirements for home workers in as much detail as possible, including PC equipment, telephones, ISP requirements, and office and safety equipment. The guide should also describe how your center assesses performance for its agents. The guide will almost certainly be a “living” document that evolves over time, based on experience.
- **Start small** — Consider conducting a pilot with a small pool of home agents before expanding into a larger or full home-agent based operation. This will help minimize risk while providing your organization with a chance to learn and refine operational practices.
- **Use a “casual” home-agent model first** — This can be an effective way to ease into a work-at-home program.
- **Learn to read data** — It’s important to rely upon data as a management tool. Measure and compare the performance of home-based agents with your in-center agents on a recurring basis. Use metrics such as quality monitoring evaluation scores, customer feedback scores, schedule adherence, revenue, first call resolution, absenteeism, and so on to compare performance objectively.
- **Train your supervisors** — As the home agent model moves from “casual” to “seldom-see” models, supervision and coaching challenges multiply. Supervisors will need training on equipment usage — such as how to conduct a coaching session through their PCs and use a Webcam link — as well as procedural skills, such as how to create a relationship without in-person interaction.

One organization’s innovative idea is to install a complete home-agent workstation in a remote area of the facility, away from the physical contact center. Would-be home agents use this workstation for several weeks to test the equipment and practice using instant messaging, the Webcam, and the other tools they will rely on later. Sometimes, agents discover that working remotely is not quite what they imagined.

Workforce Optimization and the Home-Based Agent Model

While there are challenges associated with managing home-based agents, there are management tools that can function just as effectively in the virtual environment as in the physical contact center. Workforce optimization solutions such as Impact 360® from Verint Witness Actionable Solutions are particularly well suited for this purpose. Impact 360 brings together quality monitoring, TDM and IP recording, workforce management, speech and data analytics, customer feedback surveys, performance management, eLearning, and coaching into a unified solution for analyzing customer interactions, improving workforce performance, and optimizing service processes. With Impact 360, contact centers, branch offices, and back-office operations can capture, share, and act on enterprise information, helping organizations make better decisions faster and benefit from a single, coordinated source of support, service, and maintenance.



Impact 360 Workforce Optimization

Impact 360 provides many features to support the home-based agent model, including:

Feature	Home Agent/Supervisor Benefit
Strong TDM and/or IP recording platform with automated assessment forms and scoring	Facilitates quality monitoring feedback to help ensure agents are delivering consistent, accurate information.
Browser-based ability to indicate shift preferences and view published schedules	Requires only standard internet / VPN connection. No need for software to be installed and updated. Reduces IT cost of ownership.
Browser-based ability to automatically conduct rule-based partial day shift swaps	Supports partial-day shift swaps to provide home agents with flexibility in their work days.
Browser-based ability to request, get on wait lists, and view status of time-off requests down to the 15-minute increment	Automates routine administrative processes for both remote agents and supervisors. Same IT cost benefit applies.
Performance-enabled shift bidding	Allows home agents to bid for desired shifts irrespective of location, enhancing satisfaction.
Daily update of individual agent scorecards and peer comparison	Keeps home agents informed on their performance compared to goals on KPIs and how they rank against their peers.
Unified agent and supervisor interface for workforce management information, to view scorecards and access assigned eLearning and coaching assignments	Reduces the amount of training needed to make home agents efficient in the use of the software.
Integrated eLearning solution	Schedules and delivers training directly to home agent desktops in a timely manner.
Integrated coaching solution	Effectively digitizes the coaching process. Provides home agents, coaches, and managers with an effective way to set up, schedule, conduct, track, and follow up on coaching sessions.
Support for multi-site virtual operations	Provides a comprehensive view of operations for supervisors and managers.
Email and screen pop-up alerts	Helps keep home agents on track regarding upcoming activities, status of requests, new schedules, and out-of-adherence status.
Browser-based adherence management for agent phone-work and PC desktop activities	Allows supervisors to track home-based agents' adherence to schedule for both phone and desktop application usage.
Strong TDM and/or IP recording platform with automated assessment forms and scoring	Facilitates quality monitoring feedback to help ensure agents are delivering the same brand messaging.
Agent-initiated recording	Enables agents to capture examples of conversations for coaching purposes or to demonstrate their skills.

The Evolving Role of the Supervisor

Many of the challenges associated with the home-based agent model pertain to coaching, motivating, and training staff. Consequently, the supervisor's toolset and role will need an update.

Quality monitoring provides agent assessments and recommendations for skill, knowledge, and behavior changes. *Workforce management* provides agent schedules. *Training* helps enable agents — from rookies to veterans — to hone and add to their unique skills and knowledge. And *reporting* informs the supervisor about the number of calls and the average handle time for each team member. These tools already exist in silos within contact centers, but Impact 360 provides the unifying infrastructure to make them work together.

For example, if a supervisor is going to be an effective team leader, a team must exist. A team comes together when the members have respect for the leader's skills and decision-making abilities. One way to achieve this is to hold supervisors solely accountable for their agents' schedule adherence.

This is where Impact 360's unified approach can come into play. To support this new responsibility, Impact 360 can provide supervisors with real-time schedule adherence tools from workforce management, such as intra-day management screens to see how the day compares to the plan and whether service levels or other measurable goals are at risk.

Going further, Impact 360 can provide supervisors with a daily quality monitoring scorecard showing how each member of their team is performing against the relevant key performance indicators — along with the ability to drill from these scorecards directly into the underlying data. A simple click-through capability can facilitate interactions with agents during coaching sessions. Easy access to recorded interactions could provide supervisors with critical insight for more focused coaching.

To supplement one-to-one coaching, Impact 360 can enable supervisors to find examples of best-practice interactions. By creating "clips" from these captured interactions, supervisors can provide agents with a library of real-world interactions from which to hone their skills.

With the supervisor role transformed and powered by Impact 360 Workforce Optimization, contact centers can be ideally positioned to meet the challenges of the traditional or home-based environment — or both.

Conclusion

Social and economic forces are reshaping the contact center landscape in a fundamental way. Home-based agents and remote workers in general are driving a transformation whose time has clearly come. Home agents can confer key operational advantages to contact centers while personally enjoying tangible and intangible benefits — perhaps the biggest win-win in contact center history.

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