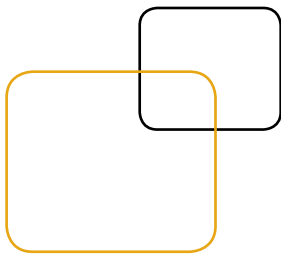
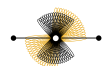


# A Practical Guide to Measuring and Managing Shrinkage in the Contact Centre



Shrinkage can be one of the more elusive metrics in the contact centre, but don't underestimate its power. If properly measured and managed, the use of shrinkage can enable contact centre leaders to achieve the ideal balance of productive and unproductive time. Unchecked shrinkage will negatively affect service levels and the overall contact centre budget. It can eliminate all of the efficiencies gained through the workforce management process of forecasting, scheduling and real-time management. As workforce management software and processes have continued to develop over the years, the measurement and management of shrinkage has become an increasingly important process in the contact centre.



## Shrinkage defined

Shrinkage in its simplest form is the “unproductive” time in a contact centre that actually “shrinks” the productive time agents are available to serve customers. This unproductive time includes all offline time where agents are not serving customers, such as in-office time for breaks, meetings, training, coaching, etc., as well as out-of-office time for vacations, sick days and other types of leave. While these offline activities are often necessary and even beneficial to the contact centre business, they are considered unproductive since they reduce the actual productivity of the contact centre and require additional staff to offset the reduced productivity. In order to consistently meet service level objectives, contact centres need to add staff beyond their productive or base staff. Shrinkage therefore is occasionally called the “roster-staff factor,” given the extra staffing required to “roster-up” base staff to cover the amount of shrinkage expected.

## Measuring shrinkage

One of the main reasons shrinkage can be so elusive to measure is that no industry standard exists on how to measure it. With no industry baseline, then, a contact centre must incorporate several different considerations, based on its specific configuration, to determine the most appropriate way to measure shrinkage. A contact centre can find shrinkage data in multiple locations based on such configuration options. In most cases, measuring shrinkage involves using data from the workforce management system, and may also include data from your ACD. As a basic example, if you track all unproductive schedule events in your workforce management system (sick days, meetings, training, etc.) you can get the total picture of shrinkage from there. If not the WFM system, you’ll need to include other sources such as your ACD, payroll or timekeeping systems to get the full picture of shrinkage.

There also are several ways to look at shrinkage data that assist in the analysis of shrinkage as a whole. One of these is comparing paid shrinkage to unpaid shrinkage. Paid shrinkage is unproductive time the business pays the employee for and typically includes vacation, breaks, meetings and training. Unpaid shrinkage is unproductive time the business does not pay the employee for and typically includes lunch, unpaid absences and other unpaid types of leave.

To fully utilize shrinkage data, the data should additionally be segmented into planned and unplanned events. Planned shrinkage includes any unproductive time already included and approved in the workforce management planning process, such as pre-planned breaks, lunches, meetings and training. Conversely, unplanned shrinkage includes all unproductive events not pre-planned or approved in the planning process, such as sick days and last-minute coaching sessions that are scheduled same-day. Another common type of unplanned shrinkage is productive time lost when agents are out of schedule adherence. While being out of adherence doesn’t always affect the entire daily total of productive hours, it does impact productivity and possibly the contact centre’s service levels at the time of each adherence event. For those reasons, out of schedule adherence should be included in the unplanned shrinkage assumption. Moreover, separating shrinkage into planned and unplanned categories is an especially important part of the workforce management process in that, to some extent, you will need to plan and account for these unplanned events in your forecasting and scheduling process.

Some contact centres also find it helpful to measure their controllable and uncontrollable shrinkage. Controllable shrinkage in general includes unproductive time that the leadership and workforce management teams can affect or change, such as meetings or training. Uncontrollable shrinkage includes any unproductive events such as sick days or other types of leave that the leadership and workforce management teams cannot affect or change.

