

“Call Center Budgeting, The Great Juggling Act?”

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We all know that the economic climate has suffered from a cold snap. Consequently, organizations are looking introspectively to get a better understanding of where their dollars are going and how to better manage costs. Specifically, they are looking to their Call Centers which were less scrutinized in sunnier, warmer times, but now more than ever must justify costs.

Take note that even with a cold snap, organizations *still* are asking Call Centers to increase their focus on the ever critical customer relationship. This is the “do more with less” attitude. Matter of fact, customer satisfaction, retention and loyalty are a few ways that organizations are continuing to create market differentiation and maintain their presence.

As a Call Center Caregiver, your role in the cast is to not only ensure customer satisfaction and employee satisfaction, but to also ensure the organization’s financial satisfaction. Needless to say, this is a daunting task. Your job is like a professional juggler managing multiple spheres of satisfaction.

How do you balance everything?

Perhaps one of the first ways to balance satisfaction is to develop an accurate Call Center annual budget and monitor it quarterly. A comprehensive budget can span the known, unforeseen, fixed, variable, short and long term costs. Listed below are the primary focus areas and hot spots to consider while developing your budget - enabling you to keep all the satisfaction spheres in motion.

Primary Focus for an Accurate Budget

1. Infrastructure

Infrastructure highlights the foundation, facilities, services, and general installations needed for call center functionality. Here you should be looking at your basic comforts. This is a great haven for hidden costs. Be diligent in reviewing your numbers. You may be paying for more than your Call Center uses.

Infrastructure Budget Components

- Floor Space/Furniture and depreciation
- Utilities (heat, air, electric, telephony, etc.)
- Outside services (janitorial, security, food service crew, etc)
- Office Supplies (water, paper, etc.)
- Moves and Changes
- Communications and depreciation
- Hardware and depreciation
- Software and depreciation
- Usage Fees
- Tech Support Services



Hot Spots:

- Call Centers frequently carry additional costs in unused floor space. Ensure that you pay for what you use. Determine which departments should be carrying the cost.
- Other departments within the organization may have their phone charges hidden in your budget. Often Call Centers are considered the major telephony users - reconcile your bills.
- Customer expectations may not require your Call Center to be available around the clock. Have you asked them? You may be providing a service no one wants or needs.
- If your Call Center is an around the clock shop, it is likely that you are taking on all the charges for security guards, cafeteria services, and the transportation of off peak employees? Are there other departments within the organization also working around the clock? Should costs be shared with other departments?
- Moves and changes of location can be quite costly and sometimes counterproductive. Do your due diligence beforehand to ensure this is a cost effective effort. If not in the short term, certainly in the long term.
- Remember to add into your budget upgrades to office furniture, ergonomic equipment, and needed space.

2. Labor Rate Management~People and Training

In most cases, staff costs can be in the excess of 70% of your Call Center budget dollars. Thus, it is extremely important to keep this cost under control. This is also one of the first places others look to achieve cost reductions. As a Call Center Caregiver, you are aware of the dangers of quickly altering your staff. Of course, you are open to the idea of savings and staff reductions, as long as the effort is done thoughtfully and strategically. Your budget is one place that will help in your management of this strategic process. Also included in this section are recruitment, training dollars, incentives and benefits associated with representatives.

Labor Rate Management Budget Components

- Salary/benefits/incentives by level and individual - full time and part time
- Attrition rates and productivity loss
- Recruitment Fees
- Training internal/external



Hot Spots:

- Many Call Centers are structured in a tiered format, allowing the majority of calls to be resolved by the less expensive representatives and exception items passed through to the more experienced/higher paid staff. This keeps the cost of representatives in line: high cost representative - low volume, lower cost representative - high volume. For this model to work, representative profiles, training, knowledge management and strong technology infrastructures must be in place.
- High attrition rates for representatives can shoot costs up dramatically. Be sure to budget appropriately for recruiting fees, training sessions, and productivity lost while getting staff up to speed. The budgeting process does not begin to quantify the cost of what happens to morale or customer satisfaction when attrition is high. Also considerable knowledge may be lost if you have not built a strong repository of information.

