

Cost Reduction Methods in the Call Center 2009

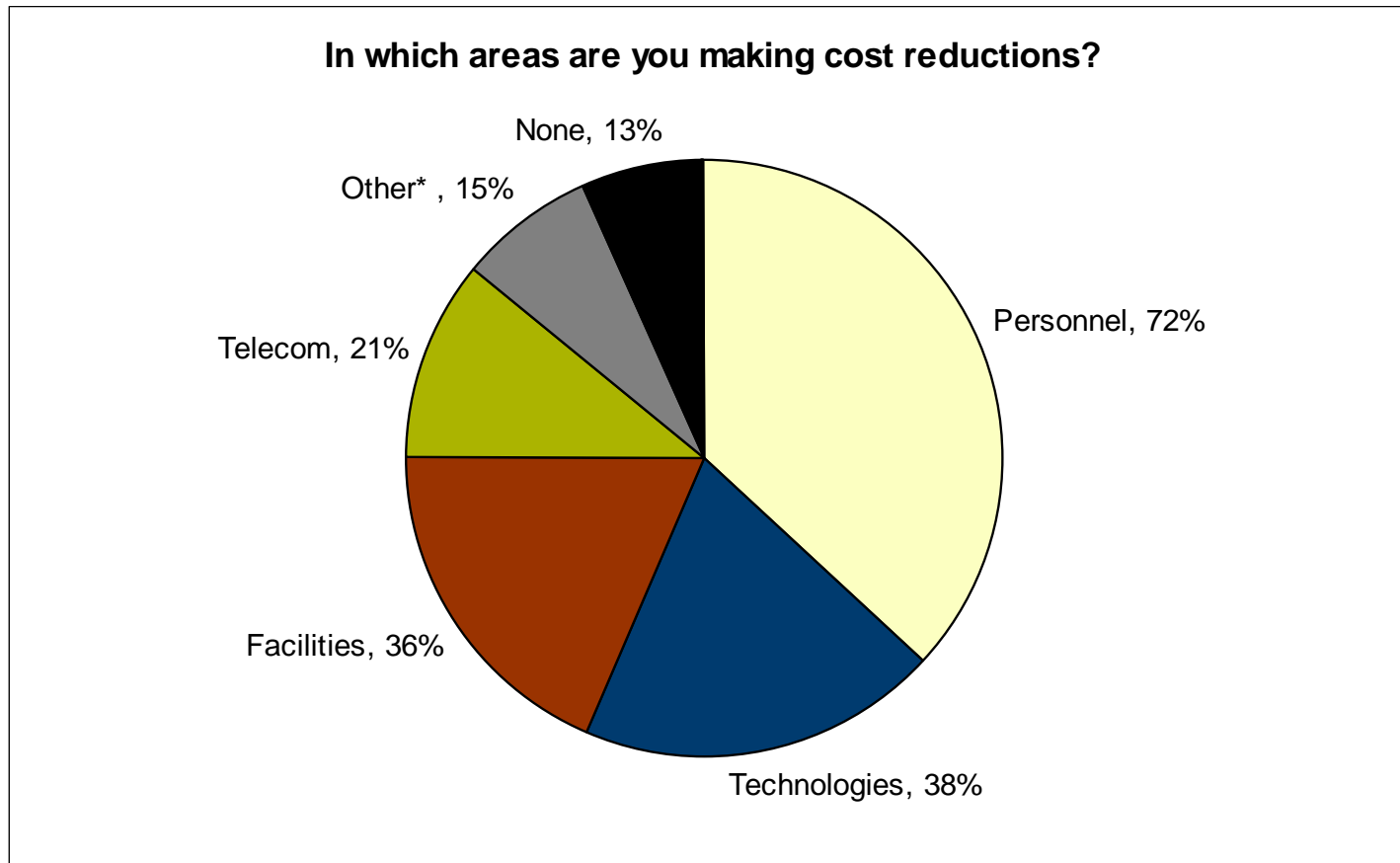
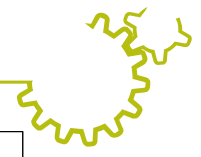
Benchmark Study

