Redefining Flexibility: A Strategy for Branch Workforce Optimization

A Verint® Systems White Paper
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Introduction

Matching the availability of branch staff with patterns of customer arrival is one of the key goals of any branch workforce optimization project. This paper explains how the latest forecasting, capacity modeling, and scheduling solutions can help organizations accurately predict customer demand and take advantage of flexible employee scheduling to achieve this balance. By better aligning their workforce with workload, branch banks not only can deliver more consistent customer service, but also reduce payroll costs, increase sales referrals, and provide a more pleasant experience for customers and employees alike.

Matching Supply and Demand in Your Branches

One of the key goals of any workforce optimization project is to match the availability of branch staff with patterns of customer arrivals in the branch—in other words, to match staff supply to customer demand, and to do this quarter-hour by quarter-hour. Accurately matching this supply and demand supports consistent, high-quality service delivery while reducing idle time.

For instance, transaction volumes in any given day might occur like this: Heavy volumes when the branch opens; a lull in mid-morning, followed by a ramp-up to a noon-time peak; a quieter early afternoon, followed by a late afternoon increase in volumes. This is shown on the graph below:

In contrast, branches are typically staffed with a steady number of people throughout the day, except for part-time help brought in to cover lunches and noon-time, with some morning and afternoon shifts overlapping in the middle of the day:
The result is that there are few times of day with perfect staffing. At almost every increment, there are either too many or too few staff on hand to match customer demand without over-delivering service:

The same is true for sales and service transactions: They rise and fall during each day; during the week; and during the month.

The latest branch forecasting, capacity modeling, and scheduling tools are designed to correct this situation. They predict customer demand in terms of the number of transactions (teller, service, and sales) and the length of transactions. A scheduler takes advantage of the flexibility offered by your branch employees. However, the degree to which the software can match supply and demand depends on the amount of flexibility in your branch staff.

Understanding and creating the different types of flexibility for various staffing situations can provide benefits over and above the delivery of a consistent customer experience. These can include:

- Reduced payroll costs—Branches benefit from less overstaffing and overtime.
- Increased referrals—Reducing the number of understaffed intervals translates into fewer times when tellers focus on clearing the queue at the expense of taking the time for sales referrals.
• A more consistent, pleasant staff environment—Employees experience less stress from understaffed periods and less boredom from slow intervals.

What is Flexibility?
Traditionally, flexibility in a workforce has simply meant having the right percentage of part-time employees. This is a limited view for three reasons:

1. Part-time employees, once hired, are often used inflexibly and tend to work the same shifts, week in and week out. Having the right number of part-time employees allows better schedules—for the average week. However, few weeks are “average,” and other forms of flexibility are key to adapting to changes in day-to-day traffic, as well as to monthly and seasonal trends.

2. Full-time employees can be flexible. This was seldom the case when branches were open from 9:00 a.m. until 5:00 p.m., five days a week, with a few hours on Saturday. But today, with more and more banks offering extended hours—even banking seven days a week—a full-time employee can be scheduled to work different hours from day to day, and can be scheduled on different days for different weeks.

3. Making use of part-time employees synonymous with “having workforce flexibility” is both limited and limiting, in that there are additional types of flexibility. There are seven different ways that an employee can be flexible (including being a part- or peak-time employee). Banks that take advantage of these types of flexibility will operate more efficiently than otherwise, whether they do or do not have a large part-time workforce. Let’s take a deeper look at this flexibility.

Why Is Flexibility Important?
Use of flexible employees helps banks match staff availability to customer flow, regardless of:

• Busier months and quieter months (i.e., seasonal patterns)—The volumes in a branch can vary from month to month, with sometimes as much as a 25-30 percent difference in a very seasonal branch (such as one in a vacation destination or near a college). Without flexibility in the number of hours that can be scheduled, the branch tends to:
  ➢ Overstaff for quieter months
  ➢ Pay for excessive overtime during busier months
  ➢ Deliver a very inconsistent service level
  ➢ Do all of the above

• Busier weeks and quieter weeks—Typically, banks are busier during the first and last weeks of the month and quieter during the middle of the month. This situation is very similar to the problem that seasonal branches face, but it impacts almost every branch. Again, flexibility in the number of hours that can be scheduled each week can enable the branches to deliver consistent service levels.

