



Boosting the Profitability of your Call Centre

What can you do today to improve your Call Centre performances?

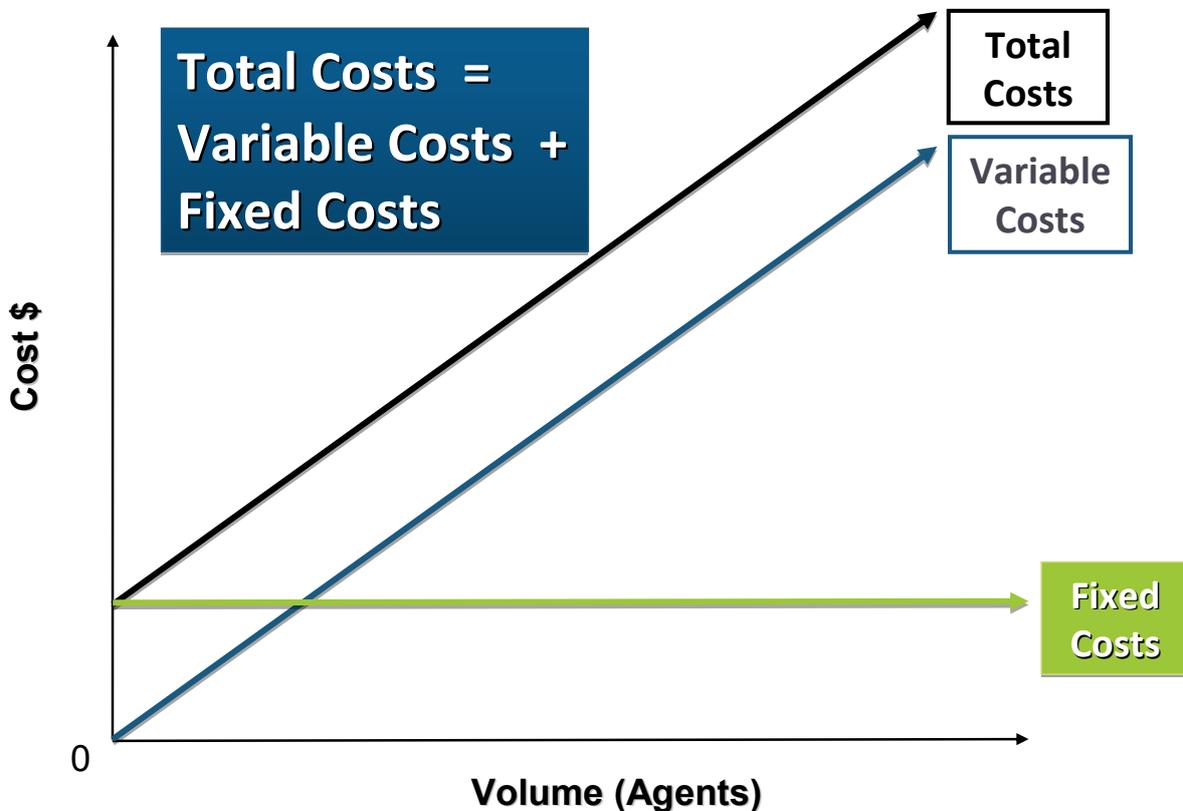
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Introduction on Profitability Calculation

Every firm is most concerned with its profitability and there is absolutely no reason why it should be different with your Contact Centre. One of the most frequently used tools of financial ratio analysis are profitability ratios, used to determine the company's bottom line and its return to its investors. Profitability measures are important to company managers and owners alike. If your contact centre has outside investors who have put their own money into the company, the primary owner certainly has to show profitability to those equity investors. If it is an internal business unit, it actually has also to be considered as a Profit Centre instead of a Cost Centre.

Profit margin is one of the most important aspects of a business to examine, both before entering into a business venture and throughout the business operation. Calculating profitability is an accurate way to determine the success of your business. Read the steps listed below and learn about how to determine your contact centre profitability:

- Calculate your contact centre revenue. Depending on your business model, the money you earn may arrive in your business account through different methods, including contract signed, appointments scheduled, fixed monthly payments or increases in the customer base. However, you receive money or anything else, keep records of all the transactions. It's a good idea to calculate the figures every month to arrive at your monthly revenue.
- Calculate your contact centre expenses. There are many costs that can be factored into your contact centre expenses. These include labour, rent, equipment, telecom, taxes. These costs are often referred to as overhead costs. Remember to carefully calculate all the money you pay out each month in order to run your business, so that you can arrive at an accurate profitability amount.
- Subtract the costs from the revenue. By subtracting the amount, you spend from the amount of money that comes in, you will arrive at your contact centre profit. If you're the sole business owner, this is your net profit. If you're a business partner, you must divide the profit by the number of partners.



The Cost component of your Contact Centre is directly related to the number of agents you have.

Return on Investment

The Return on Investment ratio is one of the important profitability ratios because it measures the efficiency with which the company is managing its investment in assets and using them to generate profit. It measures the amount of profit earned relative to the firm's level of investment in total assets. The return on investments ratio is related to the asset management category of financial ratios.