April 2009

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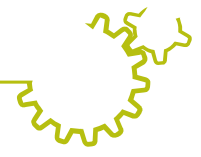
Areas for cost reductions



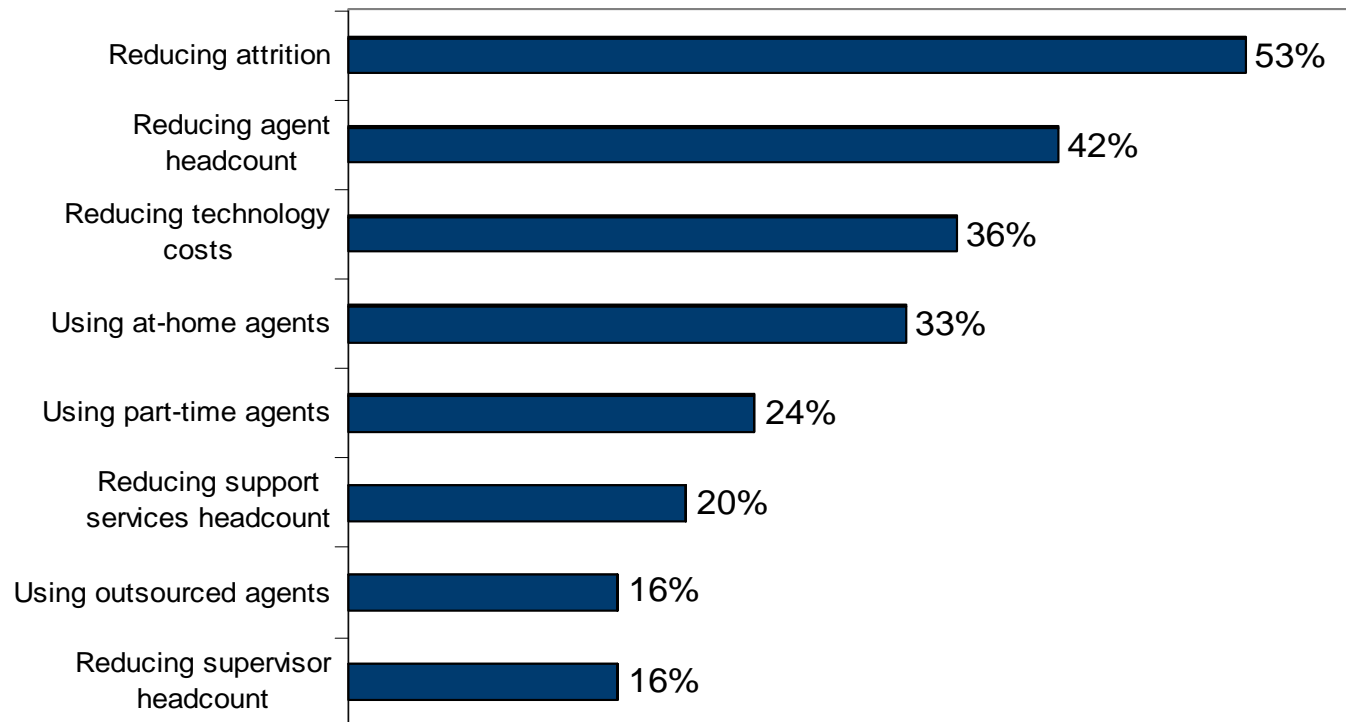
Not surprisingly, personnel, as the largest expense in the call center, is targeted most often for cost reductions. The additional categories rank fairly closely to the typical makeup of call center budgets as well.

*Of those selecting "other," increasing efficiencies was most often cited.

How the cuts are made

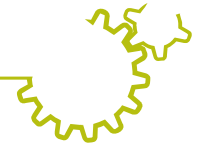


How are you making or planning to make cuts in the area(s) selected?