• Busier days and quieter days within the week (Monday and Friday vs. Tuesday and Wednesday) and “special” days—Some days are heavier than normal because of holidays, the issuance and cashing of government checks, etc. Busier and quieter days of the week need a different type of flexibility than the above two situations. To deliver service consistently, branches must be able to schedule varying numbers of hours on different days.
Busier and quieter times of day—Volume patterns can change slightly on different days and at certain times of year, with busier and quieter periods starting and ending at different times. This can change from day to day, as well as from month to month. To counter this, branches need flexibility in shift start times and shift lengths. This allows accurate matching of supply and demand for each individual day.

Vacations, long-term leave (FMLA), and illness—Coping with staff outages, whether long-term or a single day, can be handled by a dedicated float pool (i.e., employees who are assigned to branches on an “as needed” basis). It can also be managed by having employees work in more than one branch. This enables branches to spread the impact caused by the employee outage among the branches in an area.

Matching available staff to customer flow helps provide a consistent customer experience. It can reduce costs associated with overstaffing and increase referrals (which drop off when there are long lines). It also helps provide a more consistent, predictable work environment while minimizing the stress caused by understaffed intervals—as well as the boredom caused by slow periods.

The Seven Types of Employee Flexibility
Below are the seven types of workforce flexibility that can help you staff correctly for one or more of the above situations:
Status Mix

Almost every bank today supports two or more employee statuses (or types). Employees are assigned a status depending on how many hours a week they are hired to work:

<table>
<thead>
<tr>
<th>Hours per week</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 12 and 19</td>
<td>Peak-time</td>
</tr>
<tr>
<td>Between 20 and 34</td>
<td>Part-time</td>
</tr>
<tr>
<td>Between 35 and 40</td>
<td>Full-time</td>
</tr>
</tbody>
</table>

When scheduling choices are limited solely to the deployment of full-time vs. part-time employees, shifts can be placed on the busier days of the week and during the busier times of day. Without additional flexibility, these shift placements represent the best schedule for the average day (the average Monday, average Tuesday, etc.) but do not help the branch fine-tune scheduling for specific forecasts.

The chart below shows the situations for which a healthy mix of employee statuses can help, assuming there is no other flexibility in your employee schedules.

<table>
<thead>
<tr>
<th>Helps</th>
<th>Does not help</th>
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<tbody>
<tr>
<td>Busier and quieter times of day</td>
<td>✓</td>
</tr>
<tr>
<td>Busier days vs. quieter days within the week</td>
<td>✓</td>
</tr>
<tr>
<td>Busier months vs. quieter months</td>
<td>✓</td>
</tr>
<tr>
<td>Busier weeks vs. quieter weeks</td>
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<tr>
<td>Days that are heavier than normal because of holidays, government checks, etc.</td>
<td>✓</td>
</tr>
<tr>
<td>Vacations, long-term leave (FMLA), and illness</td>
<td>✓</td>
</tr>
</tbody>
</table>

Because this type of scheduling does not increase the number of staff hours available or when they are available, it helps only with meeting demand during the average week.

Flexible Start Times

Flexible start times allow a scheduling tool to match shift start times to the forecasted customer traffic pattern for each specific day, whether it is an “unusual” day (such as a Tuesday after a Monday holiday) or simply a day that doesn’t perfectly match the average.

The table on the next page shows where this type of flexibility helps, and where it does not.
Flexible Hours per Shift

Flexible shift lengths allow you to concentrate employees on the busiest days of the week. They also allow the scheduling tool to match the entire shift to the forecasted customer traffic pattern for each specific day. Here’s where this type of flexibility helps and where it does not:

<table>
<thead>
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<tr>
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<td>✔</td>
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</tbody>
</table>

Because the number of hours people work on a particular day or week doesn’t change, this option offers a better use of staff (especially part-time employees) but doesn’t have a major impact.