While comparing paid shrinkage to unpaid shrinkage, segmenting shrinkage data into planned and unplanned events, and measuring controllable and uncontrollable shrinkage are three very common options to measure shrinkage overall, there are certainly many others your contact centre can use depending on the analytic and reporting needs of your business. For the most part, you can ensure the success of the workforce management process by assessing the shrinkage categories and the amount of unplanned shrinkage.

## Setting a goal for shrinkage

Much like the various methods of measuring shrinkage, there is also no industry standard when it comes to establishing a goal for shrinkage. Most often, shrinkage goals are based on a combination of what’s necessary for the business and what’s affordable based on the budget. In an ideal world, the contact centre’s long-term or capacity planning process should include shrinkage as a part of the planning and budget approval process. Taking such an approach ensures that a contact centre has built enough unproductive time into its staffing plan to accommodate all unproductive needs. Also while actual shrinkage may be something a contact centre uses as a data point for review when selecting a goal, it should not be used as a base for setting a goal. Without a full shrinkage management program in place, your actual shrinkage may be significantly higher or lower than what you really need or can afford.

To establish the first part of the shrinkage goal equation, you need to identify what’s necessary. In this context, necessary can include what is required by law, like breaks and lunches, what is required by the company, such as vacation time, and what is required by the business leader, such as training and coaching. It therefore is practical to put together a list of these assumptions by category to assist in the selection of a goal, and for use later in reporting and measuring the actual results in those same categories. Following is an example of how you can document and calculate your shrinkage assumptions to establish a goal for shrinkage. In this example, the agents are working a 40 hour week (five 8.5 hour days with a 30 minute lunch). The categories for shrinkage are broken down into Breaks/Lunch, Vacation, Absences, Training and Miscellaneous. Based on the assumptions for how much unproductive time is necessary in each category, and the amount of productive time each agent provides, the shrinkage goal would be 27.35%.

Productive Shrinkage by Category	Min/Day	%	Assumptions	Math
Total Productive Time	510		8.5 hours of total productive time (includes lunch)	8.5 Hours x 60 Minutes = 510 Minutes/Day/FTE
Breaks/Lunch	60	11.76%	two 15-min breaks and one 30-min lunch daily	2 breaks x 15 minutes + 1 lunch x 30 minutes = 60 Minutes/Day/FTE
Vacation	19.04	3.73%	10 days/year/FTE	10 days/12 months = 0.83 days per month. 0.83 x 8 = 6.66 hours/month. 6.66 x 60 = 400 minutes/month. 400 div by 21 business days = Minutes/Day/FTE
Absences	19.04	3.73%	10 days/year/FTE	10 days/12 months = 0.83 days per month. 0.83 x 8 = 6.66 hours/month. 6.66 x 60 = 400 minutes/month. 400 div by 21 business days = Minutes/Day/FTE
Training	11.42	2.24%	4 hours/FTE/Month	4 hours div by 21 bus days = 19. 19 x 60 = 11.42 min per month per FTE
Misc. (adherence loss)	30	5.88%	30 Minutes/day/FTE	30 minutes/day x 21 business days
Total	139.5	27.35%		

### Managing with shrinkage

Once you've defined how your contact centre will measure shrinkage for your business, including how you'll report it and what your goal is, you're ready to start managing your business with shrinkage. There are several areas where management of shrinkage can be a great value.

The first of these is the role shrinkage plays in the workforce management process for forecasting and scheduling. Whether using a full-featured workforce management software package or Microsoft Excel, shrinkage is a critical component of ensuring that the schedules you build are the most efficient schedules capable of meeting the service level delivery objective. In the best environments, shrinkage is measured and managed at the interval level so you can plan for the various unproductive patterns that usually vary by time and day. One example of this is unplanned absences. In many cases, unplanned absences are higher on Mondays than on other days of the week. Absences may also be higher in the morning than they are in the afternoon. This type of data and trend analysis is a critical piece of the forecasting requirements and scheduling process, in that your contact centre needs to prepare for greater absences on Mondays compared to other days of the week and mornings in general. By doing so, you ensure that the schedules you build can accommodate such a trend and still meet the needs of customers.