The calculation for the return on investments ratio is:

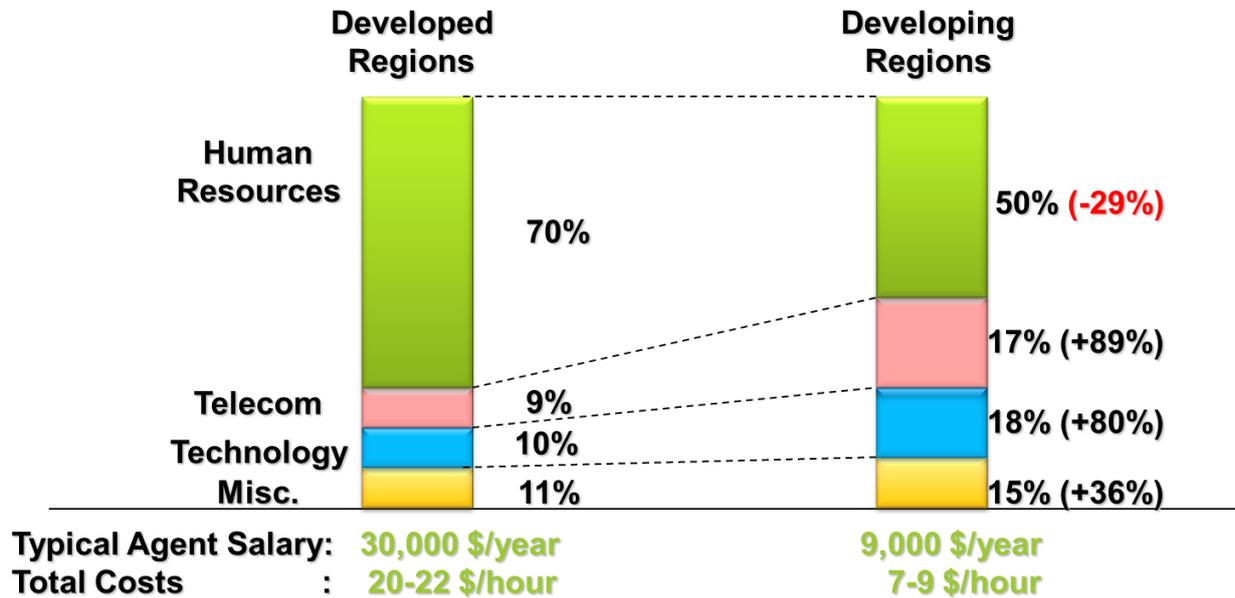
$$\text{Net Profit/Total Investment} = \text{Return On Investment (in \%)}.$$

Net Profit is taken from the income statement and total Investments is taken from the balance sheet.

The higher the percentage, the better, because that means the company is doing a good job using its Investments to generate sales with the same or less proportional costs.

Maximizing Agent Occupancy

As a call centre is a people-intensive operation, the first thing to realize is that one of the main cost expenditure of your call centre is the human resource.



Cost structure comparison between Developed and Developing Regions

As some of you might consider to Outsource their operations to Developing regions, it is important to take into account that even there, the cost of salaries are around 50% while it will be around 70% in Developed regions. And if the hourly rate is still 50% cheaper in Developing economies, one need to take into account the Quality provided and the possibilities to improve the efficiency of Developed regions workforce.

Agent occupancy is the percentage of logged-in time an agent is busy on a call or doing after-call work compared with available time. It is calculated by dividing workload hours by staff hours.

Maximize Agent occupancy, or staff occupancy, is one of the most important measure you can take related to efficient use of personnel. If occupancy is too low, agents are idle. If occupancy is too high, agents are overworked. The size of the centre has a major impact on call centre staffing and the related staff occupancy. Centres handling larger volumes of calls will naturally be more efficient than smaller ones because of economies of scale.

Calls per Hour	Workload (Hr)	Staff Required	Staff Occupancy (%)
100	8,33	12	69%
200	16,67	21	79%
400	33,33	39	85%
800	66,67	74	90%
1600	133,33	142	94%

Staff requirements and occupancy in function of Traffic to keep an "80% of calls answered in 20 seconds" (80/20) SLA

As can be seen above, doubling the call volume does not require two times the number of staff to meet the same service goal of 80% in 20 seconds. As the volume grows, the staff-to-workload ratio gets smaller and the agent occupancy goes higher.

With a higher volume of calls, there is a greater likelihood that when an agent is finished with a call, there is another call for that agent to handle, resulting in increased efficiency and higher occupancy. With a bigger volume of calls, each agent has the opportunity to process more calls each hour. Each agent spends less time in an idle or available state, waiting for a call.

Agent occupancy is calculated by dividing the amount of workload by the staff hours. In the previous table, with 12 staffers handling 8.33 hours of workload, agent occupancy is only 69%. At double the call volume with 21 staffers in place, twice the workload (16.67) is being handled without doubling the workforce, so each person is busier. In this case, occupancy has increased to 79%. As the volume of calls grows, increased economies of scale come into effect, meaning occupancy goes higher and higher.

While it is desirable for staff to be productive and busy, asking staff to stay occupied at a 94% rate is not realistic.

Most call centres aim for the 85% to 90% range since occupancy rates higher than that lead to undesirable call handling behaviours and a high staff turnover rate.

Although the 85% range is desirable, not every call centre or agent group can reach that number. Small centres that wish to deliver an 80/20 service level and have sufficient staffing in place may not be able to achieve occupancies above 70% or 80%. Larger centres have the opposite problem. Their large group efficiencies may allow them to staff for the same 80/20 service level and have occupancy numbers over 95%. In such cases, these providers have to add extra workers to bring occupancy down to a tolerable level.

Some ACDs supply direct occupancy numbers, but others do not. If occupancy is not provided, it can be calculated by dividing workload hours by the number of agents on the phones.

Another way often used to express Agent occupancy is the Amount of Talk time per hour of work. An agent occupancy of “35 minutes by the hour” means that Agents are effectively talking 35 minutes with a customer for each hour of presence at their desk (pause not included).

If this Agent occupancy can be improved only by 5 minutes, this means that agents will be able to speak 40 minutes for each hour of presence with the customer. This represents an improvement in productivity of 14,3%. One can expect that the profitability of the Call Centre operations will also improve by the same factor as less agents will be needed to take the same amount of traffic.

