



The Post-Recession Call Center – The Focus, the Spend and the Opportunity

After 18 months of a grim economy, companies are emerging from one of the most volatile business environments in recent history. Some are still feeling the pinch, while others are optimistic about what 2010 will bring. Regardless, companies are – for the first time in a long while – looking ahead, exiting survival mode and focusing on how they are going to gain a competitive advantage in a post-recession environment.

This is especially true in the call center. In December 2009, Knowlagent conducted a survey to determine the impact of the last 18 months on call center performance and budgets. The survey was also intended to determine the areas where call centers will be focusing their improvements and investments in the coming year.

The survey was conducted through an email questionnaire and yielded 121 respondents. Of these, more than 50 percent represented contact center managers and approximately 18 percent represented contact center operations titles. The sizes of call centers represented in the survey is diverse; approximately 50 percent small (1-100 agents), 22 percent medium (101-500 agents) and 28 percent large (501+ agents).

At a high level, the survey yielded two key observations. Firstly, the call center is more important than ever to today's enterprises. Roughly 72 percent of respondents said that the call center's perceived value to the company increased in 2009. Secondly, it appears that the days of cutting staff and slashing budgets are coming to a close. The majority of respondents have no plans to reduce headcounts or slash budgets again in 2010. They plan to do more with what they already have (51 percent) or make additional investments with high discretion (30 percent).

With these fundamental observations in mind, the purpose of this whitepaper is to enable call center leaders to determine where to make their investments and maximize their current investments.

The Post-Recession Call Center: An Overview of Impact

As mentioned before, the participants in the survey reported that budget cuts are on the decline in 2010 as compared to the previous year. Approximately, 31 percent of respondents are planning for a higher budget compared to 2009, 32 percent planning for less and 38 percent planning to operate under the same budget.

The call center cost reductions that occurred in 2009 had a range of impact on operations. While one would assume that cost reductions would yield either improvements in efficiencies or, conversely, declines in key metrics, this was not necessarily the case for the call centers represented in this survey. Of the 75 percent that reported they had made significant cost reductions in 2009, 29 percent said they experienced no adverse effects from the reductions, while 24 percent experienced a negative impact. On the flip side, nearly 22 percent actually saw an improvement in the call center following major cost cutting measures.



Similarly, the impact that the overall economy – regardless of cost-cutting measures – had on call centers in 2009 also varies greatly between respondents. Surprisingly, half (50 percent) of respondents said it had little effect, while nearly a quarter (22 percent) said the effects were largely positive. This is evidenced in the key performance indicators (KPI) tracked in 2009 compared to the previous year.

KPI	Same	Better	Worse
Average Handle Time	44%	40%	16%
Average Speed of Answer	43%	38%	19%
First Call Resolution	40%	52%	8%
Customer Satisfaction	50%	40%	10%
Quality	45%	47%	8%
Key Sales Metric	42%	42%	16%
Key Collections Metric	34%	55%	11%

Meeting the 2010 Call Center Mandate

As enterprises enter a post-recession economy, the focus is no longer on how to do more with less in the call center. Most companies are being told to do more with the same resources, while many others will have access to more resources in the coming year. Regardless of budget, the recession has once again proved the importance and opportunity that lies within the call center. It continues to be the front line of customer support and satisfaction – and therefore an opportunity to grow revenues. Accordingly, enterprises are looking for creative ways to make the call center more effective and productive.

When asked to select the ways they wish to increase call center effectiveness and productivity, the majority of respondents identified technology investments, process improvements and/or increased training as the three areas where they will make investment.

In 2010, call centers are recognizing that an increase in the frequency of key development activities and processes, such as hiring, training, communications and coaching, will be critical to meeting the mandate for increased effectiveness and productivity. Nearly 55 percent of respondents plan to increase training regularity and 54 percent will increase coaching. The occurrence of agent communication also stands to increase, with 44 percent of respondents planning to increase, or at least maintain, the current rate of communications. Of note, only 22 percent of respondents plan to increase the frequency of the hiring process, while 34 percent actually plan to decrease the amount of hiring.



The increase of these processes clearly demonstrates how enterprises plan to use the call center (i.e. the front lines) to gain a competitive edge coming out of the starting gates of this post-recession environment. The biggest challenge, however, is how call centers will achieve such powerful results if they're relying on "more of the same" processes and tactics.

