

FORECAST FOCUS



Forecasting without WFM Software

By: Tiffany LaReau, Human Numbers

Manual forecasts often perform better than those produced from pricey software applications.

Six tips to help you build an accurate forecast.

If you find yourself in a position where you need to produce a forecast, but for some reason do not have access to a workforce management (WFM) application, you may need to turn to a manual forecasting method instead. Don't panic, hundreds of call centers do this every day. Not every center can get an ROI from purchasing expensive WFM software, yet they still produce successful forecasts by using a systematic approach.

When I was a workforce manager in a large call center using top-of-the-line WFM software, I spent my training and development time learning how to properly use the software and maximizing the time required to administer it for the other workforce managers in my team. This was necessary in order to pull the exact output that we wanted from the product. But then I became a workforce manager for small call centers, and my training and development time changed dramatically. Instead of focusing on which buttons to push, I began to learn about the latest forecasting methodologies. I became involved with multiple forecasting clubs and started having active dialogues with people about scheduling best practices. I traded the hours that I used to spend on administration tasks for focusing on my forecasting results and improving my accuracy levels.

When I began forecasting without the aid of WFM

Forecasting Terms

YTD (Year-to-date) Applies to both calendar and fiscal years, but only includes data that starts at the beginning of the year and runs through the current point in time.

ANNUAL Applies to both a calendar and a fiscal period, and includes everything from the beginning to the end of the 12-month period.

CIRCANNUAL Applies to a rolling 12-month period, referring to cycles that take place over the course of a year.

software, one thing became evident very early on: My manual forecasts performed better than the forecasts that I had produced from an expensive software application. This was due to a couple of reasons:

1. I did not limit myself to a single forecasting method. Each time I reforecasted (and it was frequent!), I played around with alternatives that appealed to me, depending on what was actually occurring within the call center. With all of the possibilities out there, I eventually learned to rely on a circannual growth rate combined with proven index factors for week of year, day of week and time of day as my first choice, but

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it was rare that I only used that one method. Usually, I found that I needed to combine a couple of different methods for temporary periods in order to really push the forecast accuracy results as high as they could be. When I was using WFM software, it wasn't as easy to interchange a forecast method, especially if I wanted to switch to different growth rates, and when I tried to use layered adjustments it just didn't satisfy my accuracy results like I had expected.

2. My personal forecasting method included a carry-over principle from interval to interval. I found that the software did a good job calculating required staff, and an equally good job showing a negative net staff; however, it failed to consider that, during those intervals with heavy negative net staff numbers, some of that volume was going to carry over into the next interval, making those requirements even higher. A phrase that I've heard used to describe this phenomenon is "never getting ahead of the curve." Software is impersonal and does not recognize that a call center cannot always hire to the staff requirements it recommends. But a human recognizes that, and since I knew that staffing to a full coverage model was undesirable (and expensive) for the typical center, I accounted for real staff in my forecasts, with real wait times that extended beyond a standard interval level, which made my forecast perform better.

Six Tips for Building a Manual Forecast

You can probably tell that I'm a forecasting junkie, and I realize that what is enjoyable to me may be considered hard work for others, so here are a few tips to help you out if you find yourself needing to generate a forecast from scratch.

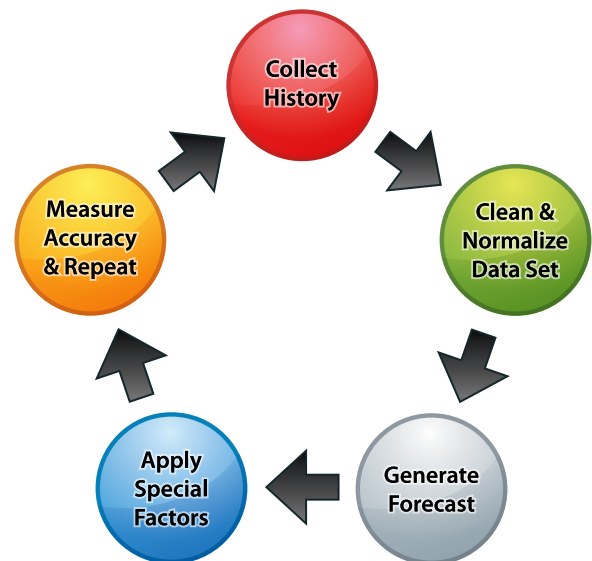
WHEN IT'S AVAILABLE, TAKE ADVANTAGE OF A BASELINE

Baseline forecasts are valuable because they can serve as the foundation to visualize where your forecasts are headed, without having to go through multiple trial-and-error practice forecasts in the beginning.

SELECT THE SIMPLEST METHOD POSSIBLE

If your immediate need is for a short-term interval forecast of volumes, handle time and required staff, select a lean and simple method to start. Early on, I made the mistake of wasting a lot of time trying to build an elaborate time-series model, complete with seasonality, nested adjustments, monthly cycle sets and the works. My approach to reinvent the WFM wheel left me frustrated and nowhere closer to having a workable forecast. I had to let go of the traditional long-term staffing approaches because they weren't providing the payoff that I needed to produce a strong interval forecast. Once I became more adventurous and began to allow different forecasting strategies to occur, the rest fell into place.

Figure 1: The Forecast Cycle



EXPECT YOUR METHOD TO EXPIRE ONE DAY

Workforce management software uses the same isolated algorithm as its forecasting method. This algorithm is not something the users can change on a whim, and performance results are heavily bound to the assumptions fed into the system. There are special calculations in place that apply a heavier weighting to the most recent activities when it comes to time-of-day patterns, but typically the software is insulated from dramatic change so it takes awhile to catch up. This is done by design, so that a more conservative approach applies to a broader group of users, providing smoother transitions in pattern changes.

When you forecast manually, you can take advantage any method (or combo methods) that you can dream up. Another key benefit to forecasting manually is that you can incorporate recent changes instantly into your forecast. If a change occurs in your center that is going to have a permanent impact on when your calls arrive, allow your manual forecast to naturally absorb it as the new pattern instead of letting it take place over the course of several weeks.

ALWAYS LOOK FOR NEW METHODS

As the field of workforce management grows, the potential for new forecasting methods is unlimited. I save all of my classroom texts and have a nice library of forecasting books, most of which are not call center-related. I belong to several forecasting clubs, and my favorite is a workforce management club (SWPP, the Society of Workforce Planning Professionals). These are the resources that I use to find new forecasting material. The workforce management field is still very young, new approaches and processes seem to be

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invented every other month.

REVIEW YOUR FORECAST ACCURACY TO MONITOR PROGRESS

As you start measuring forecast accuracy, you should ideally show improvements over time. This should be happening naturally as a result of continually improving your process with each reforecast, getting better at communicating call drivers, developing more detailed documentation of events and eventually understanding the intuitive nature of the forecast that you are making. As you become more familiar with the call center forecast, you will anticipate the results in advance, and if you are measuring the forecast performance, this will aid you on that journey.

IF YOU DO HAVE WFM SOFTWARE, DON'T LET IT BULLY YOU AROUND

If you're in a forecasting role, you're probably measured on your forecasting ability, which may or may not be tied to forecast accuracy. Don't be afraid to create the forecast outside of the application and then import it. The exercise will only seem redundant until you prove that your manual forecasts are better than the system-generated ones. You can then use your findings to report back to your vendor and let them know where they can make improvements for you in the future. Everyone wins. 🗨️

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