Improving your Return on Investment (ROI)

So, as soon as your Call Centre will operate, you will see that several actions and technology mechanisms can help you to improve the Return on Investment (ROI) as well as the Agent Occupancy or Operational efficiency of your Call Centre. Here we will list just a few.

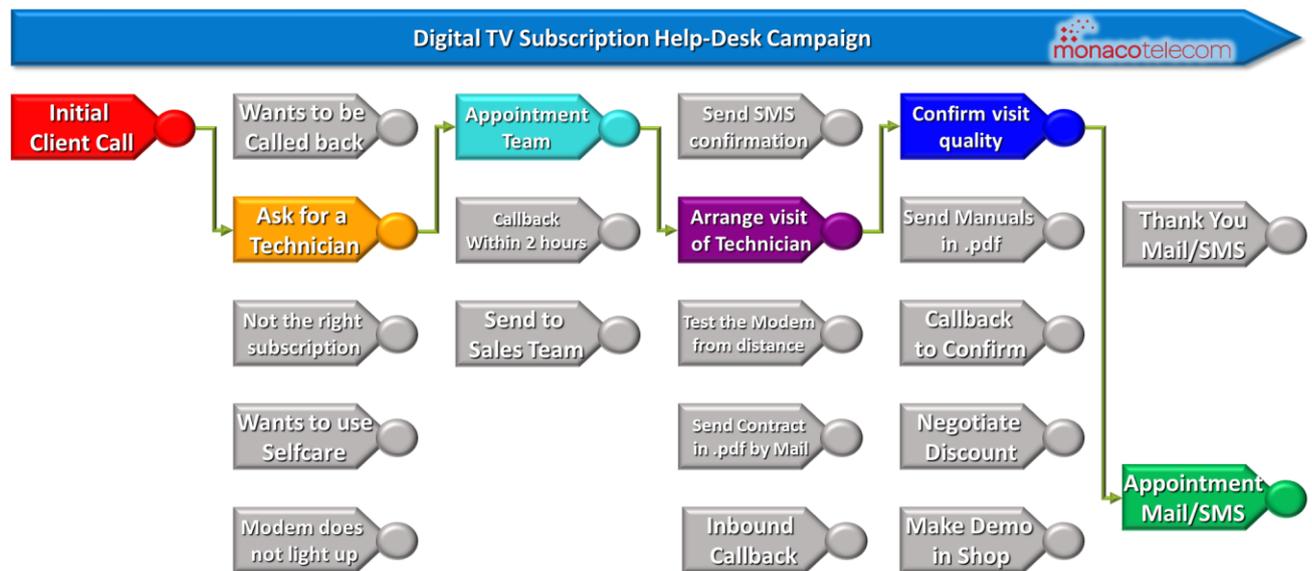
Multi-wave approach (Campaigns & Activities)

One of the main cause of delays, efficiency loss and errors generation in Call Centre is the fact that a lot of data has to be ported from one system to another or moved from one Campaign to another.

One solution to that situation is to make sure that all the necessary data needed for one defined Customer Business objective is stored in one single place. This place, normally called a Database, can then be used further to share this data amongst all the Activities requiring is in order to operate.

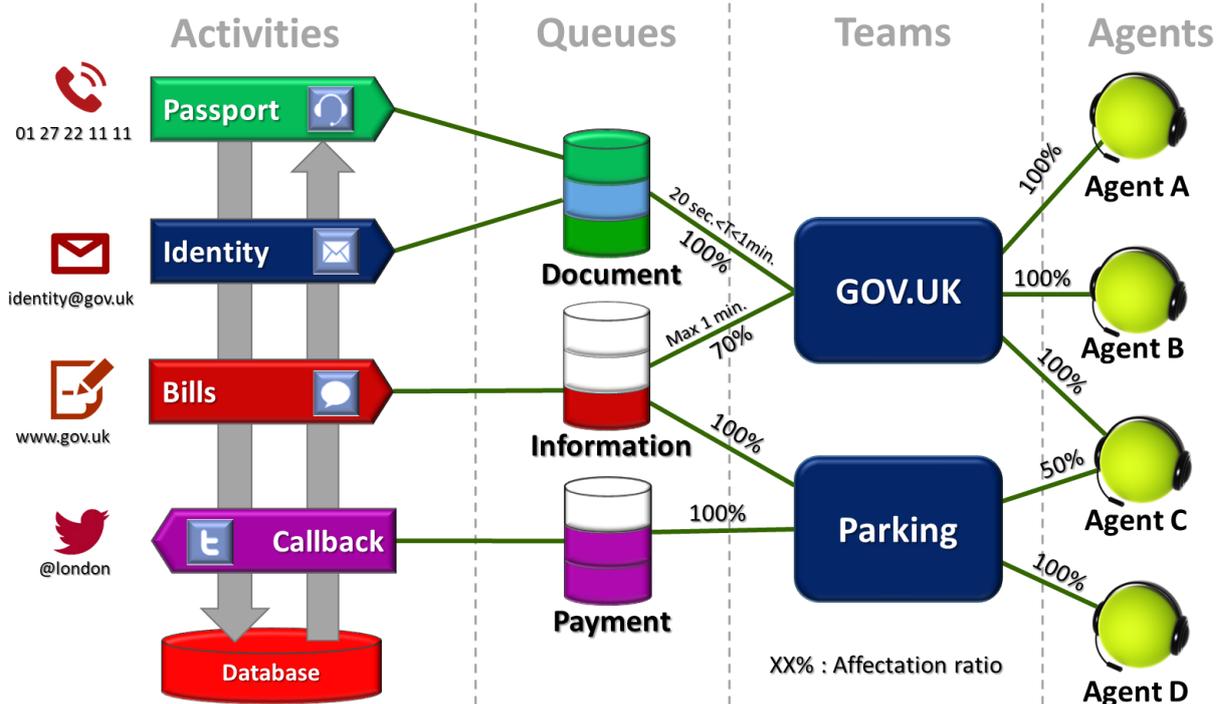
In this way, as all the needed data is centralized in one single place, no time is lost by re-encoding data already present somewhere else. Also, no time is lost for correcting mistakes due to multiple entry or too frequent human intervention. One will soon realize that the Human factor in Call Centre is often the main source of errors.

