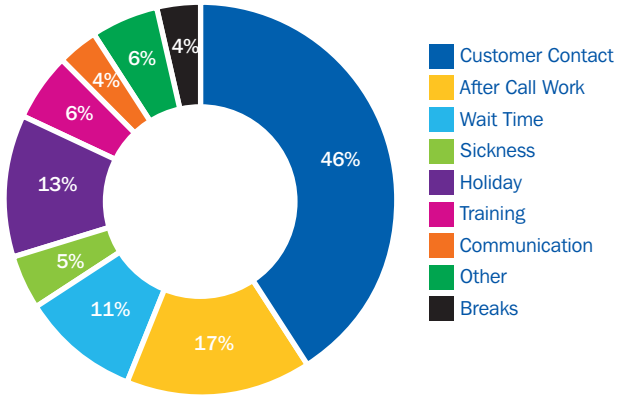
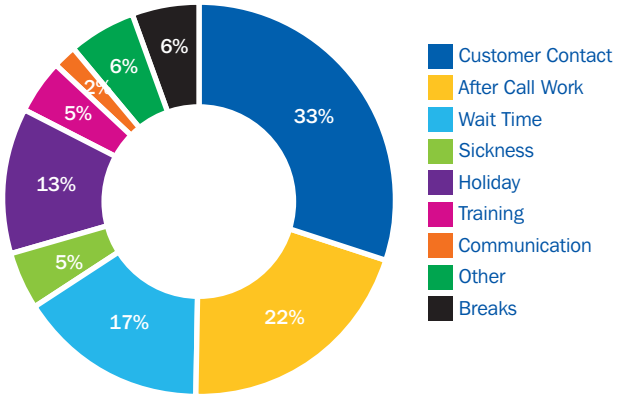
Four Shrinkage Examples

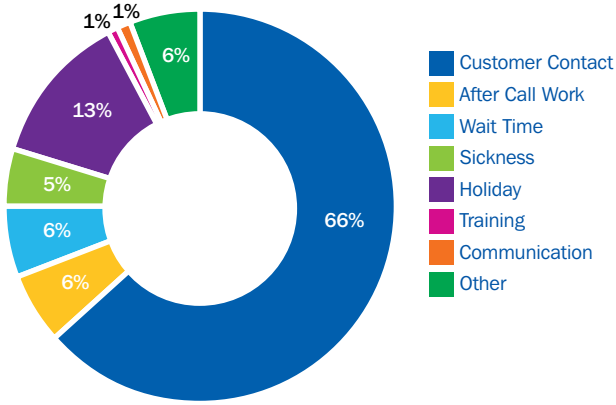
Example 1:
Industry compliant with high training



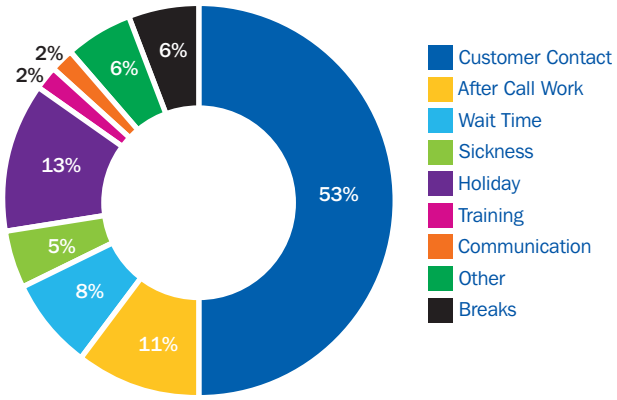
Example 2:
Sales focus with manual booking process, high after call wrap time



Example 3:
Extreme example with minimum offline activities/absence



Example 4:
Training and Communication Focus



	Example 1	Example 2	Example 3	Example 4
Sickness – days per month	1	1	1	1
Holiday – days per year (inc BHs)	33	33	33	33
Training – hours per month	10	2	1	4
Communication – hours per month	5	2	1	4
Other – mins per month	30	30	30	30
Breaks – mins per month	30	30	0	30
Customer Contact – hours per day	4.2	3.0	6.0	4.8
After Call Work – mins per day	90	90	30	60
Wait time – mins per day	60	90	30	45
Contracted hours per day	7.5	7.5	7.5	7.5

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Calculating shrinkage

Shrinkage is one of the big questions raised each year by students: how do our 'paid' or scheduled' hours shrink away when you take account of all the factors that cause people not to be 'on the phones'? What are shrinkages, how much shrinkage should we plan for, what should the shrinkage target be and what shrinkages does everyone plan for?

The aim of these pages is to help you plan shrinkages effectively and realistically – and to ask you to participate in creating new benchmark data that can be used as part of the new flexibility tool-kit.

Shrinkages are best summarised on the 'Planning Wheel', which measures the % time spent in different ways in the contact centre. To gain the business benefits of flexibility you have to track and manage these factors more tightly. For example, flexible scheduling of training sessions can mean quiet times are used more effectively. This allows more training without increasing your manpower budget; this increases the 'training' time but reduces 'wait' times as the overall utilisation is higher.

In a different way, if the amount of scheduled off-line time is increased, then 'other' may go down, making it easier to predict where you will be under or over resourced – and therefore manage this more effectively. Similarly if people have the flexibility to take time off when they want it, then often absence is lower – reducing budget costs, because people are using their holiday allowance or 'paying back' the time in periods when you need extra support.