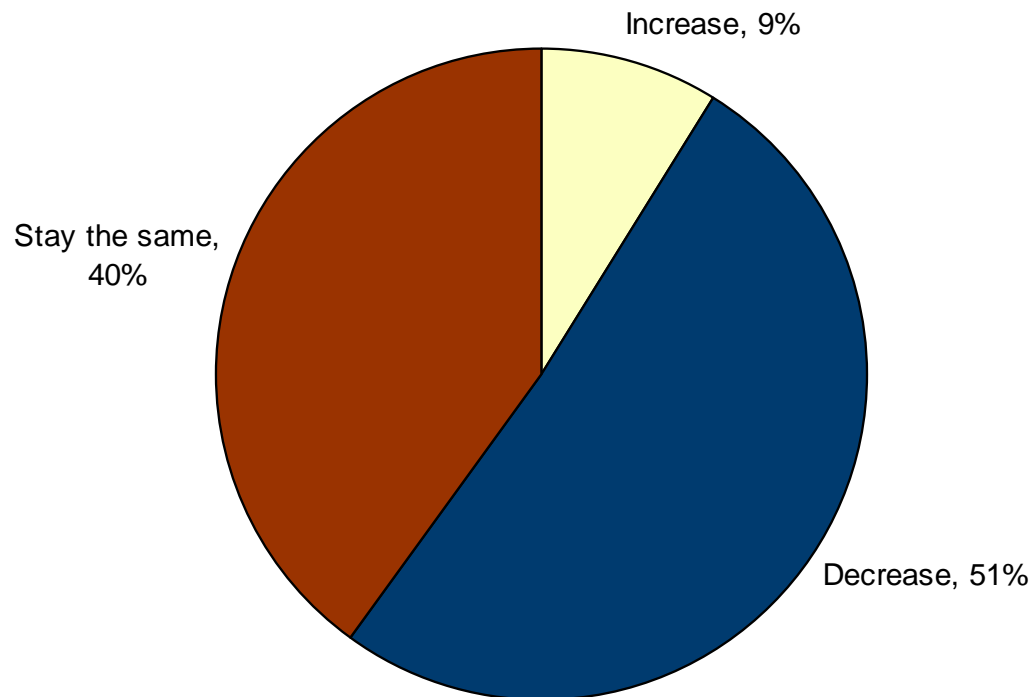


Initially surprising, reducing attrition, tops the list of specific planned cuts, followed closely by reducing headcount. Half of those reducing headcount are also reducing attrition. Many people we questioned shared that reducing headcount was often not replacing those lost by attrition or using part-time or home agents, as opposed to actively reducing positions. Additionally, only a little more than a third of those reducing agents are also reducing supervisors.

Agent turnover



In 2009, do you expect agent turnover to:



Of those planning to reduce attrition (previous slide – 53%), only 60% expect it to decrease. Of those planning to reduce agent headcount (previous slide – 42%), 60% expect attrition to stay the same. In many cases, those we questioned expect concerns over the economy to keep more agents on the job longer.

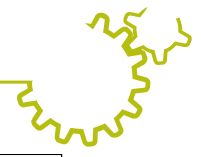
At-Home Branch

The respondents indicating they were planning to use at-home agents answered an additional three questions about their plans.