This approach is also often called a Workflow based approach where the interaction engine of your Call Centre is Workflow oriented.



Multi-wave approach to a Digital TV Subscription Helpdesk campaign

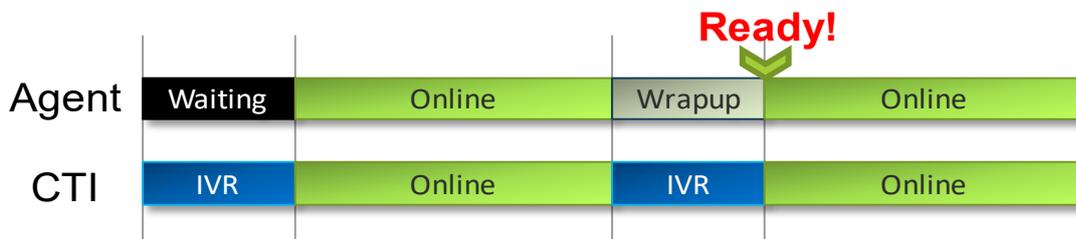
The previous picture shows 21 activities being part of the same campaign and sharing the same database. If your Call Centre is not workflow oriented, you will need to Extract and Re-inject all the necessary record into a specific campaign database, leading to numerous manipulations, risk of errors and waste of time.



Multi-Activity campaigns combined with Multiple-Queues, Team and Agent processing

Ready During Wrap-up

At the end of each Customer interactions, Agents get some Wrap-up time in order to fill-in any specific info's in the script or database. In Special Peak Traffic conditions (Queue length, etc...) the agent might decide to take the next call while he/she is still in wrap-up mode for the previous call. He/she will then be able to close and eventually qualify the previous call by toggling between contexts at a later stage.



Ready During Wrap-up allows agent to take the next call before closing and qualifying the previous one.

Inbound/Outbound/Media blending

As we have already seen above, doubling the amount of Calls does not require doubling the amount of workers. This is due to a statistical traffic spreading principle known as "Trunking". Actually, one can say that larger call centre can benefit from economies of scale that are difficult to get for smaller call centres.

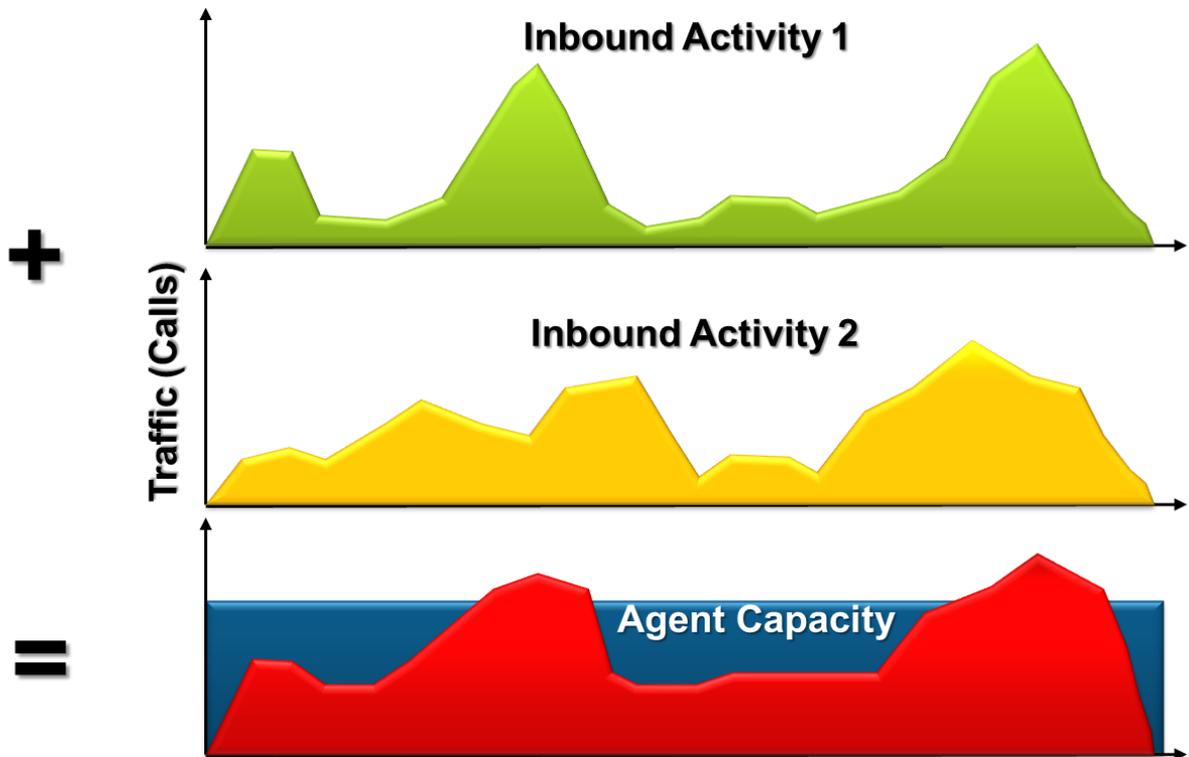
One of the solutions that have been found in order to benefit from this "economy of scale" even for campaign with low traffic is to do what is called "Blending". That means mixing traffic from several campaigns to the same pool of agent.

