

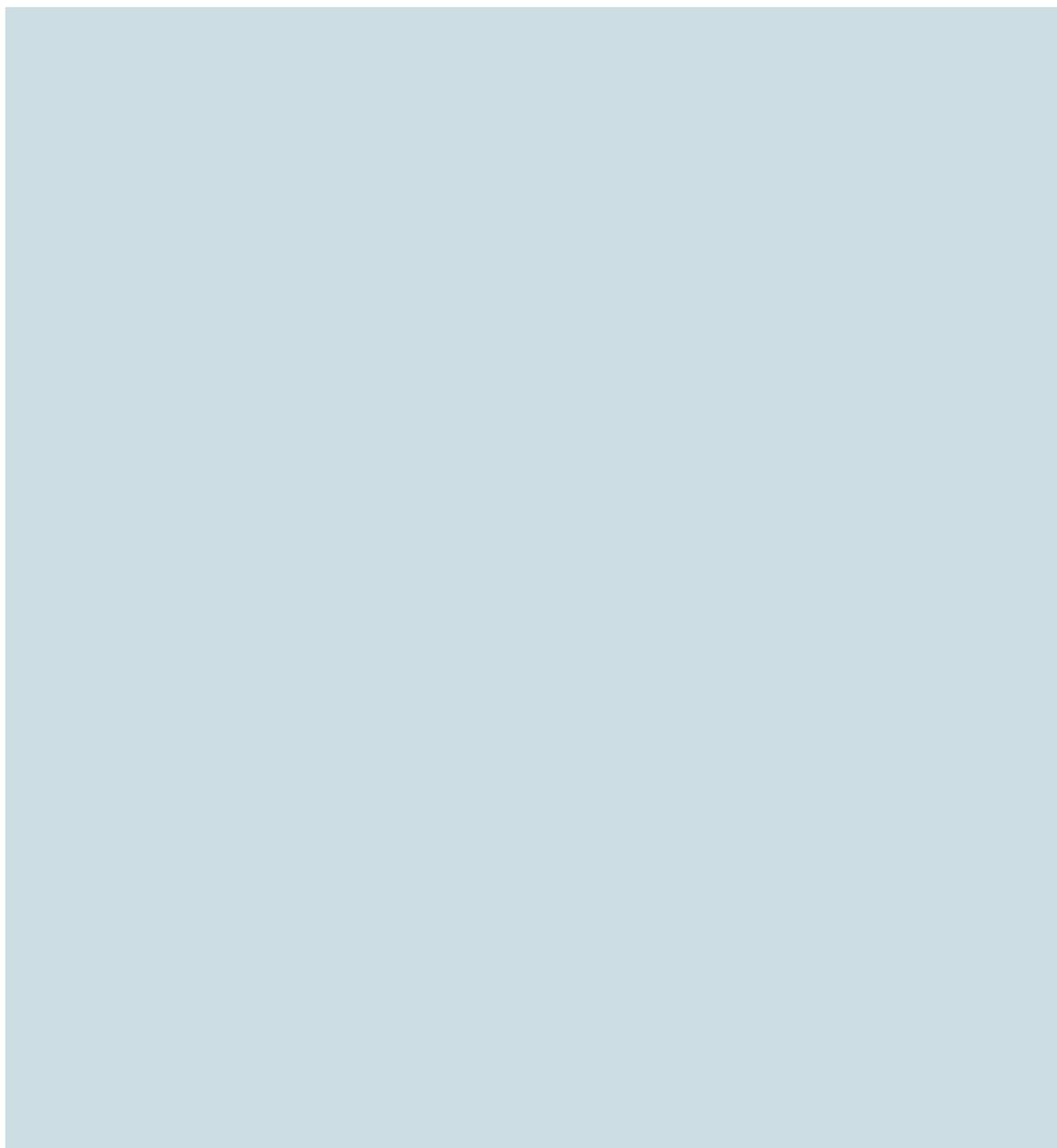


CRITICAL CAPABILITIES FOR BACK OFFICE OPERATIONAL EFFICIENCY

There are several challenges inherent to back office environments that must be overcome in order to achieve true operational efficiency. This paper discusses those challenges and the 5 critical capabilities necessary to improve the performance and efficiency of your back office operation.