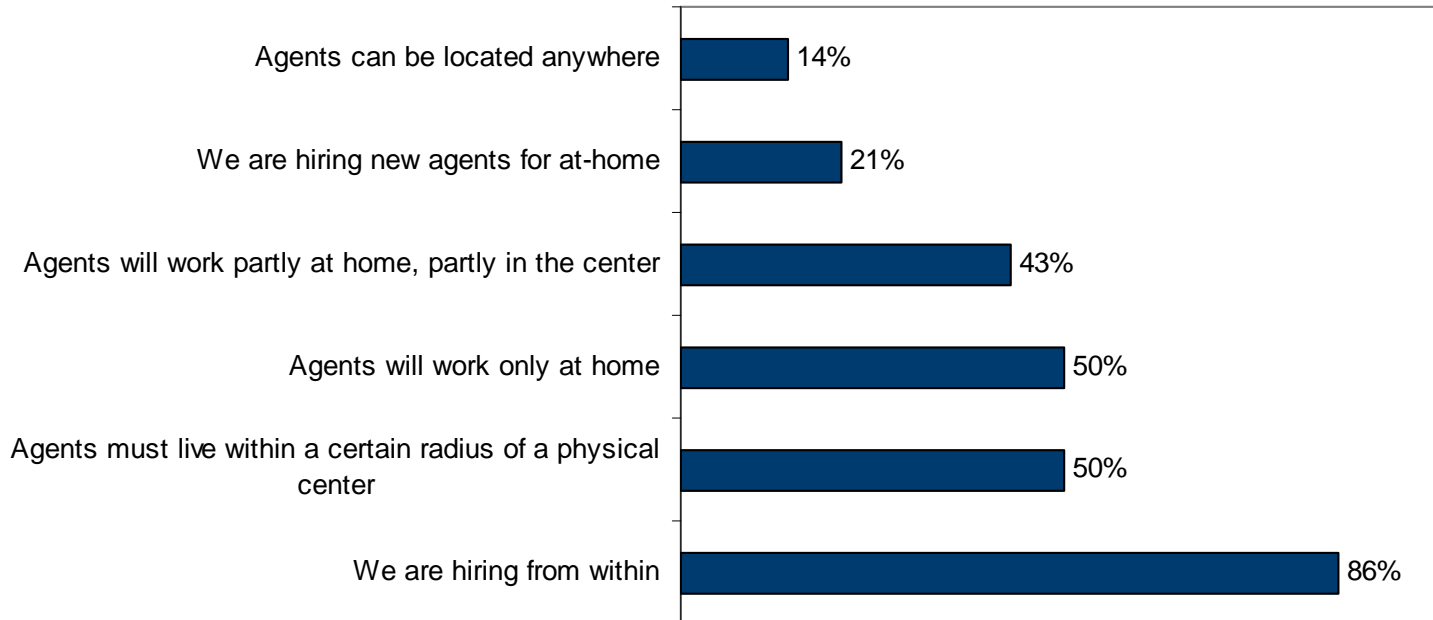
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At-home tactics

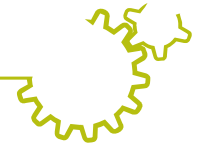


If implementing or planning to implement at-home agents, select all that apply.