Previous best practice guides have published benchmark data on shrinkages, but the aim this year is to establish a benchmark of definitions that will allow more meaningful comparisons and help focus the wider management team on implementing an effective and holistic resourcing strategy.

The (fictional) examples on these pages deliberately contrast the impact of different assumptions. Combined with the definitions on the next page, they should give you a good guide on how to establish appropriate shrinkage parameters for your own contact centre operation.

If you understand what each percentage point means and what you are actually achieving, next year's budget is already a little bit easier! Then, share your results with us and we can help you compare your performance against appropriate industry benchmarks.

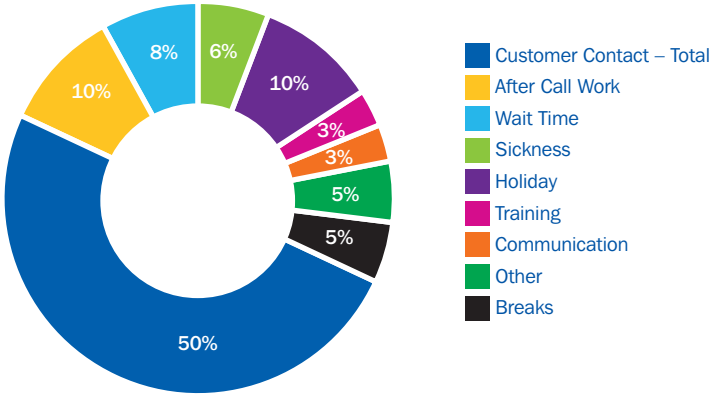
If you have a particular interest or are looking for support in this area then contact Phil Anderson on 01772 797 138 or phil.anderson@planningforum.co.uk

Shrinkage Categories

Understand how you measure and track the following:

- Absence
- Holiday/Time off
- Training/Coaching
- Communication
- Breaks
- Other

Planning Wheel – Benchmark research 2007



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Shrinkage definitions and how to apply them

Most organisations track time against these categories through a combination of manual tracking, codes on the telephony system or use of other systems. Accurate tracking is the first step towards effective planning.

- **Absence:** Short-term and long-term sick, both paid and unpaid; also include any instances of AWOL (absence without leave), paternity leave, jury service and emergency leave. An average of 1 day sick per person per month is around 5% a year. The aim is to operate with as little sick as possible; however you need to build realistic figures into the budget. Remember it's not your fault if sickness is high, but it's your job to plan for it.
- **Holiday/Time off:** Annual leave entitlement, including bank holidays (if your centre is open on these days), flexi-time accrued leave and any annual leave carry over. Most of this will be contractual so take time to work this out accurately. If you restrict holidays in some months, make a higher allowance in others. Track take-up and use this to forecast seasonality.
- **Training/Coaching:** Quite simply any training, e.g. systems, new product, compliance, coaching etc… However do not include induction training as this should be planned as part of the induction process and is usually accounted for separately in the budget. 2 hours per month per FTE is around 1%, whereas 1 day per month is around 5%. Again, it's not your fault if training time is high, but if it isn't in the plan, your plan won't work.
- **Communication:** Any communication session including 1 to 1s, team meetings, buzz sessions, annual company overview, etc. Needs vary greatly between sectors, but don't factor in 1% if you need 5%. A 60 min 1:1 plus a 30 min team meeting each week is around 2%. Include annual or quarterly business communications in the appropriate month.
- **Breaks:** These are scheduled breaks, which occur in paid time. Any other breaks, such as comfort breaks and cigarette breaks, are included in "other". Breaks which are unpaid are not included in shrinkage.
- **Other:** The potentially ambiguous 'other'; essentially anything else that does not obviously fall under another category, e.g. unpaid comfort breaks, cigarette breaks, general "busy/agent not available time". It is essential to measure what actually happens. Remember ALL paid time needs to be accounted for in the planning wheel.

New categories

Organisations create new categories for specific activities, which are important to track or manage, for example:-

- In centres where a lot of after call work can be deferred, a separate 'follow-up work' category is often used.
- Where there is a lot of weather-related absence – as in recent winters – it may help to set up a new category for reporting and forecasting.

A word of caution: allowing time in the budget for unwanted activity can create an acceptance – "we've planned for it, so let's use it". Also, if you have too many categories, they are less likely to be recorded accurately. Overall we encourage the use of standardised metrics to enable relevant comparisons, benchmarking and ultimately best practice.

Customer Facing Time

These 3 categories represent direct or indirect work that can be tracked in your telephony system. It is essential to use actual historical information and to identify any seasonality or patterns.

- **Customer Contact:** Total time spent talking to customers, inbound or outbound (include hold and dial time). In a blended environment, include back office/email functions within this time – you may have to manually add it in if people log out to do it
- **After Call Work (Wrap):** Work that needs to be completed before moving to the next call. Project work to improve processes can often reduce this time/percentage.
- **Wait Time:** Time spent in between calls where the agent is sat available without a call. Track how this changes over time – changes are a direct result of your resourcing strategies, operational scale and service level goals.

Help shape best practice in the industry and have your say, by letting us know how you plan your shrinkage and at what level, the challenges you have faced gaining buy-in for the required shrinkage levels.
Join our LinkedIn discussion http://ppf.bz/fWIO8U or email phil.anderson@planningforum.co.uk

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