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BACK OFFICE OPERATIONAL EFFICIENCY

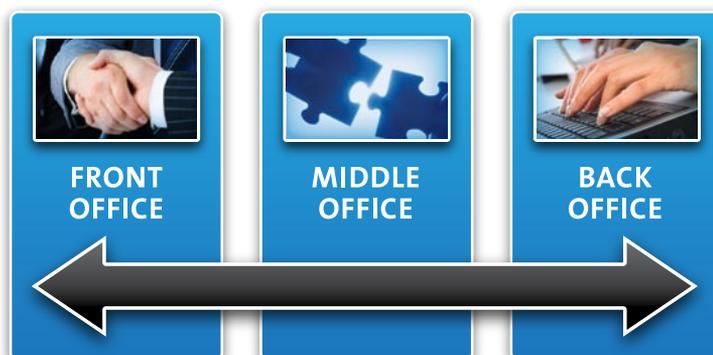
Operational efficiency is critical to the success of any organization. Not only is it necessary for driving profitability, enhanced performance and increased customer satisfaction, in these unstable economic times, it is imperative for the survival of the business.

Initiatives aimed at increasing operational efficiency are nothing new, but historically, they have focused mainly on front office areas of the business. In fact, it would be difficult to find any sizable front office environment that hasn't invested in a whole host of solutions and applications designed specifically to help them run a more efficient and cost effective business.

Although significant levels of success have been achieved with these tools in the front office, it is simply not enough to achieve true enterprise-level operational efficiency. Business leaders are still being tasked to contain costs and do more with less. After having done almost everything they can in the front office to improve efficiency without negatively impacting customer service, the next logical place to launch an operational efficiency initiative is in the back office.

DEFINING THE BACK OFFICE

So what specific area of the business are we referring to when we use the term “back office?” To avoid confusion, let's begin by defining the type of office that is probably the most familiar.



- **Front Office** – Employees who work in the front office of an organization are the ones who interact directly with the customers. This is why it is also common to hear them described as “front-line” employees. Front office, customer-facing employees would include the teller at your bank, the cashier at your grocery store, or the customer service agent at your telephone company. The common thread that weaves through all of these positions is the “on-demand” nature of the interactions they handle. Efficient customer service in the front office requires that these interactions be handled quickly in order to minimize the impact to other customers waiting to be served.
- **Back Office** – Back office, non-customer facing employees would include claims processors at an insurance company, people who fulfill orders at an on-line catalogue or retail outlet, or people who process payments at a billing center. In contrast to the front office, it would be rare for employees who work in the back office to have direct customer interaction unless it was necessary to complete a particular item of work. In addition, unlike the front office where there is often an expectation that the work is handled within a matter of minutes, in the back office it is not uncommon for the expected turn-around to be two or more days, thus creating a backlog of work that has to be managed in addition to the volumes of work coming in throughout the day. Although it may sound counterintuitive, running a little behind is actually a good thing when it comes to operational efficiency in the back office.

- **Middle Office** – The middle office, as you might have guessed, results when there are employees who are responsible for handling both front office, customer facing interactions and back office work items. Volumes on both sides of the business have their highs and lows, but not necessarily at the same time. So if there is a high volume of customer calls, back office workers may be able to assist until call queues normalize. Or if there happens to be a reduction in call volumes, enabling front office workers to assist with back office processing for a couple of hours can be a welcome change of pace. When there are some skill sets both front and back office workers have in common, sharing the load can be an excellent strategy towards improving operational efficiency.

5 CRITICAL CAPABILITIES TO OVERCOME BACK OFFICE OPERATIONAL EFFICIENCY CHALLENGES

Every office has its challenges, but there are a few challenges specific to back office operations that their front office counterparts rarely have to contend with. If you are preparing to launch an operational efficiency initiative in your back office, this paper will familiarize you with the 5 critical capabilities you must obtain in order to make this initiative a success.

