

Workforce Management: Optimizing Your Workforce for Productivity and Efficiency

As most financial institutions continue to focus on controlling expenses in the current economic environment, now is a good time to review the keys to successful workforce management.

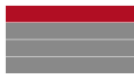
Financial services firms use a variety of approaches to manage staffing and scheduling in their various functional areas. Specialized software is commonly used in call centers and branches, aligning staffing levels with predicted volumes and timing of calls and transactions. Spreadsheet-based models are more widespread in managing back-office areas such as loan servicing or item processing, and in front-office areas like small business banking or private banking.

Workforce management is about bringing the right staff with the right skills to the right job at the right time. It's a demand-focused activity that can't be optimized using only labor and overhead costs. Non-financial factors such as customer satisfaction and employee retention must be included in the calculations because they impact long-term revenues and costs, particularly if they are ignored. These factors are important regardless of whether or not sophisticated software is used.

Key Factors of Workforce Management



The sections below will review each of these four components in more detail.



Right Job

Activity Inventory

The first component of workforce management is the “job:” the activities that need to be performed to bring about the desired business outcome. Staffing and scheduling models won't generate correct results if the list of activities is inaccurate or incomplete. Do you know exactly what your staff is working on all day? Do you know which activities are volume-driven (e.g., teller transactions, check clearing, loan payment processing) and which are primarily fixed activities (e.g., branch cash deliveries, ATM balancing, GL reconciliations)? Inventory all activities, including non-core activities such as end-of-day balancing, processing invoices to accounts payable, and ordering office supplies.

Process Analysis

With the activity inventory complete, each process supporting that activity should be reviewed carefully. Which ones can be eliminated, streamlined, automated, combined, done in parallel, centralized to gain volume efficiencies, or even outsourced? To identify possible areas of inefficiency, internal performance metrics can be compared to industry peer benchmarks, which are commercially available from sources such as Gartner, Forrester Research, and Tower Group.

Process Timings

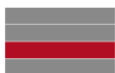
Once the processes are reviewed and updated, the amount of time required to perform each one must be validated. Stopwatch timings of a sufficiently large sample are the “gold standard,” however less time-consuming methods can produce adequate results. Frontline supervisors and managers can often estimate the average effort fairly accurately. Alternatively, a review of recent activity logs may be sufficient. Also, don’t assume that staff will be 100 percent productive. Leave slack in the model to account for breaks, meetings, training, and other non-production activities.



Right Staffing

Deploying the right person is the second component of workforce management. Many roles, by custom, are filled with full-time staff members. Product managers, commercial relationship managers, and account staff are all usually full-time employees. Other roles, such as tellers and call center reps, are typically staffed with a mix of full-time, part-time, and peak-time employees. Temporary contract staff can be used to bridge gaps in regular staffing or to meet a short-term, high-skill need, but will incur a significantly higher cost than a regular employee.

Examine each job to determine the best mix of staffing. Use part/peak-time staffing to meet daily or weekly volume spikes. In addition, two part-time employees can provide more scheduling flexibility than one full-time employee; however, employee turnover is likely to be higher for part-time staff, resulting in higher costs associated with hiring and training.



Right Skills

Skill Inventory

The third component of workforce management excellence is ensuring that the person performing the job has the necessary skills. The nature of a job can change over time. For example, in the past a good teller was one who kept a balanced cash drawer, keyed transactions accurately and efficiently, and interacted pleasantly with customers. Today, cross-selling new products and referring leads to the platform sales staff is a critical component of the job in many financial institutions. Perform an inventory of the skills that are required to perform each activity, e.g.: basic computer skills, customer service, problem solving, verbal and/or written communications, attention to detail, etc.

Job Descriptions

Next, review the job descriptions for the roles involved in each activity and verify that all of the necessary skills are listed. Also, be sure that the roles still make sense. Can some roles be separated to allow for more specialization where the volume of work supports it?

Alternatively, can certain roles be consolidated? Creating hybrid positions can help in situations where volumes don't support two full-time resources (for example, a role that includes teller and platform sales responsibilities, or one that combines loan servicing and loan documentation). Don't forget to update the job descriptions and submit them to HR if changes are made.

Skill Assessments

Next, the skills of the current staff should be evaluated to determine if they meet the minimum skills standards. Supervisors should assess each individual's ability against each skill using a 5-point scale where a rating of 1 indicates "No ability", a rating of 3 indicates "Competent", and a rating of 5 indicates "Expert." Quality assurance reports and error logs can provide quantitative insights to supplement the subjective assessments.

Training

Job skill requirements may have changed. New products or services may have been introduced. New regulations may have been promulgated by your institution's regulator. Or, the staff may simply need a refresher course on a particular topic. Training is an investment that will return benefits in the form of improved productivity and quality, and can potentially improve employee job satisfaction. Build individual and group training plans using the skill assessments.



Right Time

The fourth component of workforce management covers the scheduling of resources to meet the business need. A thorough review of this component includes not just the forecasting and scheduling functions, but an examination of the hours of operation for the branch, office, or operational area.

Scheduling and Forecasting

Workforce management software brings an analytical approach to forecasting and scheduling and is used heavily in branches and call centers. It's starting to make inroads into other operational areas as well, such as loan servicing. Using historical transaction data, the tools can analyze and forecast staffing needs in half-hour increments. They shine a spotlight on the daily, weekly, monthly, and seasonal fluctuations in demand, allowing managers to align staffing levels more directly to actual workloads.

Whether or not workforce management software is used, the forecasts and schedules won't be accurate if the factors underpinning them are out of date. Ensure that the list of activities, volume, and timing for each activity, and the assignment of activities to specific roles, are valid and current. If automated forecasting is used, review the system configuration tables and input feeds. If spreadsheets are used, review the factors and formulas.

Hours of Operation

The "9-to-5" workday is a nice concept, but it doesn't represent reality for many functional areas of a financial institution. Customer call centers and internal help desks are often 24-hour operations. Branches are commonly open from 8 a.m. until 6 p.m., if not later, and frequently offer weekend hours. Operational areas maintain hours that are complementary to the areas they support, generally opening earlier and staying later to provide immediate response for time-sensitive tasks.

Now is a good time to review and rationalize the scheduled hours for each operational area. Shortening the hours of operation can bring down expenses. Have self-service capabilities shifted the volume and timing of work? Can the work be handled in fewer hours? Conversely, are customers demanding quicker service, which may entail longer hours in return for their loyalty?

Automated Scheduling and Employee Self-Service

Managers and supervisors may be hesitant to give up responsibility for scheduling their staff to an automated system. While they may not enjoy the task, it showcases their knowledge of the work and the resources required to get it done and it represents a public display of their authority. Without a continued focus from senior managers on scheduling metrics, the use of automated scheduling tools by front-line managers and supervisors can erode over time.

Another feature that is increasingly available in workforce management software is “employee self-service,” the ability for staff members to view their schedules, set shift and location preferences, apply for time off, and even trade shifts with each other. Empowering employees increases their satisfaction while lowering the administrative burden on managers and supervisors.

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Workforce management is about productivity and efficiency. It's about bringing the right person with the right skills to the right job at the right time. Software packages can help by automating forecasting and scheduling, but its success depends on accurate inputs. Regardless of automation, feedback loops should be implemented to provide a regular review of the activities and input factors that are critical to maintaining an optimized workforce.

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