Abstract

In a call center environment, numerous challenges exist, requiring many decisions. Determining proper staffing levels is one of many critical decisions for a business operating a call center. While this is just one element of operating a call center it comes with a great deal of complexity and consideration. For instance, technology, employee training and incentive options, customer satisfaction, business growth and seasonality, macro environment and many other influencers. In this work, a streamlined simulation of a call center was built, using ARENA to model a twenty-four-by-seven, three-hundred-sixty-five-day-a-year call center environment for a Financial Services company to exhibit an approach for Operations management to utilize when staffing its workforce.

Background

Overview

A call center environment is common to the Simulation discipline and two out of the three members of this project group work within a call center, sparking interest in exploring this topic beyond what was covered during the course. Noting all the various complexities and decision points [x], assumptions and constants were applied. The assumptions and constants were created from project member imagination to protect the organizations by which two of the group members are employed. Furthermore, the workflow was created after calling a set of companies with well-established call center operations: Chase, Capital One, Amazon, and UPS, to piece together a generic and streamlined workflow, focusing on a Financial Services call center environment.

Main Goal of Project

As mentioned above in the last sentence of the abstract, the idea of this simulation is to determine how best to staff the call center. In other words, if we were consultants, and a company hired this project team to model its call center and achieve three goals (see below), what we recommend?

1. **Minimize costs:**
   * Optimization comes down to the costs of two similar entities: trunk lines, and human capital. The more trunk lines deployed, the higher percentage of call volume that can be handled by the VRU system, reducing the manual work effort needed.
   * Automation and manual costs should both be considered.
   * Most trunk lines cost companies $15-25 a month (<https://www.nextiva.com/blog/sip-trunk-pricing.html>, sourced from a customer support software company’s website.
   * The value of $21.60 was chosen for this simulation for ease of calculation. Following a 30-day month yields a 3 cents per hour trunk line cost.
2. **Optimize utilization**
   * Entities were tracked going through the model, recording Call Handling Time to support Idle Time and Utilization.
   * Utilization is one of the most critical metrics leveraged to evaluate call center specialist performance.
   * Typical utilization ranges from 22% to 76%. It is important to strike a balance, as a 60%+ utilization can lead to burnout.
3. **Minimize lost calls**
   * “Being able to handle the call volume” was determined by, if the student version of ARENA did not crash when we ran the simulation, in other words there were no more than 150 simultaneous entities in the various portions of our simulation at any given point, then it was successfully handled.

Workflow

Sampling the entities noted previously revealed a common flow – Fig. 1. Calling the customer service centers is always met by a voice response unit (VRU), requesting the customer select how support is needed. Typically, the selection will be met by another layer of options focusing on the topic selected initially. The options available can bring the customer to self-service VRU or Customer Specialist. At the end of a call, after speaking with a representative, the customer is given the option to complete a survey.

Financial Services are heavily regulated [x], and, while Financial Institutions aim to provide service that meets all regulatory standards, customers will have an opportunity to share details where regulatory standards are not being met in the form of a complaint.



Assumptions

It was mentioned above that assumptions and constants were devised in order to run this simulation without giving away company proprietary data of multiple project team members. The constants themselves were devised similarly, but in this section, we will first review the non-constant assumptions followed by those that are constant.

Assumptions About the VRU and Process Flow

Numerous assumptions were made to account for the complexity that exists within a call center:

* Operations cover 24 hours daily for 365 days – no downtime.
* All customers are immediately directed to an automated system that attempts to resolve customer issues via a series of button pushes and automated readouts, and commands, to avoid human capital requirements.
* Customers can either press a button, choosing to be redirected to a person, or, if the automated system is unable to resolve the issue the customer can then be warm transferred. They are given the option of handling multiple issues with the automated system, so at the end, they can either press another button to go back to the main menu or to exit the call.
* Prior to call termination, the customer is given an option to take a survey. This option is available regardless of whether they only used the automated system or spoke to a human representative.
* In some instances, the customer believes the representative/company failed to meet regulatory standards. This complaint is filed via phone to another human representative, after which they still have the option to take the survey before hanging up.

It was assumed that there are seven primary reasons a customer calls. Most can be handled via the automated system:

* Payment
* Balance
* Fraud
* Credit
* Lost Card
* Stolen Card

The one option requiring a customer specialist is the instance a request is made to close an account. The reason for this treatment is to make reasonable attempts to keep the retain the customer.