Capability #1: Process Automation – Perhaps the first and most obvious challenge the back office must overcome is the lack of process automation. Sure, there are systems the employees use to do their work (a lot of systems, in fact), but there appears to be a lack of systems to help automate the processes involved in running an efficient and effective back office operation including forecasting work volumes, planning workload capacity, managing back-logs, quality management and employee performance management. More often than not, these vital tasks are supported with significant, manual effort. Not only is this costing the back office managers a lot of time that could be spent on more strategic activities, the lack of automation is costing the entire organization a great deal of money.

The critical capability needed to address the process automation challenge is essentially a willingness to invest in solutions that can do the heavy lifting for you. Technology now exists that is capable of collecting data from employees' desktops and using that information as the source to power other systems capable of automating a variety of processes like forecasting, scheduling, reporting, performance management... even payroll! Not only will process automation lead to greater operational efficiency, it translates into significant time and cost savings for your business.

Capability #2: Data Integration – The second challenge results from the variety of disparate systems, desktop applications and paper-based processes back office employees use to do the work. When you consider that the steps involved in processing a single insurance claim, for example, may span several desktop applications and require manual, paper-based work to complete, it's easy to see why capturing accurate data is so difficult. In contrast, front office environments have a rich source of statistical employee and operational performance data instantly captured and housed in their automatic call distribution systems (ACDs). Although some back office environments may have systems that can distribute work items to employees like an ACD, unlike an ACD, they rarely have the capability to capture the statistical details associated with the actual handling the work. In fact, the ability to determine the time it takes to process a single item from start to finish is a big source of frustration for back office managers. It is not uncommon for one person to process a certain step for multiple work items before moving on to process the next step. And what happens when an employee steps away from their desk to get a cup of coffee? How does that impact handling times? As a result, time-and-motion studies seem to be the only way for the back office manager to determine handling time objectives, but this method doesn't help them to gauge the actual performance of their employees.

The critical capability needed to address the data integration challenge starts with being able to extract key data items directly from your employees' desktops. Environments whose work also requires paper-based processing will also need tools the employees use to enter information related to this work to ensure it is integrated with the data collected from the desktops. Taking advantage of the other capabilities discussed in this paper hinges on data integration. Without this necessary data to power other systems, like workforce and performance management solutions, achieving true operational efficiency in the back office is virtually impossible.

Capability #3: Accurate Resource Forecasting – Historically, many back offices have employed considerably more people than their front office counterparts. Given this, one would assume there would be a variety of tools available to help back office managers accurately forecast their resource needs. This is not the case. Although there are many similarities between front and back office workforce management related needs, when it comes to forecasting, they are not the same. Tools used to calculate resource requirements for the front office are developed to handle immediate response customer contacts. However, the back office requires tools that are geared towards delayed response processing. Not only does the back office manager need to accurately forecast the volume of new work items arriving, but he also has to forecast how much work can be handled with existing resources. As if this wasn't difficult enough, imagine what a challenge the middle office has in trying to accurately forecast resource requirements for employees who have both front and back office responsibilities!

In order to overcome the challenge of accurately forecasting resources, it is critical to invest in workforce management technology that is sophisticated enough to recognize the unique forecasting needs of both the back office and the middle office. Even if the operation does not make use of employees who are responsible to handle both front and back office work today, in order to take advantage of this resource-sharing strategy in the future, the system must be capable of addressing the unique challenges associated with operating a "blended" environment where employees may handle both immediate response and delayed response work items. Not only will the back office manager benefit from the process automation provided, he will have the tools that equip him to forecast resource requirements with far greater accuracy than ever before.