For example, let’s assume that an employee is assigned shifts that can occur any time between 7:00 a.m. and 7:00 p.m. If he or she works eight-hour shifts, they can start any time between 7:00 a.m. and 11:00 a.m. The best scheduling practice is to (a) try to honor the employee’s schedule preferences whenever possible; and (b) provide the same start time each day. This results in the best balance between optimized scheduling and employee quality of life.

This type of flexibility also assists with better staffing in weeks that have an "unusual" day in them, such as the day that government drafts are issued or checks are cashed.
Flexible Hours per Week

By hiring employees to work between a minimum and a maximum number of hours per week, branches gain the ability to handle busy weeks and months, while avoiding overtime costs and unneeded payroll expenses for non-productive hours during quieter months. Flexible hours per week help in these situations:

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</tr>
<tr>
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<td>✓</td>
</tr>
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</table>

This type of schedule also allows better coverage for weeks when staff members are on vacation or sick. The schedule must be accompanied by some flexibility in the number of work days per week (for part-time employees) and/or in the paid hours per shift.

For example, an employee can be scheduled for a minimum of 35 hours in any week and a maximum of 40. He or she can work 15 percent more hours in a busy week, helping the branch absorb the heavier transaction or customer demand without compromising service. The resulting shifts might range between seven and nine hours in length on weekdays and four and six hours on weekends. This enables the branch to cope with heavier demand on Monday and Friday, vs. lighter demand on other days.

Flexible Positions

Having employees who can work more than one position (such as “universal bankers” or staff who work perhaps both a teller position and a greeter position) allows you to schedule better to meet the peaks and valleys in the various positions. Of equal importance, employees who can work multiple positions offer you the most ease in scheduling when employees are sick or on vacation.

The table on the following page shows the types of situations in which this is helpful:
<table>
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<th></th>
<th>Helps</th>
<th>Does not help</th>
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<tr>
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<td>✔</td>
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</table>

This type of flexibility also means that the impact of illness or vacations can be distributed among several positions within the branch.

**Universal Bankers**

Creating a “universal banker” role is a change to the branch operating model, in that it uses a single role for platform, teller, and service activities. Staffing needs are calculated at this level, rather than at the teller or seller level, and staff schedules have shift times but do not have role names. The benefits of this change are similar to the benefits that come from having employees with flexible positions, but are much more pronounced.

In a branch with universal bankers, virtually any staff member can complete a platform, teller, or service activity from any location in the branch.

Branches using this model may look like a traditional branch, with a teller counter and a sales and service area. Customers who enter the branch may be directed to one of the areas, according to the primary purpose of the visit, but may overflow to other areas.

Alternatively, branches using this model may also have a physical redesign that eliminates the counter altogether. Staff sit at desks or pods, and customers queue for the next available staff member.
In both of these models, staff members must be cross-trained in all branch transactions and other customer-facing work. While there is overhead associated with doing this, there is also great benefit, since branches can gain more of a buffer for unexpected transaction volumes, staff illnesses or call-ins, vacations, and long-term leave.

Consider a traditional branch staffed with perhaps four tellers and four sales staff. When a staff member is absent, either the platform or the teller area is short 25 percent of its resources, resulting in a significant increase in wait time and customer annoyance. If it is a sales person who is missing, walk-in and referral opportunities may not be served.

If the same branch is reconfigured with universal bankers, a missing staff member results in a 12.5 percent shortage in both areas. This has significantly less of an impact on each area and can result in fewer lost sales and better wait times.

Cash handling in a branch with universal bankers must be allowed for. Solutions include the use of teller cash recyclers in the platform area or between staff desks (or pods) and the use of a pneumatic system to move cash to a back office where a supporting role, a cashier, does the cash handling.