On modern days Call Centre solutions, you can basically have 4 type of Blending:

- Multiple Inbound blending
- Multiple Outbound blending
- Inbound/Outbound blending
- Media blending

Multiple Inbound blending

In this case, the traffic of several inbound campaign is blended to the same pool of agent, increasing the amount of calls per hour and automatically benefitting from the same trunking efficiency as seen above.

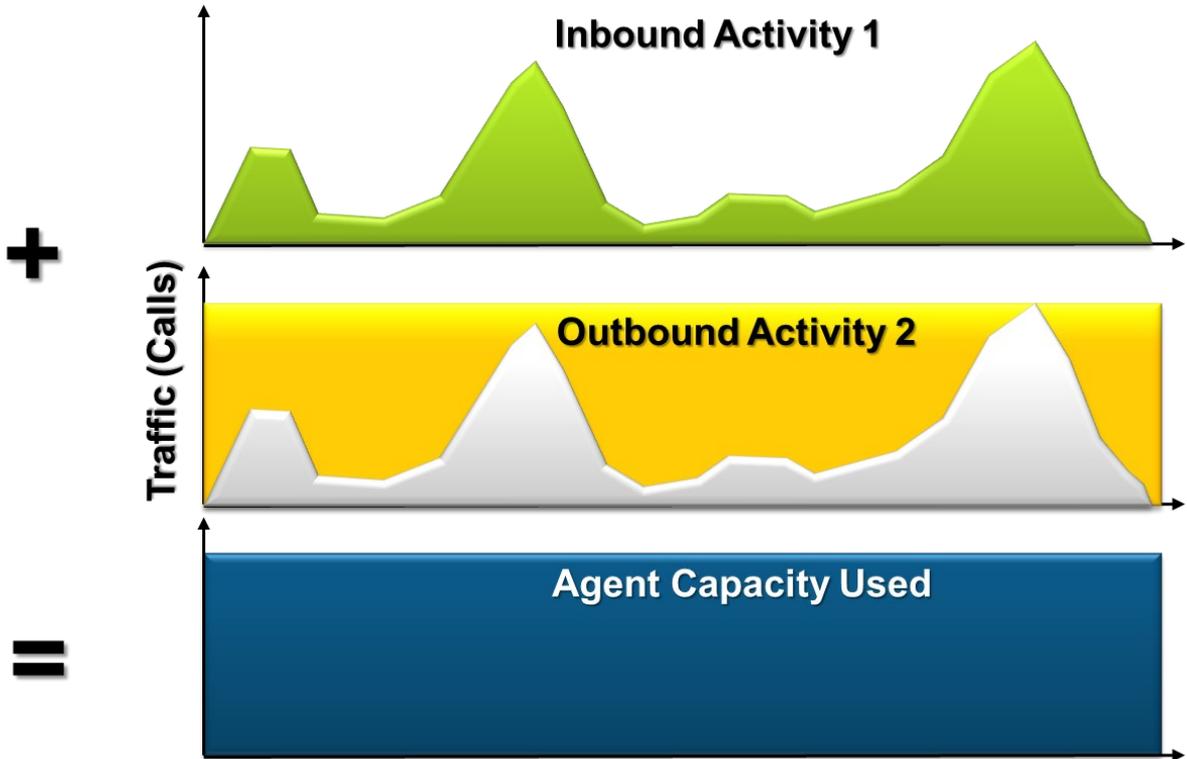


Multiple inbound activities can be blended to the same pool of agents

Of course, as a result of this, the agents must be trained to work on several campaigns, but when managed well, this can decrease their stress level and improve their motivation at work, reducing the agent job rotation consequently.

Inbound/Outbound blending

For agents that are mainly affected to outbound campaigns, there might be times where the dialer is not generating outbound traffic or traffic conditions on the inbound side that require extra workforce to intervene.