Adding to its value, shrinkage data can likewise be used to measure and manage other parts of the business. Leadership effectiveness is one example. Shrinkage at the site, department or supervisor level can offer a very telling picture of how things are going within each individual group. For that reason, it is important to drill down to these levels with some or all of the shrinkage category data points. You can use shrinkage reporting at this level to identify things like which supervisors are working proactively to plan the offline needs of their employees, and which ones are not, by reporting and analyzing planned offline activities compared to unplanned activities at the department or supervisor level. And as with type of analysis, it is important to remember the "apples-to-apples rule," in this case that any valid analysis of shrinkage should be done across equal or similar workgroups or supervisors. For example, an email workgroup might require more or less unplanned offline time than a phone workgroup, and it's not a fair assessment to assume that the email workgroup's supervisor is less effective simply because their unplanned shrinkage is higher.

Employee engagement is another common area in which shrinkage measurement and management can provide valuable insight. Employees who call in sick more frequently are often less engaged, and over time have a higher attrition rate. Shrinkage reporting at the employee level can help identify these types of issues as related to overall job satisfaction and employee engagement.

### Making shrinkage part of your culture

One of the most important pieces of integrating shrinkage management into your company's culture is employee education about shrinkage as a metric as well as a goal. It's important that leaders and employees alike understand the impact shrinkage can have on your business if unmanaged, and the benefit it can bring when executed correctly.

One of the easiest ways to convey the importance of shrinkage is to document each contact centre and business process on which shrinkage has an impact. Then incorporate documented examples in training sessions with new and existing leaders and employees. Common process/shrinkage examples might include requesting vacation days, calling in sick, and scheduling unplanned same-day offline activities. Whether these or similar processes, each one should be clearly defined in a standard operating procedure document, or SOP, that details the approved process. Contact centres should develop and maintain as many different SOPs as necessary to capture shrinkage related processes. Supervisors should also plan accordingly to schedule training time away from the phones for all agents. For the education process as a whole, it's not uncommon to require several weeks (or months) to fully document, compile and approve a SOP library and distribute it to the masses. If time constraints are an issue, it's important to prioritize those processes that have the most critical impact on the business, such as requesting vacation or calling in sick. Once you've successfully integrated the first few critical SOPs, use them as a benchmark to begin work on documenting other targeted shrinkage-related processes. That way, subsequent SOPs will move more quickly and be integrated, and accepted, into company culture more readily. More so, once you've defined and documented all SOPs for your contact centre, it's essential that you take the time necessary to educate every employee on them. Since this process is usually completed in waves, education sessions should also be completed in waves to mirror the "live-date" of each new process.

Unfortunately, documenting standard processes is a low priority for most contact centre leaders, and often ends up on the back-burner as a "spare-time" activity. To move the task up on the priorities list, the best thing to do is to first make it clear just much shrinkage can impact operations, then conduct regular meetings to design and review processes for SOPs compilation and ongoing training. If they don't, contact centres are far less able to manage shrinkage effectively.

### Conclusions

Measuring and managing shrinkage is one of the core pieces of the workforce management process. When successfully implemented, such measurement and management can dramatically assist contact centre leaders in achieving service level delivery goals, while also ensuring that they have the unproductive time necessary to maintain their business. The process of integrating shrinkage into your business can be broken up into individual pieces for design and review, including how you plan to measure shrinkage; what your goal will be; and how you plan to manage your business using shrinkage as a metric. The final piece of the integration process is communication, i.e., educating leaders and employees throughout the contact centre on shrinkage as a metric and exactly what its associated processes entail. While the initial stages of such integration might be time consuming, subsequent stages will move much more quickly. Ultimately, completing the integration itself will save significant amounts of time and increase overall contact centre efficiency in the long run.



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