"Determining the Optimal Size for Your Call Center"

Learning objectives:

- *Understand today's optimal call center size*
- *Recognize the factors impacting decisions on center size*
- *Know the challenges and benefits of larger vs. smaller call centers*

No longer are companies confined by geographic or technical limitations in order to provide cost effective and efficient inbound/outbound customer interaction capability. The technology of today allows for the "virtual call center" where workloads can be shared seamlessly by multiple sites using blended agents via skills based routing and command centers manage the operational aspects of scheduling, reporting and call routing. Despite the reality of being able to build a virtual call center one question still remains: What is the optimal size for a call center?

Many companies today are wrestling with this question. Perhaps you have a 500-1,000 seat call center. The cost benefit of moving the center to another geographic location may be very attractive. However, there are some basic considerations to keep in mind. The size of the labor pool is often the single largest limitation to the size of a center. With few exceptions, the days of the 2,000-seat contact center are over.[1] Most cities with a large enough workforce to support a 'mega-center' have already been saturated with contact centers and other industries sharing the same workforce requirements. Therefore, most new centers open with 200-300 seats, with the potential to grow to 300-500.[2]

Therefore, when determining the optimal size for your call center, be sure to consider the primary operational aspects of a call center model - culture, labor pool, and training, economies of scale, technology and disaster recovery. First and foremost a particular company's values and business objectives must be integrated into the size decision making process. Additionally, businesses must also consider key elements of their business such as disaster recovery, redundancy and hours of operations – and may opt for multiple, smaller centers, spread across time zones, for example. All in all, different businesses will weight factors differently. For example, companies such as outsourcers typically weight economies of scale and the ability to leverage technology investments far greater than culture – leading to much larger centers. They also select locations where local workforce demographics can support larger centers.

[1] Business Communications Review, Dec. 2001
[2] Business Communications Review, Dec. 2001

The following table outlines a relative ranking, by size, of various attributes of a call center model. The research and experience aggregated below supports the position that call centers in the range of 200-400 seats typically represent the optimal size.

Rating Scale
1 – Low/poor
2 – Below Average/Sub standard
3 – Average/Moderate
4 – Above average/Favorable
5 – Exceptional

Factor	**< 200**	**200- 400**	**> 400**	**Relative Value**
Leverage of technology investment	3	4	5	Low
Ability to create customer-focused culture	4	4	2	High
Economies of scale	2	4	5	Low
Training Issues	4	4	3	High
Labor Pool	4	4	2	High
Disaster Recovery	2	4	4	High

In addition, one of the surest ways for a call center to achieve improvements in both service quality and cost performance is to take advantage of economies of scale. To gain these efficiencies, fewer, larger agent groups are often better than many small agent groups, and larger centers are often better than many small centers.[3] Training, customer database access, the size of the labor pool and other factors place limits on how large a group or center could grow.

Finally, real estate is not a factor. If you're renting a 50,000 square-foot space, which can accommodate 350 to 400 workstations at $15 per square foot, the cost for multiple locations varies little from that for one site. [4]

[3] Business Communications Review, Dec. 2001
[4] Call Center Magazine, June 2002

TABLE 1 Economies of Scale Staffing Example[5]

Table 1 demonstrates the basic call center tenet that an agent in a large group can handle more calls at a given service level than s/he can in a small group. As call volumes and workload hours increase, the ratio of staff required to workload falls, holding service quality constant.

Hourly Call Volume	Workload hours (call volume*AHT)	Staff Required	Staff/Workload Ratio
200	10	14	1.40
500	25	30	1.20
1000	50	56	1.12
2000	100	107	1.07
3000	150	158	1.05
4000	200	209	1.04

* *Assumptions:* *Average Speed of Answer (ASA) = 10 seconds*
Average Handle Time (AHT) = 3 minutes

Benefits of Larger Call Centers[6]

- *Reduced Equipment Costs*— Multiple larger call centers require fewer telephone systems and fewer computing and networking devices. On a per-phone or per-workstation basis, large systems are less expensive than small systems. This has the additional benefit of reducing the cost of system integration. Large platforms are easier and cheaper than small systems to integrate into customer relationship management (CRM) applications, workforce management (WFM) applications, networking and other technologies.

- *Simplified Implementation of New Technologies and Processes*—Fewer/larger sites are easier to test and maintain than many sites. Technologies that were unaffordable in many centers may now be affordable in fewer centers.

- *Better Control over Service Quality*--The larger systems used for larger centers provide much better command and control capabilities than small systems. Often a "command center" is established to manage the day to day – often 24x7 across multiple sites or one large site. Real-time and historical reporting is easier to read and use. With many small centers, networking is either technically or economically not feasible. Load balancing becomes easier and more economical with fewer/larger sites. Finally, all of this results in faster recognition and reaction to overall service quality issues.

- *Reduced Management Staff* - Fewer, larger centers need fewer managers, supervisors, reporting analysts and workforce management analysts. You can now put the money where it counts--in front-line customer-facing agents.

[5] Business Communication Review, Dec. 2001
[6] Business Communication Review, Dec. 2001

- *Training* - It is also easier to train, manage and communicate with staff in fewer/larger centers. Scheduling agents for training in a larger center is less of a challenge - coverage and overflow can be managed with a larger workforce.

<u>Negatives</u> of Larger Call Centers[7]

- *Displaced Systems*--If you're lucky, you can re-use cards and modules in the larger system, otherwise, look to sell or donate for tax benefit.
- *Reduced Disaster Recovery*—Fewer/larger sites are available for alternative routing, but having fewer sites may also reduce probability of failures.
- *Loss of Time Zone Advantage*--May need to start shifts earlier and run later to provide the same hours of operation. This may result in the need for shift differentials (a percentage increase in pay to reward people for working unpopular shifts).
- *Limited Labor Pools*--Difficult to find multi-lingual or specialized staff skills.

Ultimately, as with any call center decision, "optimal size" is relative – relative to culture, labor pool, and training, economies of scale, technology and disaster recovery. However, time and experience have indicated that an optimal size is between 200-400 seats and the single largest limitation to the size of a center is the labor pool.

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[7] Business Communication Review, Dec. 2001