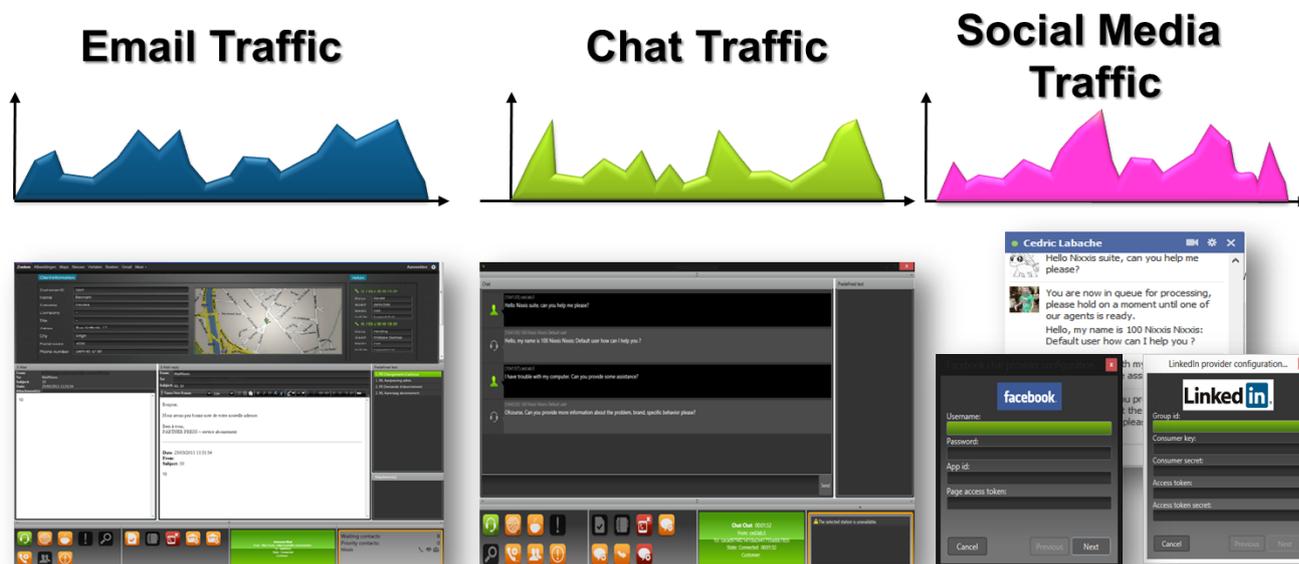


Multiple inbound and outbound activities can be blended to the same pool of agents

This is then the ideal situation because the dialer will automatically stop to dial when the inbound traffic activity requires it. In terms of call distribution, it is important at this level not to have only a basic “Round Robin” distribution (circular distribution of all the calls with an equal priority for each) also sometime known as a FIFO (First In First Out) distribution but really to use the importance of each interaction to prioritize, this is sometimes referred to as the MIFO (Most Important First Out) distribution.

Media blending

As Call Centres are using more and more multiple media's to interact with their customers (they are then called Contact Centres) it is also possible to blend/mix several media's with each other, this is then called Media Blending.



Multiple Media channels are blended to the same pool of agents

In the case of Media Blending, different kind of skills might be required from different agents as corporate writing skills are similar but not the same as the required speaking skills.

Also when Media blending is used together with Inbound and Outbound blending, it is important to give each media a specific priority. Normally, the media that requires the highest speed of interaction has the maximum priority, which means that Inbound calls have priority on Chat session that has priority on e-Mail management.

Team overflow

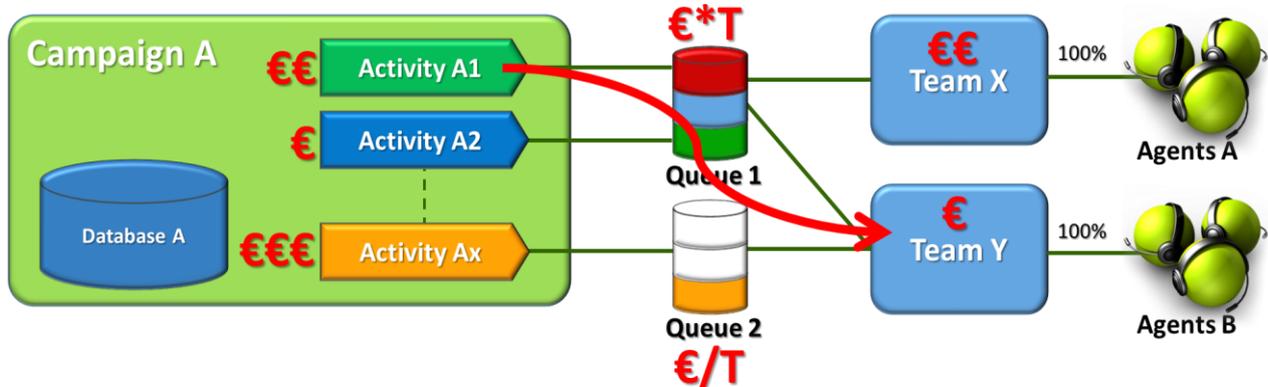
Often, Call Centre systems are limiting themselves to the management of Queue overflow. That means that when the waiting time in a certain queue is getting too long (say 120 seconds), the traffic is “overflowed” to another queue.

Team overflow is not only looking at the overflowing parameter in terms of waiting time but also to the business importance of the interactions. In fact, when you assign certain team of agents to treat the traffic in a queue, the system might simply want to keep the traffic in that same queue but simply get, under specific conditions, other team to treat that same traffic.

This allows in the end a much better spread of the traffic between teams (some might be distant teams or even other call centres) and also better statistics of the Service Level delivered.

Profit based routing

As soon as multiple activities, multiple teams, multiple queues and multiple SLA's are assigned to a call centre, there will be a choice to be made on which activity to allocate resources in case of traffic increase.



Highest profit routing is made based on Activity, Queue, Team and Transport costs and profit.

Profit based routing is not only what is sometimes call “Least cost routing” it is more than that; A profit level is assigned to each activity of a campaign. All the traffic coming from this activity and fed into a queue has a certain cost profile. It is important to understand that the cost profile in a queue can change with time. So it is a dynamic profile that will take into account the time spent in the queue. Then that interaction has to be assigned to an agent part of a team and via a certain telecom link, each of these three elements having their own cost structure.

So, the system should be in real time able to calculate the best allocation of resources based on the interactions to be treated and allocate in an optimal way, what will bring the highest profit to the call centre operation while keeping the SLA under control.

