

***rapid* Assessment Process: Call Center Profitability**

Summary of Recommendations:

Sample Report

April 7, 2019

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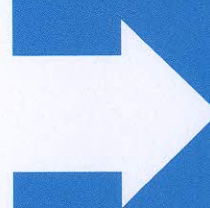
Goal of this report

Assess the XYZ Call Center and recommend initiatives to substantially improve operational effectiveness and profitability.



\$1,059,080

Estimated Cost Improvement Opportunities
Identified



\$1,066,000

Estimated Sales Revenue Opportunities
Identified

Agenda

1. **LEADERSHIP**
Staff Assessment & Organizational Design
2. **STAFF & TRAINING**
Labor Turnover & Training Recommendations
3. **PROCESS**
Occupancy & Incident Reports
4. **COST PER CALL REDUCTION**
Near Shore Opportunity

Our Rapid Assessment Process

First

Second

Last

Pre-visit:

Review information provided on the SLC

Onsite:

Interviews with key employees

Agent and Supervisor focus groups

Listening to calls

Review of metrics, process flow and workforce management

Post-visit:

Franchisee Conversations

Analyze assessment findings

Develop recommendations

Estimate supporting ROI's

Leadership & Talent Observations

- Overall the quality and effectiveness of the SLC leadership team needs improvement. Too much drag and not enough lift! ***Over 70% of company revenue is generated by the Call Center.***
- The leadership team has some good people, but they are focusing on the wrong priorities. Urgent versus important stuff!
- Their natural cadence is to be reactive “super-doers” as opposed to performing the tasks of a proactive team.
- The overall environment is friendly but leadership is not stepping up to tough people issues or managing poor performers.
- Too many Chiefs and not enough Indians!

1.

LEADERSHIP

Do you have the right leadership in the call center?

Do you have the talent to scale
the business 35% this year and beyond?

| | |
|----------------|------------|
| Pivotal Role: | YES |
| Reports to: | Bob Smith |
| Time in Job: | 6 Years |
| Total Service: | 6 Years |

| | |
|--------------------|-------------------------|
| Change Leadership: | Reactive Manager |
| Talent Forecast: | Misplaced |
| Risk of Losing: | Low |

| | Towering Strengths | Key Development Needs |
|-------------|--|---|
| Strategic | None | <ol style="list-style-type: none"> 1. Reactive leader, rarely looks beyond today 2. Strategic vision and business planning 3. Little out of the box thinking |
| Operational | <ol style="list-style-type: none"> 1. Knowledge of operational processes 2. Understanding how the company operates | <ol style="list-style-type: none"> 1. "Tough sell" on new initiatives 2. Operational efficiency – just not there 3. Challenging status quo |
| People | <ol style="list-style-type: none"> 1. Passion for his people 2. Easy to approach and talk to | <ol style="list-style-type: none"> 1. Cares about people, "to a fault" |

| | |
|--------------------------|--|
| Key Questions/Challenges | <p>Can Bob rise above the day to day and operate strategically? Will he be able to take initiative to create change and become a strong leader of people? Will Bob step up to tough people issues?</p> |
|--------------------------|--|

| | | | |
|-----------------|---|----------------|-----------|
| Future Scenario | Consider redeployment into another role | Percent Ready: | 0% |
|-----------------|---|----------------|-----------|

Leadership Change Profile: **Sue Jackson**, Manager, Call Center

Confidential
Date of Review: 1/1/19

| | |
|----------------|--------------|
| Pivotal Role: | YES |
| Reports to: | Tom Thompson |
| Time in Job: | 2 years |
| Total Service: | 2 years |

| | |
|------------------|------------------|
| Change Profile: | Proactive Leader |
| Talent Forecast: | Promotable 1 |
| Risk of Losing: | Medium Risk |

| | Towering Strengths | Key Development Needs |
|-------------|--|---|
| Strategic | <ol style="list-style-type: none"> Understands issues and sees patterns Solutions are well thought through | <ol style="list-style-type: none"> Needs Mentorship in Strategic leadership and strategy planning |
| Operational | <ol style="list-style-type: none"> Expert in call center operations Problem solving Responsive | <ol style="list-style-type: none"> Needs to go beyond the metrics. Use the information to drive improvements versus gathering data for the sake of gathering data Needs to take initiative to create change |
| People | <ol style="list-style-type: none"> "Go to" person in the Call Center Helps others Team player | <ol style="list-style-type: none"> Needs coaching around Executive Maturity |

| | |
|--------------------------|---|
| Key Questions/Challenges | <p>Can Sue demonstrate strategic leadership skills? Can she figure out the what as well as the how?</p> <p>Can she focus and balance the "important" with the "urgent"</p> <p>Can Sue be a strong leader of people in a job with a bigger scope and scale?</p> <p>Can she demonstrate a consistent pattern of hiring and keeping A Palyers?</p> |
|--------------------------|---|

| | | | |
|-----------------|--|----------------|-----|
| Future Scenario | <p>Possible Job(s): Senior Manager Operations</p> <p>Comments: With a strong leader and a good training plan, Sue would be ready now to successfully take on additional responsibilities</p> | Percent Ready: | 80% |
|-----------------|--|----------------|-----|

2.

STAFF and TRAINING

Do the line employees have the training, support and environment to be successful?