Universal bankers provide better back-up for accommodating illnesses throughout a district in two ways: 1) When a staff member at one branch is sick, any universal banker can fill in. This provides more flexibility than if a teller must be replaced by another teller. 2) If a universal banker is sent to a branch that is short-staffed, a 12.5 percent staffing shortage is created in the branch losing the universal banker. This is more easily accommodated than the 25 percent gap at the counter or platform that would occur otherwise.

Finally, use of universal bankers provides more flexibility in handling hour-to-hour transaction spikes. Moving a staff member from the platform to the counter for 15 or 20 minutes to handle a spike is impractical; staff members begin to spend as much time moving from role to role as they do serving customers. Converting to a universal banker role avoids this problem entirely. With the single queue in effect, the balancing of sellers and tellers simply is not an issue.

**Flexible Location**

Having employees who can work in more than one branch, whether they are a dedicated float pool or staff who are shared on an as-needed basis, helps ensure that the service level in any one branch is not drastically impacted by illness or vacations. Having employees who can work in more than one branch means that while the service level in an area (or group of branches) may suffer slightly, the impact is distributed among several branches.

As shown on the following page, this flexibility typically helps in only one situation:
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<td>✔</td>
</tr>
</tbody>
</table>

**How Important Are Part-time Employees?**

Part-time shifts can be combined with full-time shifts to produce schedules that go a long way toward matching employee schedules to customer patterns. The use of part-time employees allows the ideal schedule for at least the average week. Without other forms of flexibility, particularly in the number of hours per week and start times, the value of part-time employees is limited more than it might otherwise be. However, the combination of a healthy percentage of part-time employees, combined with flexibility in the use of these employees (and full-time employees), can provide startling benefits in terms of schedule optimization.

A 35 percent part-time ratio is an excellent goal. Usually, going above 35 percent does not provide additional advantages (although it depends how variable the demand is). While we have seen banks with 65 percent or more of their employees as part-time staff, without having flexibility in the use of these employees, the return on this practice can be limited.

The value of part-time employees has been an ongoing debate for many years. On one hand, they are seen as valuable employees who, because they can be deployed where and when needed, provide a greater return on each payroll dollar. On the other hand, there are arguments that part-timers are not as dedicated and do not build relationships with customers. Some organizations perceive them as employees who are less skilled and expect them to have higher turnover. Others see them as more reliable and experienced, pointing to the greater number of older workers who have retired (sometimes from banking) and want part-time employment.

To some degree, the beliefs about part-time employees that shape a bank’s culture are self-fulfilling, and that banks find the most value when part-time employees are perceived to be as valuable as full-time staff and treated accordingly. Attitudes about part-time employees should be examined, validated, and managed.

One argument is that the cost of hiring and training two employees who each work 20 hours per week is twice as great as hiring and training one employee who works 40 hours a week. When you look at the numbers, however, the real costs are not as easy to quantify. If hiring and training each person costs the equivalent of four full-time weeks of wages, and the average part-time employee stays with the bank for two years, then the cost of hiring and training two part-time employees is about 3.7 percent more than one full-time employee. This is easily made up in lower benefits costs and (often) lower pay rates.
How to Build a Flexible Workforce

Below are some important principles to use when building a flexible workforce.

- **Move to flexibility slowly.** Don't force your existing employees into it. You can, however, with good education and change management, ask for flexibility. Some employees will provide it; others won't. Applying change management principles so that they understand the value to the bank—and to their own work lives—is key to this transformation.

- **Hire for flexibility.** Make it part of the advertising and interview process. When hiring, be explicit that you expect the employee to work, for example, between 35 and 40 hours each week, as needed, with start times that may range between 7:00 and 8:30 each day, with 7 to 8.5 hours of work each day.

- **Reward flexibility.** Flexible employees will have less idle time and be more productive than inflexible ones, and their cost per transaction is, on average, lower than that of inflexible employees. Consider a wage adjustment both for new hires and for existing employees who offer to move to more flexible schedules.