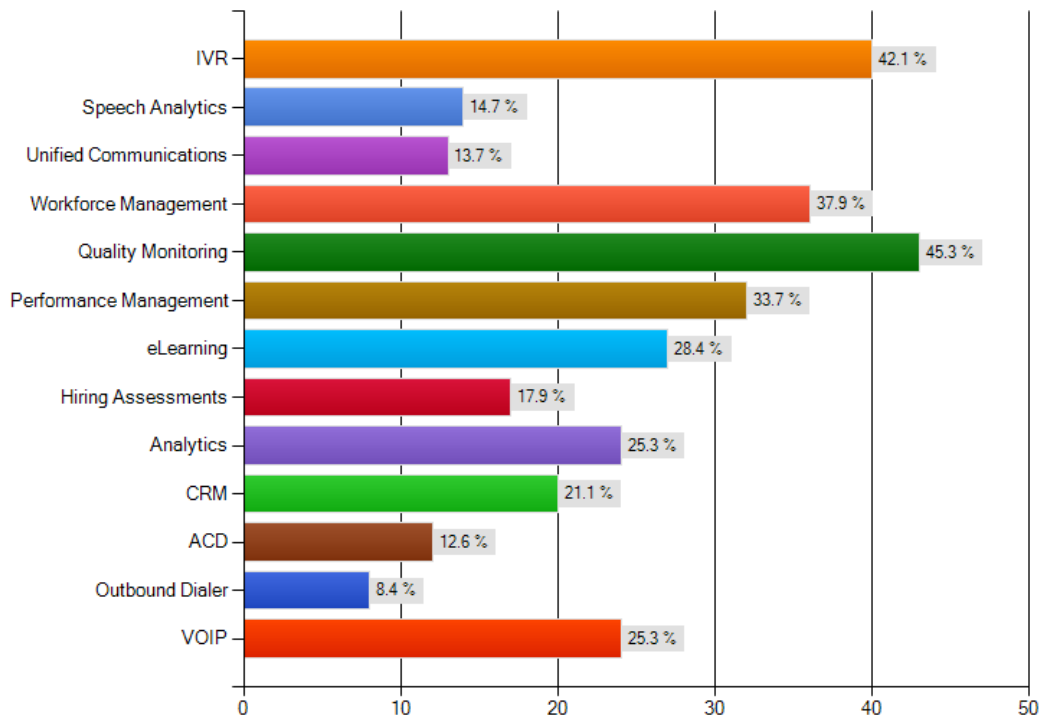
The Investments & Tactics

Increased investment in technology, process improvements and training will be part of many call centers' 2010 strategic operational plans. Interestingly enough, the area where call centers are most likely to spend to meet their 2010 goals is technology. The technology budget, compared to 2009, is expected to grow in 2010 (according to 35 percent of survey respondents) or remain the same (48 percent).

To meet the mandate explained above, call centers are planning to invest in new technologies and/or upgrade their existing systems over the next 12 months in the following areas

- IVR – 42 percent (especially medium and large call centers)
- Workforce management – 38 percent (especially small call centers)
- Quality monitoring – 45 percent (especially small and large call centers)
- Performance management – 34 percent (especially small and large call centers)
- eLearning – 28 percent (especially large call centers)
- Hiring assessments – 18 percent
- Analytics – 25 percent (especially small and large call centers)

If you plan to invest in new technologies or upgrades in 2010, please select the areas where the investment(s) may be made.