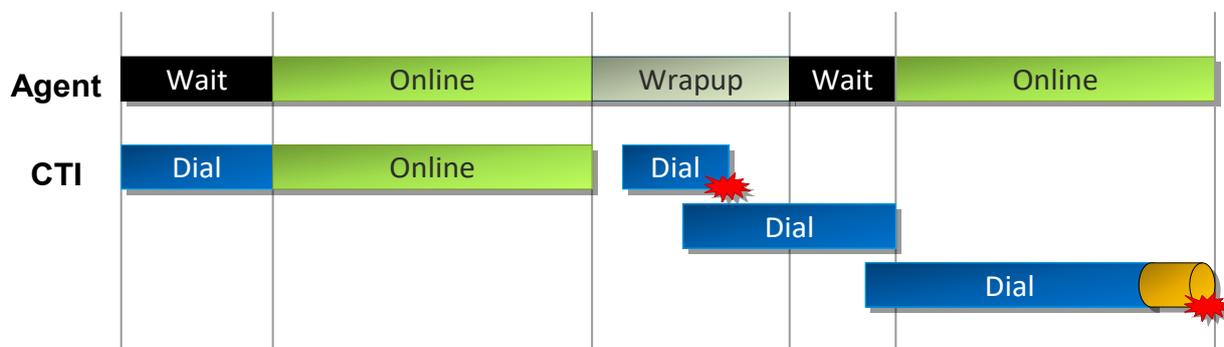


Example of various dynamic profit profiles assigned to different queues.

In this case of a decreasing value of the interaction in function of time, one can see that the next interaction that will be treated might not be the one waiting for the longest time but the one that has the highest value.

Enhanced dialer

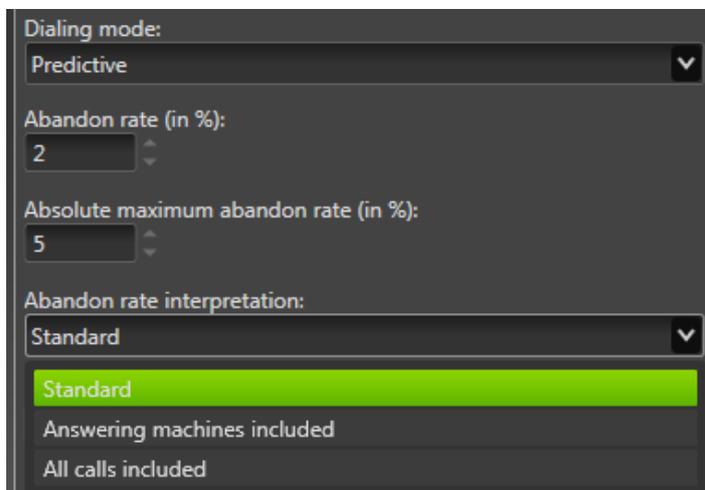
One of the most daunting tasks for managing an outbound traffic in a call centre is to make sure that the flow of calls going to agent is smooth and controlled. One of the technological solutions to this was the invention of the “Predictive dialler”. This dialler is normally taking into account the time it takes for an agent to complete a specific type of interaction and then, based on various parameters, the system tries to present the next call when the agent should become ready to take the next call.



Predictive diallers can increase the productivity of the agents by 30-50% but abandon rate must be managed.

For a good predictive dialler to work, it should take into account the real average time needed to complete an interaction on a “per agent” level and also the performance of that specific campaign.

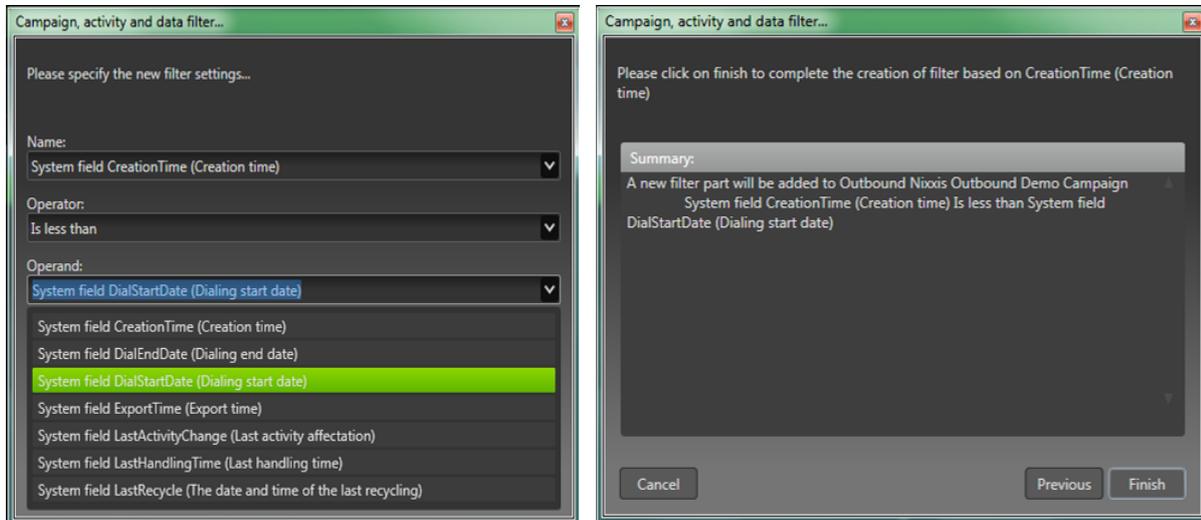
As too many systems today are not real predictive diallers but fake power diallers (numbering all the lines at the same time and see what comes out of it), the regulators have obliged the call centres to respect a certain amount of abandon rate (calls that have been answered but no agent is available to take them). In the UK, Ofcom requires that predictive diallers abandon less than 3% of answered calls on a daily basis.



Predictive diallers should take care of Instant and Absolute abandon rate and have multiple setup parameters.

Customer profiling

Call Centre databases are the heart of any Call centre activity. Therefore, this is where the right customer can be found for the right activity/campaign. This activity on finding the right customer to start the next activity is called Customer Profiling.



All fields of the database should be available for testing and profiling in order to prioritize activities.

Therefore, the system must accept fairly advanced data filters to be able to extract exactly the information that is needed and feed it into the next activity. This allows multiple types of targeting and making sure no customer is forgotten between activities.