It was also assumed that a sales team exists to sell new offers to customers who calls in. The call center takes advantage of this contact point.

Constants

* **Shifts:**

Before getting into the constants, first, a definition: The day is divided up into 3 components for the purposes of this simulation, and because we are also staffing, three 8-hour periods were established:

* + “first shift”: has “normal” business operating hours (9-5, for example, let’s say)
  + “second shift”: evening hours
  + “third shift”: overnight/early morning hours
* **Arrivals:**

It was assumed that customers call in in a nonhomogeneous Poisson manner, calling at a rate of:

* + 200 per hour during first shift
  + 100 per hour during second shift
  + 50 per hour during third shift
* **Customer Selections:**

It was assumed that there is a 65% chance a customer tries to use the automated system to make a payment or check on their balance, a 15% chance a customer tries to use the automated system to report a fraud or credit issue, a 5% chance a customer tries to report a lost or stolen card using the automated system, and a 15% chance a customer immediately opts to speak to a representative rather than attempting to use the automated system first.

* **Trunk Lines:**

50 trunk lines are in place for the model. At the point which all trunk lines are in use the call will be routed to a Customer Specialist. Overflow is most likely during the first shift when the Call Arrival % is highest, decreasing with each successive shift.

* **System Interaction:**

All automated system interactions followed a uniform distribution.

* **Automated Issue Resolution Time:**

It was assumed that in the automated system, making a payment or checking your balance takes 2-5 minutes, reporting fraud or a credit issue takes 5-10 minutes, and reporting a lost or stolen card takes 10-20 minutes.

* **Customer Selection Upon VRU Entry**

Customer selection leveraging N-way by Chance percentage determines whether a self-service option is chosen or customer service is preferred.

* Self-service: 85%
  + Payment/Balance: 65%
  + Fraud/Credit: 15%
  + Lost/Stolen Card: 5%
  + Customer Specialist: 15%

Calls that land with a Customer Specialist will be routed to a resource, consistent with the self-service approach, using N-way by Chance.

* Payment/Balance: 45%
* Fraud/Credit: 20%
* Lost/Stolen Card: 15%
* Account Closure: 5%
* Sales: 15%
* **Customer Specialist Issue Resolution Time:**

All phone calls with actual human representatives are assumed to have a triangular distribution in length:

* + Payment/balance calls assumed to have (3,6,12) distribution
  + Closing account assumed to have (15,30,45) distribution
  + All other calls with representatives, including sales calls, assumed to have (6,12,24) distribution

It was assumed that after speaking with a representative, a customer is allowed the option of being transferred to another department to handle a different issue, which they take with 5% likelihood. They still have the option of going back to take the survey, which they do with 20% likelihood. Half a percent of them make a complaint. Of those who make a complaint, 45% go on to take the survey.

Resources

The following staffing configuration was chosen initially: below the table the reasoning for the configuration will be explained

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Skill Set 1?** | **Skill Set 2?** | **Skill Set 3?** | **Shift** | **Wages** |
| Joey | Y |  |  | First Shift | $18/hr. |
| Rachel | Y |  |  | First Shift | $18/hr. |
| Zach | Y |  |  | Second Shift | $18/hr. |
| Gabby | Y |  |  | Third Shift | $18/hr. |
| Clayton | Y | Y |  | First Shift | $20/hr. |
| Michelle | Y | Y |  | First Shift | $20/hr. |
| Matt | Y | Y |  | Second Shift | $20/hr. |
| Katie | Y | Y |  | Third Shift | $20/hr. |
| Peter | Y |  | Y | First Shift | $22/hr. |
| Clare | Y |  | Y | First Shift | $22/hr. |
| Tayshia | Y |  | Y | Second Shift | $22/hr. |
| Arie | Y |  | Y | Third Shift | $22/hr. |
| Colton | Y | Y | Y | First Shift | $25/hr. |
| Becca | Y | Y | Y | First Shift | $25/hr. |
| Hannah | Y | Y | Y | First Shift | $25/hr. |

Note: “Skill Set 1” is the ability to handle a customer payment or balance check, and all representatives are able to do this. “Skill Set 2” is the ability to handle the reporting of fraud or a credit issue. “Skill Set 3” is the ability to handle a lost or stolen card, or closing an account. These were handled via resource sets in ARENA.