- Training programs whether internal or external if measured, monitored, and continually improved are worth the expense. Certainly from a personal level, representatives usually feel valued if they are invested in with training programs. Before going out and seeking training programs, always check your internal organization's training capabilities. Frequently, training can be best delivered by your own crew. Do not send individuals to training unless they are capable of sharing the bounty of knowledge with the organization upon return.
- Incentives for representatives are critical. Reward and recognize for service above and beyond. Many Call Centers offer awards for productivity, attendance, client satisfaction and sales achievement. Awards typically deliver back value in excess of the dollars spent. Often non-monetary awards are as valued by representatives.

3. Process Improvement

Costs are impacted whenever the call center introduces new or improved processes. These often occur with the implementation of new technology (telephony, desktop based, etc), introduction of new products or increased agent expertise. While beneficial to the organization changes carry start-up costs and should be budgeted for accordingly.

These process improvements can be addressed with internal or external service partners. Additionally, mergers & acquisitions, modifications to service level agreements and shifts in outsourcing strategy should be included. Frequently, this is an area of the budget ending up in the red.

Process Improvement Budget Components

- New Product roll out
- Service level agreements
- Benchmark Studies
- Merger and acquisition changes
- Outsourcing strategy
- Internal/external service partners



Hot Spots:

- Call Centers are continually involved in process enhancements, so don't forget to include dollars in your plan to cover them. These dollars could cover a range of initiatives. Remember that there will likely be a few initiatives that arrive without notice.
- Since initiatives sometimes span over several departments within an organization or outside in the case of mergers or outsourcers, ensure the cost is shared as well.
- While searching for either an outsourcer or external service partner, always negotiate and ensure you get what you paid for. Sometimes, even you are the Customer!
- If you are addressing issues with the Service Level Agreement be prepared for the cost implications of enhancing or decreasing service.

*Note: **Measure** change and improvements. The savings from change will help justify other more challenging budget items down the road.*

4. Automation

Automation often seems like a huge investment, but do not underestimate the on-going costs associated with technology. After digesting the sticker price of new systems, frequently the unforeseen longer term fees add substantially to your budget - these must be included. Purchasing technology is not as horrible as you may have heard. But, it is extremely important to do your homework. Understand your customer and business needs then translate them into systems requirements. Once you have developed detailed requirements find the vendor that best matches your needs, your dollars and your culture.

Automation Budget Components

- New technology required for telecom, e-care, contact management, knowledge management
- Implementation transition
- Technology refresh - software/hardware
- Training and maintenance for new systems



Hot Spots:

- Don't fall prey to buying new technology just because your management read about it in a magazine. Determine your actual requirements.
- Be sure to always negotiate services, rates and charges. Don't forget to ask about ongoing training, maintenance fees and upgrades required.
- For each technology component remember they should be refreshed every 2-3 years. Build this into the long term budget.
- Technologies often span multiple departments. Are the expenses shared as well?

Conclusion

As a Call Center Caregiver, you are responsible for managing several things at one time in order to satisfy competing requirements. This art of balancing the spheres of customer, employee and financial satisfaction can be tricky. However, by creating a concise and thorough budget, to include infrastructure, labor rate management, process improvement and automation and monitoring these against hot spots, you are better equipped to manage known challenges and prepare and respond to the ever present set of unknown organizational obstacles.

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About the Author

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About The Customer Group, LLC

Founded in 1999, The Customer Group, LLC (TCG) is a niche consulting firm, focusing on Customer Interaction Excellence. They believe that customer relationships are built one interaction at a time and those relationships ultimately drive business. TCG's world-class team of consultants averages over 10 years of real world experience in customer-facing operations. Using their proven methodology, CustomerAcuity™, they work with companies to enhance the customer experience.

The Customer Group's proven and experienced approach delivers pragmatic solutions and tangible results. While there is great diversity within TCG's customer base, there is one commonality - the desire to enhance the customer's experience.