Extraction of Performance through Shrinkage Control

Call Center Shrinkage:

Shrinkage is the amount of time for which employees are paid during which they are not available to handle calls.

Call center shrinkage is a measure of how much time is lost in the call center due to factors like vacation, breaks, lunch, holidays, sick time, training and so on.

Often defined as a percentage, shrinkage is calculated by first defining what variables will be included in the calculation and then defining how much time is needed for these factors. Shrinkage can also be defined as a factor applied to the number of staff needed active on the phones, which will then reflect the number of staff that must be scheduled.

Types of Shrinkage

Shrinkage can broadly be divided into the following four categories based on when it occurs.

i.	At the time of recruitment	-	Employment shrinkage
ii.	On an yearly basis	-	Yearly shrinkage
iii.	On a daily basis	-	Daily shrinkage
iv.	On hour to hour basis	-	Assigned shrinkage

Employment Shrinkage

Employment shrinkage is specified by the number of days it takes for an agent to be put into production / billing cycle from the date of his recruitment. It will include bench period, induction & training period. Bench period is the period in which an agent has been recruited but waiting to be assigned to a process. Training includes only pre-induction training.

If the shrinkage is calculated for improving operational effectiveness, the time period between recruitment and induction into production cycle has to be considered. Also the learning curve involved in extracting full productivity from new agents need to be considered. If the shrinkage is calculated to improve fiscal effectiveness then the period between recruitment and starting of the billing cycle has to be considered.

There are expenses that are also part of the running of any company, including agent's expenses that may include training. These expenses can be cut when you have the right human resource management information service that will make it easier to train new employees.

Having the best human resource management information is not only an asset to any company, but also necessary to maintain the integrity of the company with regard to their personnel. Providing agents with the most current HR policies and procedures can avoid costly mistakes for any company and result in more productive employees.

The HR and recruitment team will be the responsible for employment shrinkage.

Employment shrinkage happens only when a new agent joins or an agent is transferred from one cost/profit centre to another. The shorter the span of an agent's career with a company, the larger will be the effect of employment shrinkage. The average length of employment for an agent, in months, must also be specified so that induction training can be converted to days per agent year.

>Example

>Date of joining: 4-Jan-10

>Induction completed on: 15-Jan-10

>Employment shrinkage = 11 days

Yearly Shrinkage

Yearly shrinkage covers those items that are conveniently measured in whole days per year.

Components	Description
Weekly Off	No. of Sundays (& Saturdays, if off)
Holidays	Public holidays approved by the organization
Leaves Allowed	No of leaves allowed to an agent per year
Absence over Leave	No. of days an agent was on leave over and above leave allowed
On-going Training	No. of days taken for training

Example:

If an agent worked for 6 months (01/01/2009 to 01/07/2010).

Components	No. of days
Weekly Off	25
Holidays	5
Leaves Allowed	4
On-going Training	1
Absence over Leave	1
Total	**36**

Yearly shrinkage = Week Off + Holidays + Leaves Allowed + On-going Training + Absence over Leave

Daily Shrinkage

Daily shrinkage will include the following factors.

Meals break
Team meeting
Team briefing / Debriefing
Non phone hours

Daily shrinkage is an important factor to be monitored by Team Leader on daily basis to improve agent productivity.

Advantages,

1. Performance of agent will improve
2. Completion of data on time
3. Meeting SLA's to avoid penalty
4. Agent availability time will increase
5.

Daily shrinkage = Meals break + Team meeting + team briefing/ debriefing + Non phone hours

Assigned Shrinkage

While an agent is assigned to the phones, the agent may not be expected to account for 60 minutes per hour of their time, but may be permitted some time (for example 5 minutes) that does not have to be registered as either direct handling of calls (talk and wrap time) or ready for a call. This time may include comfort breaks, time spent on recouping from a frustrating call, a cheering moment spent with co-agents, and some time just for taking a short break from calls at the desk. This time is referred to as "unaccounted" or "ad-hoc" time, and is expressed as the number of minutes per hour allowed. The agent himself will be primarily responsible for control of assigned shrinkage. The Team Leader should actively assess and control assigned shrinkage of his team member on a day-to-day basis.

There are three factors that help track and explain to control the shrinkage. They are adherence, availability, and occupancy.

Adherence: Adherence is a measurement of the time agents are scheduled to work compared to the time they actually work. It can be best tracked by comparing logged in time to scheduled time.

Several factors can account for differences between the schedule and the time worked.

> The first area is scheduled breaks, lunches, and training. This is the only acceptable contributor to adherence discrepancy. Depending on the length of breaks, the best resulting adherence will be around 90%. Forty-five minutes of breaks in an eight-hour shift will result in an adherence of 90.6 % (7.25 hours / 8 hours).

> The second consideration is absences, late arrivals, and early departures. Unless these openings are filled, the result is a disparity between the schedule and the fulfillment of that schedule. If this missed work is paid time off, such as paid sick time, then there is both a dollar cost and service impact that results.

> The third area is unscheduled breaks or any other distraction that causes agents to leave their positions.

Availability: Availability is a subset of adherence. Of the time that staff is adhering to their schedule, availability measures how much of that time they are ready (that is, available) to answer calls. It can be easily calculated by comparing available time (also called, "on time," "in rotation," or "ready") to logged in time. Specifically, it is the percentage that results from dividing available time by logged in time. Although the ideal goal of 100% availability is achievable (that is, ready to process calls all of the time agents are logged in), 98% to 99% is more realistic.

Occupancy: Occupancy is the amount of time agents spend talking to callers compared to the time they are turned on or are available.

To calculate occupancy, divide the total agent time (that is, talk time plus wrap-up time) by agent "on" time.

Managing cost through shrinkage control.

S.No	Problem occur	Benefits	Responsibilites
1	Planning the induction training program once in a month.	Organization can save the agent cost for those days sitting in bench	HR
2	To plan adequate buffering	To balance attrition	Ops
3	Flexi shifts	Effective Operations	Ops
4	Job Rotation	To break the monotony of work / multi tasking	Ops
5	Leave Calendar	Complete the production on time.	TL
6	Break time should change from fixed to flexible	Save the agent effective hours	TL
7	Monitoring the agent calls	Reduce the ad-hoc time and increase the availability time	TL
8	Provides coffee / tea inside the work place	Save break time	TL / Admin

Shrinkage –Identify and reduce shrinkage

In order to identify and reduce shrinkage we follow a holistic approach comprised of eight steps:

1. Identification of problem
2. Develop the strategic plan (where it is occurring)
3. Measure the problem
4. Risk analysis
5. Develop solutions and Prioritize action
6. Implement solutions
7. Evaluate implantation
8. Follow up

Conclusion

From the above, it becomes clear that the adoption of an agent shrinkage program can provide significant benefits to the organization