Capability #4: View and Manage Resource Capacity – Let's assume for a moment that you've overcome the challenge of accurately forecasting for your resource needs. It would be nice if the process could just end there, but, unfortunately, there is a lot more work to be done. Knowing how many people you need is one thing, but making sure you can actually supply those resources is another. Even in environments where employees work the same basic shift from one week to the next, there is a great deal to consider when confirming actual resource capacity. For example, all of the planned non-productive activities that take place during the week, like vacations, meetings and training, need to be scheduled in order to have a better picture of resource availability. Within the day itself, employee availability is subject to change when people call out sick or are late coming to work. And these intraday changes don't just happen to employees. When incoming volumes are higher than expected, or a key system suddenly goes down, backlogs can increase substantially making it necessary to schedule more resources. But where will these resources come from? Is there excess capacity at another site, or are there agents from the call center who could help? Or would it be better to schedule overtime for the existing staff?

In order for the back office manager to make effective, proactive decisions when conditions change, the critical capability he needs is immediate visibility into the capacity of all available resources throughout the enterprise. This is very difficult to achieve when employee schedules reside in Excel spreadsheets. An automated workforce management solution, however, can provide visibility into resource volumes, requirements, backlog, service levels and current resource capacity all from a single screen. This technology not only enables the back office manager to see how changes in work volumes and available resources impact the ability to meet service levels, it also enables him to monitor the real-time activities of employees and

ensure they are complying with their scheduled activities. One could argue that these capabilities are extremely valuable for any back office environment, but managers who are responsible for offices in multiple locations or who use the resources of front office employees must have the capabilities an automated workforce management system can provide in order to achieve operational efficiency.

Capability #5: Empower Employees to Improve Performance – The performance of all employees in the back office is critical to ensuring the performance of the organization. But in many organizations, employees are unsure of what exactly, is expected of them. And if they do know, they often lack consistent, objective feedback from their supervisor regarding which areas of their performance are most in need of improvement. Employees are much more engaged when they have a clear understanding of what they're being held accountable for and when they have direct visibility into how they are performing against these objectives. When this is possible, the organization empowers their employees to take immediate action to drive their own performance improvements instead of having to wait a week or two to meet with their supervisor. Supervisory performance can also be transformed when they spend less time gathering data and compiling reports and more time actually coaching their employees to do their best.

The critical capability needed to ensure employees and business leaders have consistent, timely and objective insight into performance is an automated performance management system. These systems have the ability to compile information from a variety of sources (workforce management, quality management, claims databases, etc.) and present that information in the form of reports, dashboards and balanced scorecards. A performance management system not only eliminates many time-consuming tasks associated with employee performance reporting, it actually has the capacity to transform the results of the organization by aligning all employees with the objectives of the business. When everyone has the ability to view and manage their own performance, the business is one step closer towards achieving operational efficiency.

CONCLUSION

The journey towards operational efficiency is one that never really ends, and this is true whether you manage a front, middle or a back office environment. However, there are several challenges inherent to the back office that has made achieving the level of operational efficiency experienced by their front office counterparts seem like an impossible dream. Fortunately, this is no longer the case. Technology companies have come a long way towards recognizing the needs of the back office operation. So if you've long given up the search for tools to help you run a more efficient back office operation, you are encouraged to look again. Finally, it is possible to make your dreams of operational efficiency in the back office a reality.

NICE Back Office Suite Enables Operational Efficiency – Contact centers around the world use a variety of NICE solutions (call recording, quality monitoring, workforce management, etc.) to optimize call handling, drive greater performance and increase customer satisfaction. With the introduction of the NICE Back Office Suite, NICE now provides the ability to extend operational efficiency into back office processing environments. The Suite provides the critical capabilities necessary to automate manual processes, integrate data taken directly from employees' desktops, improve the accuracy of forecasts, view and manage resource capacity and empower employees to drive their own performance improvements. In addition to these capabilities, the NICE Back Office Suite also provides tools that enable your operation to ensure internal and regulatory compliance and to improve the quality of the work items being processed, and ultimately, the level of service provided to your customers across the entire enterprise.