Explanation for configuration:

3 employees, Colton, Becca, and Hannah, were chosen as “jack of all trades” who have all skill sets, and they only work first shift because this is when the highest demand happens. For the remaining 12 employees, 50% of them are on first shift, 25% on second shift, and 25% on third shift, with an even distribution amongst all three shifts, of all skill sets. Of those who have only skill set 1, they have this 50/25/25 distribution, of those who have skill sets 1 and 2, they also have this 50/25/25 distribution, and of those who have skill sets 1 and 3, they also have this 50/25/25 distribution. This distribution is based on the highest call volume coming during first shift.

Those who only have skill set 1 are paid $18/hr., those who have skill sets 1 and 2 are paid $20/hr., those who have skill sets 1 and 3 are paid $22/hr., and the “jack of all trades” are paid $25/hr. These wages are based on those with more skills, and those will more difficult skills (i.e., closing an account) being paid more.

Experimentation for Optimization

To begin with, we ran the simulation in a non-batch format, to watch the customers flowing through, and to determine the steady state simultaneous number of customers in the self-service area, to determine how many trunk lines to install. This steady state during first shift (the highest volume, hence the shift we looked at this for) was around 10 simultaneous customers using self-service, so our first iteration used 10 trunk lines.

The simulation was run for 30 days because trunk lines are a per-month cost.

An output of the cost ratio of cost per busy time and cost per idle time, for all the 15 specialists, is below. The report from which these numbers came is also in the zip file, titled “Readout from 10-trunk line version”

|  |  |  |
| --- | --- | --- |
| **Name** | **Busy Cost** | **Idle Cost** |
| Joey | $1,888.10 | $2,446.10 |
| Rachel | $973.35 | $3,351.50 |
| Zach | $1,435.40 | $2,888.50 |
| Gabby | $593 | $3,726.90 |
| Clayton | $2,085.10 | $2,739.10 |
| Michelle | $1,225.90 | $3,588.10 |
| Matt | $2,263 | $2,546.90 |
| Katie | $774.24 | $4,025.70 |
| Peter | $2,475.60 | $2,869.30 |
| Clare | $1,656.30 | $3,636.10 |
| Tayshia | $2,614.60 | $2,696.30 |
| Arie | $864.14 | $4,415.80 |
| Colton | $612.67 | $5,417.40 |
| Becca | $390.04 | $5,609.90 |
| Hannah | $902.46 | $5,102.90 |

Quite horribly, not a single employee is being utilized more than 50% of the time, and therefore more than half the cost of employee wages is being wasted. For the next iteration, the decision was made to drop the number of trunk lines in half, to 5 trunk lines, to see whether there is higher utilization of the resources that we are paying anyway. It may cause all trunk lines to be full, more frequently, which would redirect customers to specialists. Also, dropping the number of trunk lines drops the trunk line cost in half as well (it decreases by $108).

After dropping the number of trunk lines to 5, here is the next output. The report from which these numbers came is also in the zip file, titled “Readout from 5-trunk line version”

|  |  |  |
| --- | --- | --- |
| **Name** | **Busy Cost** | **Idle Cost** |
| Joey | $2,899.90 | $1,436.30 |
| Rachel | $2,427 | $1,909.90 |
| Zach | $2,266.10 | $2,064.10 |
| Gabby | $791.97 | $3,528 |
| Clayton | $3,504.80 | $1,318.90 |
| Michelle | $2,964.70 | $1,871.90 |
| Matt | $3,441.80 | $1,387.30 |
| Katie | $1,134.60 | $3,665.30 |
| Peter | $3,804 | $1,541.70 |
| Clare | $3,380.90 | $1,948.60 |
| Tayshia | $4,040.60 | $1,275.40 |
| Arie | $1,724.50 | $3,555.40 |
| Colton | $3,462 | $2,575.50 |
| Becca | $3,298.80 | $2,731.70 |
| Hannah | $3,630 | $2,399.40 |

This is immediately much better, as the vast majority of employees now have a higher busy cost than idle cost, i.e. they are being utilized more than half the time. There are 3 employees who still have a higher idle than busy cost: Gabby, Katie, and Arie. What do these three employees have in common? They are all third shift employees. Clearly, even though we only have 3 third shift employees, only 1 made be needed. However, if only one employee is manning the phones on third shift, we must choose a “jack of all trades” at that time. This may force us to change our stratagem of putting all the “jack of all trades” in the daytime.