  Remember that as you use full-time, flexible employees for fewer hours per week (on average), you will be saving payroll cost. Consider using some of that savings as incentives for flexibility. This may open the door for more employees to be willing to be flexible.

- **Use flexibility, or it will disappear.** If you don't use your scheduling solution to take advantage of flexibility and continue to schedule your employees with the same shifts each week, their flexibility will dissipate.

- **Measure each branch on the flexibility of its staff.** Measures can include:
  - Maximum paid hours for all staff in the branch, compared to the minimum promised paid hours. (This is the measure of how much the workforce can flex in the schedulable hours between slow weeks and busy weeks.)
  - The amount of flexibility in start times, as a percentage of the total staff hours. This is the measure of how much flexibility there is.

- **Give as much flexibility as you ask for.** Insofar as it does not interfere with good scheduling, make it your policy that employees should be able to have their own preferences for scheduling, including the times of the day and week they prefer to work, and other times when they are available but prefer not to be scheduled.

  Make it policy to grant one-off requests so that employees can run errands during business hours.

- **Create schedules sooner to balance the lessened predictability.** Issue schedules three to four weeks in advance of the start date, so that your employees can plan their personal schedules.

  Apply change management principles to manage the change, not only for your frontline employees and branch managers, but also within HR and at the area/district/region management level. Communicate the reasons for the move, and have answers for common objections:
What Does a Flexible Workforce Look Like?

Workforce flexibility does not need to be extreme, and creating a culture based on extreme flexibility is not likely to succeed. The table below shows both an extreme profile and a realistic profile.

<table>
<thead>
<tr>
<th>Extreme Flexibility Profile</th>
<th>Realistic Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works 0 to 44 hrs/week</td>
<td>Depending on status, works:</td>
</tr>
<tr>
<td></td>
<td>- 0 to 15 hours per week (peak)</td>
</tr>
<tr>
<td></td>
<td>- 16 to 28 hours per week (part-time A)</td>
</tr>
<tr>
<td></td>
<td>- 29 to 35 hours per week (part-time B)</td>
</tr>
<tr>
<td></td>
<td>- 35 to 40 hours per week (full-time)</td>
</tr>
<tr>
<td>Works 2 to 12 hrs/shift</td>
<td>Works shifts whose length may vary by 2 to 3 hours</td>
</tr>
<tr>
<td>Works any time</td>
<td>Starts at the same time each day for a week</td>
</tr>
<tr>
<td>Works any position</td>
<td>Works any non-sales position</td>
</tr>
<tr>
<td>Works any location</td>
<td>Works at two or more nearby branches</td>
</tr>
</tbody>
</table>
Best Practices in Scheduling a Flexible Workforce

Scheduling Part- and Peak-time Staff
Schedule to demand within a broad availability window, while ensuring:

- Consistent start times during each week (rather than shifts starting and highly varied times)
- Fairness rules, especially in scheduling Saturday and Sunday work.

Use fixed shifts for key roles and tenured staff members, unless those staff members offer to be flexible. A mix of flexible and inflexible shifts will give you the schedules you need. (Depending on the amount of flexibility that each employee offers and the volatility of demand in a branch, having 40 to 60 percent flexible employees is an ideal goal.)

Leverage competencies (referral rates, compliance and error scores, etc.) and proficiencies (transactions per hour) in scheduling decisions to make sure that employees are scheduled when, where, and how the branch (or group of branches) can make the best use of them.

Scheduling Employees Who Can Work More than One Position
Schedule to ensure minimum duration in each role before switching, and limit the amount of switching. A schedule that moves someone between four or five different roles in a shift is neither practical nor enjoyable.

Best Practices for Scheduling Shared Staff
Enter schedules far in advance to cover planned outages, such as holidays and FMLA. Assign the shared employees to cover these soon after the requests are approved.

Reserve some staff as day-off replacements for sick employees. Use a view that shows the staffing overages and shortages at each branch in the area when deciding where to deploy shared employees.

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