Internal Training Recommendations

The New Training Manager should address:

New Employee Training

- Revamp the new hire agent induction and onboarding process
- Institute side by side training by supervisors

Existing Employee Training

- Institute side by side training by supervisors
- Develop scripts to increase conversion and lower call handling time
 - Competitor call handling times =4.2 minutes XYZ takes 8 minutes
- Deploy a module based Leadership Training Plan for Sales Managers and Supervisors
 - We recommend purchasing an off the shelf solution

External Training Recommendations

If increasing the conversion rate by 1% yields \$4,100,000 in sales revenue...

Your revenue impact will be 13% which is \$533,000

The ROI potential for professional sales training is off the charts.

Budget approximately \$60,000 immediately for a pilot program with an external sales trainer to supplement internal efforts.

If we increase booking conversion rate by 2% as a result of solid sales training the revenue contribution directly to XYZ= **\$1,066,000 annually**

Budget approximately \$40,000 purchase a train the trainer program for frontline leadership “Nuts and Bolts” training

Coaching, motivating and performance management

3.

PROCESS

Does the call center have efficient processes?

External Training Recommendations

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Process Recommendations

- Call Center Labor Turnover in 2018 = 204 employees

Call Center Labor Turnover Rate in 2018 approximately 160%

- Average labor turnover cost for call centers range \$5,000-\$5,500 per FTE.
- Cost of labor turnover $204 \times \$5,000 = \$1,020,000$.
- Make labor turnover a strategic priority with leadership - include reduction in LTR as a KPI for all managers and include in their bonus plan, should be a kicker.
- Training Manager work with HR to improve hiring process, no more **group interviews**, include job preview sessions etc.
- Review and make improvements to new hire training and onboarding program.
- Provide agents with more ongoing training, especially selling skills, side by side coaching etc
- HR start conducting exit interviews use data to make improvement.
- If we reduce labor turnover by 25% in 2019, cost saving = \$255,000

Process Recommendations

- **Occupancy is too low**
 - Your occupancy is currently 57%
 - 43 % of the time your reps are not on the phone.
 - Occupancy should be 65-70%
 - There is capacity to do training and proactive outbound calling
- **Between 9pm and 12pm the Call Center is overstaffed.**
 - 4 agents & 1 manager on duty for 5-6 bookings = \$61.50 per booking
 - Option 1 = 2 work from home agents and no manager lowers the cost per booking to \$23
 - Option 2 = Move offshore for cost of \$7.31 per booking.
- **Transition from premise based telephony to the Cloud.** Lower costs with more flexibility and functionality, provide omni channel support. Work with IT consultant to improve agent desktop experience.

4.

CALL CENTER LOCATION STRATEGY

**Is the Call Center operating cost effectively?
Is your location a single point of failure?**

Location Strategy

The call center in ABC is a single point of failure and it's very costly to expand for growth. Given that 90% of the Call Center OPEX is labor, work at home agents will not generate significant savings but will provide business continuity. We recommend opening a second site in XYZ with a lower cost per call.

Why XYZ?

Significant labor cost savings compared to the current site. Government economic development incentives

- Accent neutral
- Same time zone as ABC
- Close to the current call center
- Strong pool of well educated labor
- Fortune 100 companies located call center operations in this geography. **US companies with call center operations in this Region:** Amazon, Hilton, United Healthcare, Sirius XM, Delta Airlines, Shutterfly, Netflix, Blue Cross and many more

Cost Comparison for 30 Seats

| Cost | ABC CURRENT SITE | Proposed Second Site with BPO | Second Site In-House Startup |
|---------------------|--|---|--|
| Labor | 30 Agents = \$1,327,230 2 Supervisors, 1 QA, 1 trainer and 0 managers = \$183,000 Total Wages \$1,510,230 | \$13.50/hour fully loaded Includes management, support, IT and real estate, \$28,080 x 30 = \$842,400 | 30 Agents, 2 Managers 1 Trainer = \$418,240 *Incubator Fee = \$110,510 |
| I.T. | Year 1 fixed cost per agt = \$3871 Annual recurring \$700 Year 1 cost = \$116,130 | Included | Included |
| Labor Turnover Cost | Current Labor Turnover 30 x 1.6 = 48 FTE's x \$5,000= \$240,000 | Nil | Not Known |
| Total Cost Annually | \$1,866,360 | \$842,400 | \$528,750 |
| Savings | \$0 | \$1,023,960 | \$1,337,610 |

Tampa: \$18.50/hr + 15% benefits = \$21.27/hour = \$44,241/year per Agent

Second Site In-House: \$5/hr + 12% benefits + \$360 healthcare per year = \$12,008/year * 30 = \$360,240 + 2 Managers @ \$20,000 and 1 Trainer @ \$18,000. Total labor = \$418,240

Second Site In-House Government Incubator Program Fee: \$1.61/hour/person = \$3348.80 per FTE per year * 33 = \$110,510.40
Incubator Fee includes; Furniture, Computer Hardware, Utilities, Security, Rent. Requires 6 month approval process.



\$1,059,080

Estimated Cost Improvement Opportunities Identified

25% reduction in labor turnover = \$255,000 savings

Second Site Strategy for expansion = \$1,023,960 savings

Talent Investment = \$120,000 cost

Sales and Leadership Training \$100,000 cost (est.)



\$1,066,000

Estimated Sales Revenue Opportunities Identified