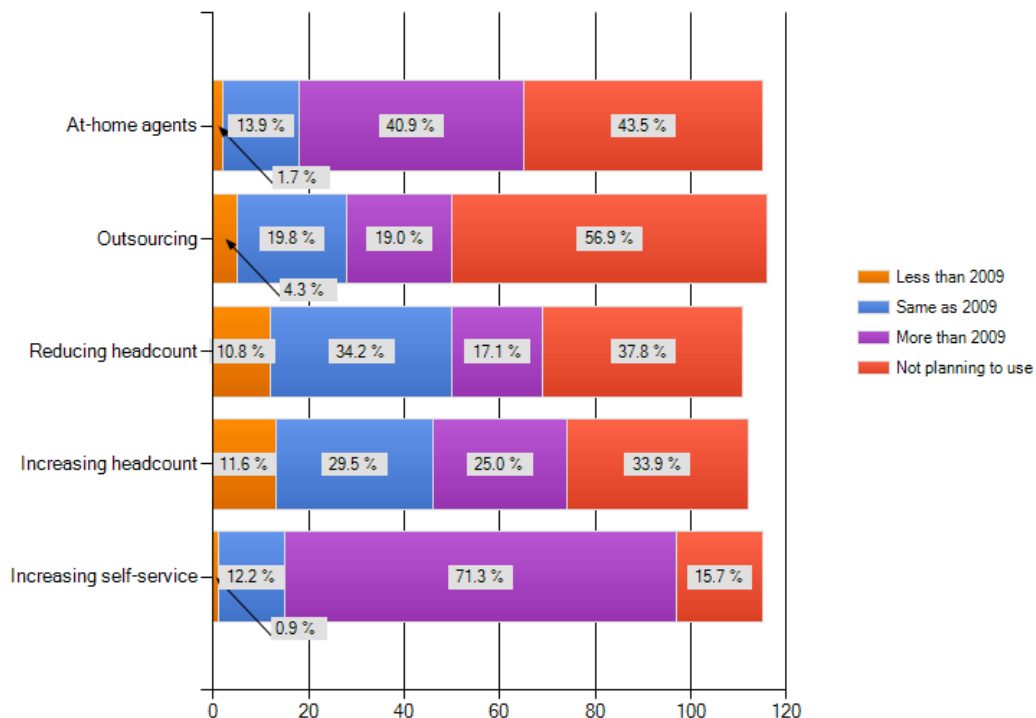




Other tactics that call centers plan to use in 2010 to increase effectiveness and productivity within their operations include a mix of at-home agents, outsourcing, reducing headcount, increasing headcount and increasing self-service. While the survey did not report any across the board trends in the projected usage of these tactics, there did seem to be micro-trends based on the size of the call center.

- **At home agents:** Nearly 41 percent of respondents (mostly large call centers) plan to use more at home agents in 2009, while 44 percent aren't planning to use at all.
- **Outsourcing:** Nearly half of large call center respondents are planning to outsource more in 2010 (42 percent), while an overwhelming majority of small and medium centers don't plan to do it at all (70 percent and 68 percent, respectively).
- **Reducing headcount:** A significant amount of respondents will scrap this tactic in 2010, as 38 percent have no plans to reduce headcount, 11 percent plan to make fewer reductions, 34 plan to change little from 2009 and 17 percent (mostly large call centers) plan to make more reductions.
- **Increasing headcount:** Approximately 25 percent of survey respondents plan to increase headcount, while 30 percent plan to keep hiring at 2009 levels. Only 12 percent plan to do less hiring, and 34 percent of respondents said they were not planning to add to their current headcount at all.
- **Increasing self-service:** Perhaps the most ubiquitous trend across all call center sizes, 71 percent of respondents plan to increase self-service in the year ahead.

Please select the extent to which you plan to employ the tactics below in 2010 to reach your goals.





The Opportunity for Call Center Talent Management

As companies seek to meet call center mandates, they have an opportunity in 2010 to take advantage of a healthier technology budget to increase call center performance. However, many companies will be doing this with the same or less headcount, and – in the case of the largest call centers – a more disparate staff structure (note the increase of at-home agents and outsourcing in the section above).

And, while self-service investments may lead to many financial and performance benefits, the performance of the call center agent will still be directly proportionate to customer satisfaction levels. As part of call centers' 2010 technology planning, Knowlagent recommends that call centers integrate talent management solutions into their infrastructure to manage performance and ultimately customer retention.

If the overall industry could increase CCSI scores by just 5%, churn would decline by 22% and recommendations would improve by 5%.

Contact Center Satisfaction Index 2009

Traditionally, call centers haven't addressed talent management as strategically as other parts of the enterprise. Because of the changeable nature of the typical call center workforce, as well as the unique operational pressures of the environment, many enterprises have not had the corporate buy-in, funding or will to address talent management as a strategic initiative. Unfortunately, this inaction ill-serves the enterprise - especially given that there are 150 million customer interactions each day at the call center level that impact customer retention and profitability.