ABOUT THE AUTHOR

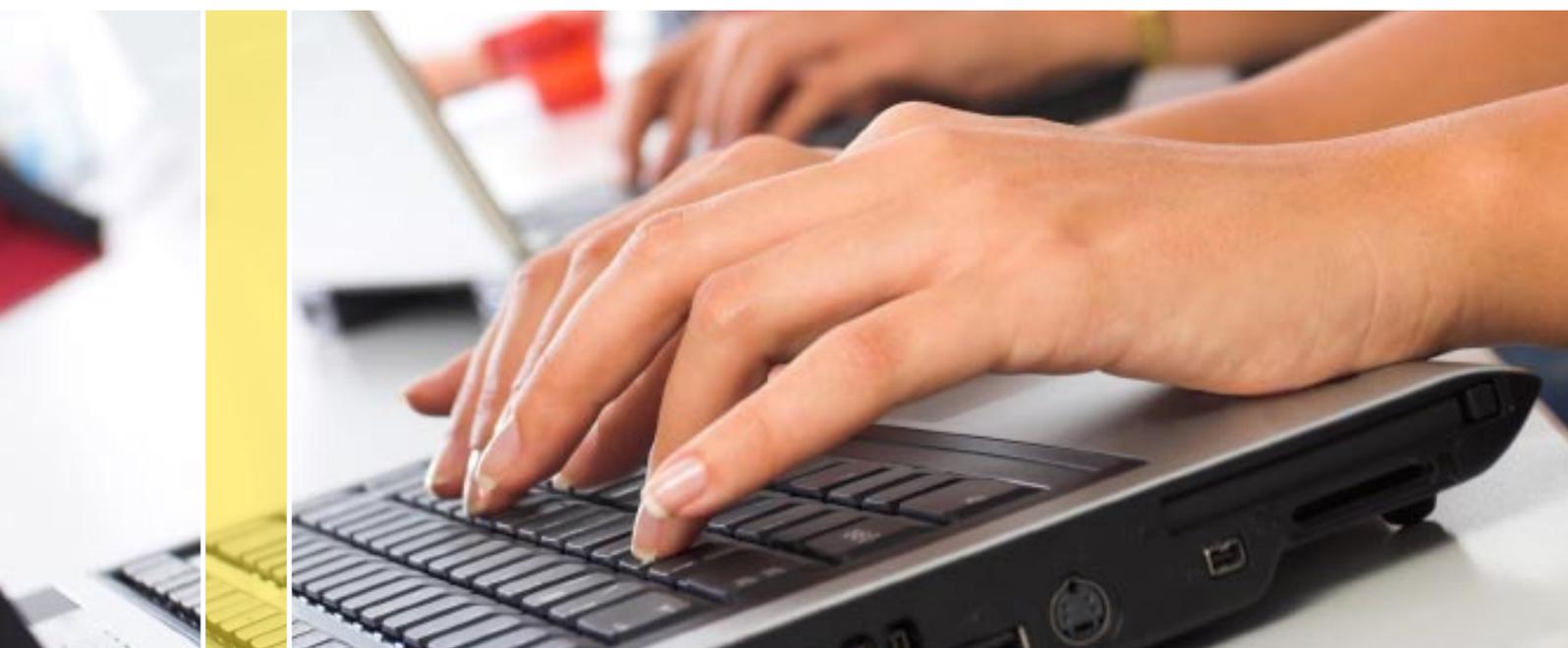
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ABOUT NICE

NICE Systems (NASDAQ: NICE) is the leading provider of Insight from Interactions™, offering comprehensive performance management and interaction analytics solutions for the enterprise and public safety and security markets. Advanced interaction analytics are performed on unstructured multimedia content – from telephony, web, radio and video communications. NICE brings the power of Insight from Interactions to IP contact centers, branches, and command and control centers. NICE's solutions are changing the way organizations make decisions, enabling them to proactively improve business and operational performance and address security threats. NICE has over 24,000 customers in 150 countries, including over 80 of the Fortune 100 companies. More information is available at www.nice.com.



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