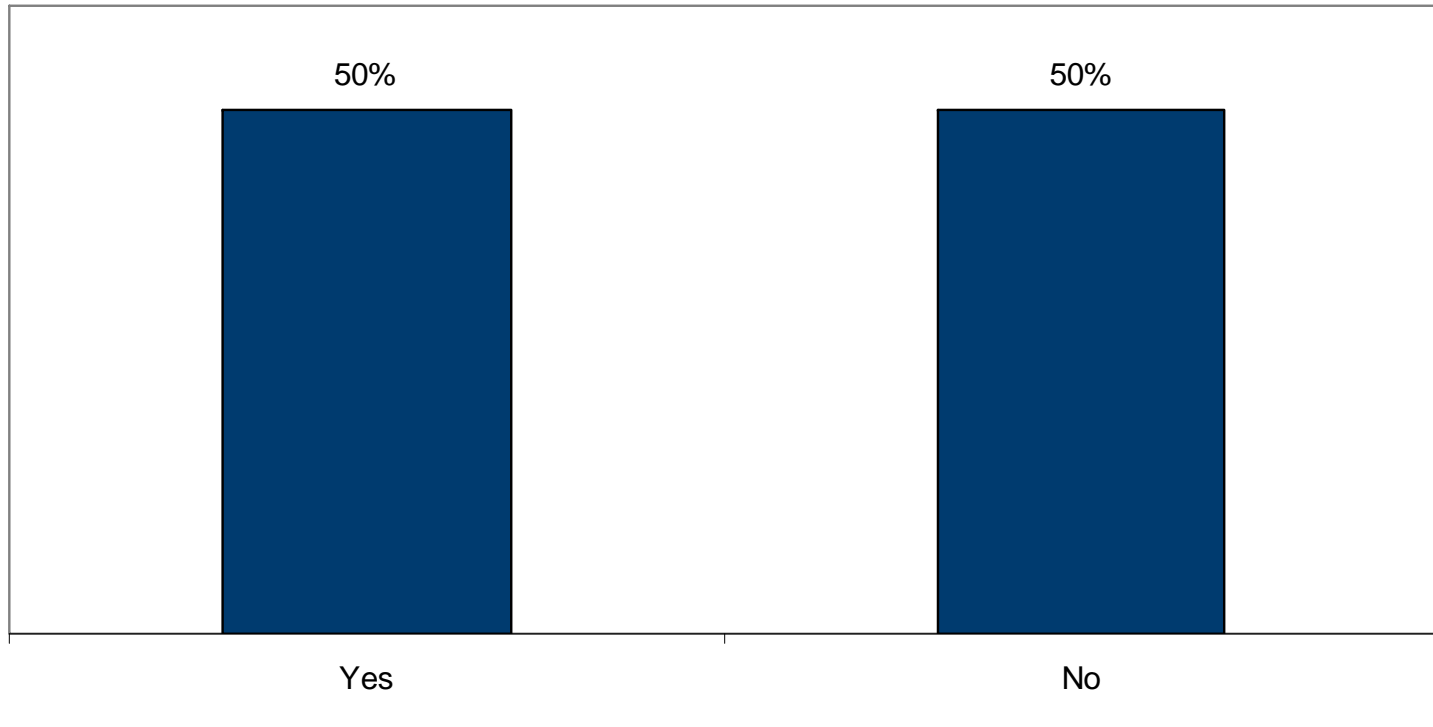


The answers to these questions seem to reflect the maturity level of this model. Since part of the cost reductions come from removing geographic limitations to hiring pools, it appears many are early in the model. Those interviewed indicated using home agents was a way of rewarding and retaining agents as much as it was a cost reducer. Consequently, most were moving only high-performing agents home, keeping them close by, and bringing them in from time to time. This also appears to be a method of risk mitigation as well for early stage or pilot projects.

Separate processes for at-home agents



Do you or will you have separate processes for hiring, training and coaching at-home agents?



This question also seems to reflect the novelty of the model, with no prevailing wisdom on how to achieve similar results at home with existing processes.

Plans for consistent service – at-home branch

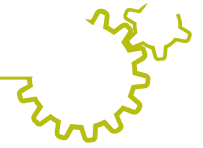


Respondents were asked to answer free-form the question:

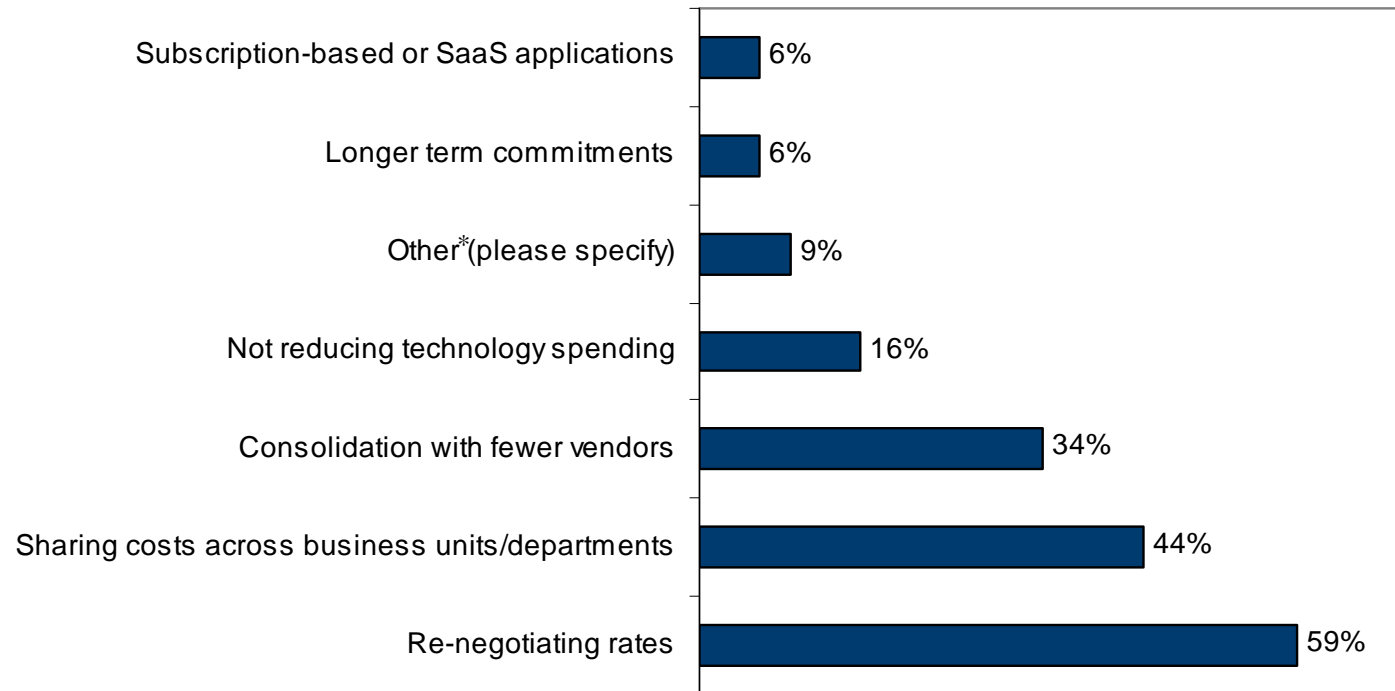
How do you plan to ensure consistent service from at home, outsourced and/or in-house agents?