Another challenge is that talent management solutions are relatively new to the call center. While they are commonly used in other areas of the enterprise to hire, retain and coach talent, they haven't been widely used within call center operations as they rarely provide a holistic view of the agent lifecycle – from on-boarding to training and coaching. The reason behind this is simple – the talent management approaches and technology available today aren't designed for the call center environment. Talent management solutions that may work well with a sales or R&D department aren't necessarily pertinent to the call center as implemented, and definitely aren't suitable for such a reactive, time-dominated environment.

For call centers to receive the maximum benefits of a strategic approach to talent management, they need technology solutions that accomplish the following:

- **Focus narrowly on call center-specific talent management challenges.** Talent management solutions must reflect the challenges inherent in the agent lifecycle. This includes hiring and retaining the right talent, improving time to efficiency, and effectively delivering ongoing training and continual coaching without negatively impacting operational metrics.



- **Deliver training and coaching on demand.** A traditional talent management solution may facilitate pre-scheduled training for a sales team. That works well when a sales staffer can schedule an hour ahead of time and has the flexibility to attend a classroom training session. In contrast, the call center agent doesn't have a dependable schedule within their workday. They are required to be on the phone as volume dictates. Therefore, training has to be delivered in a way that is concise (i.e. it can't require much time) and integrates into their current workflow. The ability to deliver training on demand, during low call volume times is critical to ensuring training is actually capable of being delivered.
- **Accessible to every agent – whether in-house, outsourced or at-home.** Today's call center agent can be found in the physical call center, in a foreign country or in a home office. The disparate nature of the modern call center staff makes it impractical if not impossible to deliver training and coaching through traditional mediums like the classroom or webcasts. Today's agent needs to be able to access training anywhere, anytime. Therefore, call center talent management solutions are ideally suited for web or hosted delivery versus premise-based software models.

The case for call center-specific talent management solutions is clear. In today's business climate, call center agents constitute a critical cost lever with high ROI opportunity. On average, call center agents cost companies \$2.4B every day. What if they became 10 percent more efficient? The decrease in cost would be enormous, and the increase in productivity could translate into millions of dollars of new revenues.

Furthermore, the call center represents a highly overlooked area of opportunity. Fortune 500 companies spend three times as much developing corporate staffers as they spend on call center agents who have thousands of customer interactions each year. Again, this missed opportunity translates into lost revenue opportunity and higher call center costs.

Conclusion

The next 12 months will undoubtedly be a state of flux for most enterprises. The ability to improve customer service and satisfaction levels at a minimal investment will be instrumental in determining who will thrive in a post-recession business climate.

As call centers prioritize their budgets for 2010, they should focus their investments in areas with the most potential to eliminate process inefficiencies and improve agent management. Managing the talent of the call center to effectively execute on the goals of the enterprise represents the largest opportunity for cost reductions and revenue improvement. The challenge will lie in finding a solution that reflects the call center's greatest hurdles and can be as on-demand as the very nature of call volume.



An Introduction to Knowlagent Call Center Talent Management

Knowlagent is the only talent management solution provider with an offering that is specifically designed for the call center. For call centers of all sizes, Knowlagent increases agent performance and productivity by dynamically scheduling off-phone activity during agent downtime. Its on-demand solution, offered in a cost-effective software-as-a-service delivery model, offers the following key capabilities:

- **Knowlagent Training:** Pushes training and updates to agent desktops during unscheduled downtimes. As a result, call centers can decrease training costs with fewer agents needed per shift by as much as three percent and continually improve agent performance against specific key metrics.
- **Knowlagent Coaching:** Automates standard coaching processes and finds time for coaching in the unpredictable schedule of the average call center agent. This increases the supervisor span of control by as much as 20 percent and dramatically increases the amount, frequency and effectiveness of coaching.
- **Knowlagent Hiring:** Establishes a scalable process that drives decision-making for recruiters and candidates. In effect, Knowlagent Hiring improves interview-to-offer ratios by as much as 30 percent and allows call centers to hire and keep more of the right people.

For more information on Knowlagent's Talent Management Solutions for the call center, please visit www.knowlagent.com.