Another thing we did in this iteration is add record modules to check how many callers are being kicked out of the self-service queue because all the trunk lines are full. These are the lines at the very top of the readout. From this, we can see that in shift 1, approximately 4,500 callers about issue 1 (payment/balance) were kicked to a specialist, while only 480 about issue 2 (fraud) and 48 about issue 3 (lost/stolen). This confirms our suspicion that issue 1 requires the most staffing, which it already has since every specialist is able to handle issue 1. Had we found a different result here, we might have had to change the distribution of skill sets of specialists, accordingly.

Okay, so the decision has been made to reduce third shift to one staffer. What other reductions, if any, should happen in other shifts, to further increase utilization?

Looking at the above costs for the 12 employees who are on 1st and 2nd shifts, 63% of their cost is busy. Hypothetically, it should be possible to reduce these 12 employees to 9, and have a much higher utilization while not increasing customer wait times.

Hence the following schedule was created:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Skill Set 1?** | **Skill Set 2?** | **Skill Set 3?** | **Shift** | **Wages** |
| Joey | Y |  |  | First Shift | $18/hr. |
| Rachel | Y |  |  | First Shift | $18/hr. |
| Zach | Y |  |  | Second Shift | $18/hr. |
| Clayton | Y | Y |  | First Shift | $20/hr. |
| Michelle | Y | Y |  | First Shift | $20/hr. |
| Matt | Y | Y |  | Second Shift | $20/hr. |
| Peter | Y |  | Y | First Shift | $22/hr. |
| Clare | Y |  | Y | First Shift | $22/hr. |
| Tayshia | Y |  | Y | Second Shift | $22/hr. |
| Colton | Y | Y | Y | Third Shift | $25/hr. |

This schedule can be seen in the second ARENA file in the zip file, called [Reduced Resources].

Here’s the readout, shared in the zip file as the notepad file that contains [Reduced Resources] in the name of the document.

|  |  |  |
| --- | --- | --- |
| **Name** | **Busy Cost** | **Idle Cost** |
| Joey | $3,673.90 | $663.67 |
| Rachel | $3,418.80 | $920.89 |
| Zach | $2,392 | $1,936.50 |
| Clayton | $4,403.90 | $448.48 |
| Michelle | $4,302.50 | $532.22 |
| Matt | $3,360.90 | $1,192.80 |
| Peter | $5,067 | $292.48 |
| Clare | $5,036.40 | $317.56 |
| Tayshia | $4,440.10 | $892.22 |
| Colton | $4,613 | $1,386.90 |

As you can see, making this change of decreasing the total number of employees from 15 to 10, as well as moving Colton to third shift, has all employees with >50% utilization, and most of them with under $1,000 idle cost per month. Having some idle cost is fine, because it is physically impossible for an employee to exclusively be on calls for their full shift with no downtime, and having some idle time built in helps create a buffer since this is only a simulation of one month, and not exactly predictive of every future month, some of which might have slightly higher volume while still following the exponential distribution.

So there’s where we leave off this optimization goal, with the final decision being to reduce the number of staffers to 10, with the above schedule, and to reduce the number of trunk lines to 5. Both of these decrease our total cost while still maintaining an appropriate level of service for our customers.

Areas for Future Research

[Bullet points for now – needs to be fleshed out]

* Attempt to optimize customer waiting times as well – in this project we made it such that it didn’t get *too* long (i.e. ARENA didn’t crash) but didn’t focus on the actual waiting time as an optimization metric
* Attempt to capture the customer’s input from the original menu when they get sent to a specialist, so that the specialist doesn’t have to ask them all their info again
* Attempt to see whether the same resource can help a customer with multiple things instead of sending them back to the menu to grab another resource
* Attempt to calculate how many sales are made, and subtract these from the cost, since sales would be a net positive
* Attempt to take into account complaints/negative feedback into future staffing decisions

Conclusions

For the two group members who implement call centers at their companies, this was a great research to demonstrate how balancing trunk lines and staffers is important – self-service is useful for customers who prefer dealing with their issue quickly, and don’t want to have to explain it in a conversation to a human, and can also help the company by not needing to allocate a resource to deal with those customers. At the same time, customer feedback is of the utmost import, and we don’t want all our customers to be frustrated with an automated system that doesn’t work, hence we want to maintain a level of staffing that both helps our customers in a timely manner, and in a way that leaves them feeling positive about our company

References