- ⦿ Most answers could be categorized as:
 - Same systems, monitoring and processes
 - Physical proximity & in-person meetings
 - Increased monitoring
 - Increased access to coaching

Technology spending reductions



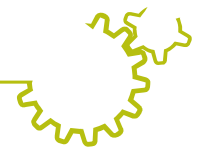
In what ways are you reducing technology spending?



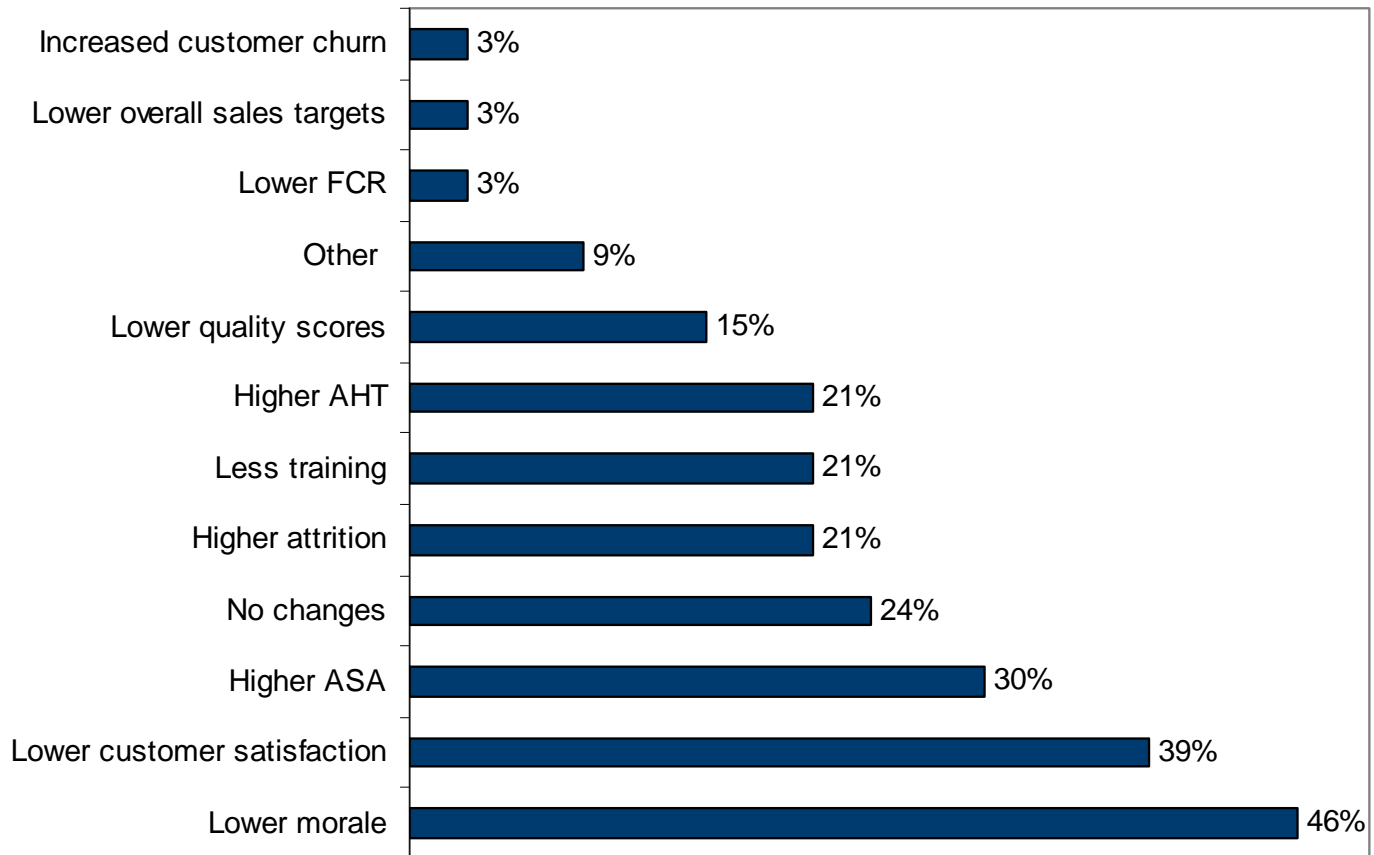
As it is relatively new in the call center, software as a service or subscription-based software was not widely reported as a technology cost-cutter. Most are busy renegotiating rates, finding other groups to share costs with or looking to existing vendors for add-ons to reduce technology costs.

*Many selecting other were delaying scheduled projects.

Trade-offs for reductions

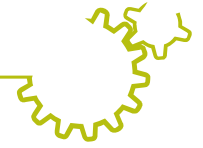


After making your cost reductions, select the changes or trade-offs you think are most likely to occur.



Most people concede that wide scale cost reductions won't come without other costs. Chief among them, according to respondents, were lower morale and lower customer satisfaction. Among those making people reductions, 53% expect lower morale and 47% expect lower customer satisfaction. Almost a quarter of those surveyed don't believe there will be any changes. It was surprising that customer churn received only 3%, given the large number who expect lower customer satisfaction. It is possible that this and some of the other lower ranking areas are partly because they are not typically measured at the call center level.

Negative impact on customer satisfaction



Rank the following according to their potential to negatively affect your customer satisfaction goals. (A ranking of 1 would mean most likely to have a negative effect.)

Reducing agent headcount	Reducing supervisor headcount	Using outsourced agents	Reducing supp. svc headcount	Reducing technology costs	Self Service	Using part-time agents	Using at-home agents	Reducing agent attrition
1	2	3	4	5	6	7	8	9

We asked respondents to rank the methods above according to their negative impact on customer satisfaction. Not surprisingly, reductions having to do with reducing headcount ranked the highest. At home agents and reducing agent attrition were thought to have the least negative impact on customer service. Indeed, most people we spoke with expressed that these methods may cut costs, but would probably do nothing but good for the customer experience.

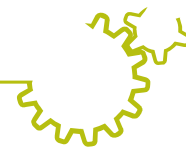
Minimizing impact on loyalty

Respondents were asked to answer free-form the question:

Please describe any steps you are taking to minimize the impact of cost reductions on service and loyalty?

- ④ Their answers addressed these categories:
 - Increased transparency
 - More communication & involvement in decisions
 - Centralization/automation
 - More emphasis on measuring customer experience
 - Better utilize/consolidate existing systems

For more info on related topics:



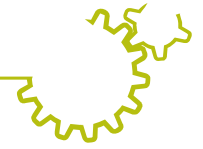
⑥ www.knowlagent.com

- White paper: [Cost-Cutting Insurance for Customer Service](http://www2.knowlagent.com/l/334/2009-02-05/BPKZF/7941_Cost_Cutting_Insurance.pdf)
- Webinar: [Finding the Way Home: Designing Your At-Home Agent Framework](http://www.knowlagent.com/resource_center/webinar_finding_the_way_home.asp)

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- 678-905-1314

About the Survey



- ⦿ Sponsored by Knowlagent
- ⦿ Respondents solicited via email
- ⦿ Survey responses collected February-March 2009
- ⦿ 49 responses
- ⦿ Additional interviews conducted March-April 2009
- ⦿ Industries represented
 - Retail, insurance, banking, transportation, manufacturing, communications, services, outsourcing, hospitality, utilities