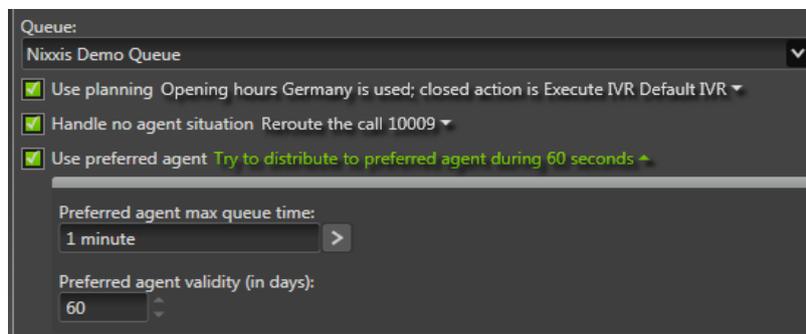
Import data entry

As we have already seen above in the Multi-wave approach, a customer calling a call centre should be the start of multiple activities and not the end of it.

Therefore, it is important that any kind of measures that can be taken to make the life of the call centre manager easier are taken. One of these measures is the Automatic Import on Data entry.

Is it on Calls or Emails, it is important the system is starting to build a database of any type of customer interaction it has had in the past. This is important from a business perspective but also from a quality control perspective.

Databases of all the numbers that have called a specific call centre must be made in order to allow afterward managing the history of that contact but also the next actions to be taken.



Knowing a customer called you before allows switching the "Preferred agent" function.

Once you have kept in memory the fact that a specific customer has called you before, you can for example, switch in a preferred agent function where the system is going to try to transfer the call of this customer to the same agent he/she spoke to before. This is based of course on duration and queue length conditions.



While a customer is on the phone, one should be able to listen to previous conversations with that same customer.

Another nice usage of keeping track of previous customer interactions is to allow agent to listen to previous conversations while the customer is on the phone. This allows avoiding back and forth discussion with colleagues or system request in order to find out what was said during previous interactions. All in all this improves your First-call resolution rate, the efficiency of the call centre and the service to the customer.

End of file management

For Call centres generating outbound traffic (for telemarketing, telesales, credit collection, fund raising purposes etc...) there is often the challenge of managing "end of file" traffic. Those files that have been used for a while are often full of important information and a number of records that could still deliver something but are too small in numbers to start a specific campaign.

One of the solutions there is to use a Call centre system that is giving to each record a priority level based on the history of that record in the database. This means that this record will remain in the database but each time the call doesn't go through, this one receives a lower priority level and will be dialled again at a later time.

This means that "fresh" records just need to be added on top and that sooner or later the "old" records will be dialled again when the system gets to their level of priority.

Further calculation on the improvement on Return on Investment of these functions can be made using the Nixxis ROI Calculator available here.

Example of improved Profitability calculation

Hereby, you can find a simple tool based on Excel that can help you identify how some specific system function can improve the Return On Investment of your Contact Centre by Maximizing the time available from agent to be effectively in contact with your customers.

Profit based Approach From Bottom : hosting		
yearly cost of the hosted solution	58.800,00 €	70,00 € /agent/month
startup & training	5.000,00 €	
Amortising /year	5	
Yearly cost services Incl.	59800	
% of the Total cost for the Nixxis part	3,47%	0,52 € /h. /agent
N° Of agents FTE	70	
N° Of agents Inbound	50	
N° Of agents Outbound	20	
rate / hour	15	
Year Based Cost	1.663.200,00 €	
Time based productivity based on Nixxis Customer Interaction approach		
	%	
Multi campaign (Outbound)	2,00%	
End of file management (Outbound)	2,00%	
Reduction of incoming Call (Import Data entry)	1,00%	
Reduction of incoming Mail's (Import Data Entry)	1,00%	
Enhanced Dialer (Outbound)	2,00%	
Activities : Filters, customer profiling, HR profiling, Time profiling (Outbound)	2,00%	10,00% total outbound win
In Blending (Inbound)	2,00%	
Team Overflow (Inbound)	5,00%	
Profit Based Routing (Inbound)	2,00%	
MIFO vs FIFO -> SLA improvement (Inbound)	2,00%	11,00% total inbound win
Ready during wrap-up (Global)	2,00%	
Campaigns & Activities : multi wave approaches (Global)	0,00%	
Campaigns & Activities : Automated quality monitoring (Global)	2,00%	
Media Blending (Global)	0,00%	
In/Out Blending (Global)	0,00%	4,00% total global win
Total	14,71%	8,83 min/h/agent
Potential Profit / year	244.728,00 €	
Potential Profit after cost reduction	184.928,00 €	
Global profit /year		
€ 184.928		
Global possible profit during amortisation		
€ 924.640		
Payback		
2,9 Months		

Return On Investment calculation for an investment in the Nixxis Contact Suite solution.

In the example above, one can see that the available productivity time of Agents has been improved by **8,83 minutes per hour** (or 8 minutes and 50 seconds). So, if the Agent had an availability of *35 minutes on the hour*, the new availability target will be 43 minutes and 50 seconds, meaning **a productivity increase of over 25%**.

The above calculation sheet is available on demand. Just send us an email to info@nixxis.com

Conclusions

We hope that this short introduction on improving your call centre profitability was interesting for you. As for any business, you need to carefully define your business objectives before setting up your call centre and then you will see that all the other decisions you have to take, will come by themselves.

Is it for a centralized call centre, a network of distributed call centres or calling for external outsourcers performing from near-shoring regions, the most important objective today is your Quality objective.

Too many poorly designed call centres and badly designed call centres processes have damaged the image of the industry. At the same time, one can realize that every customer interaction is an opportunity to generate loyal customers when it is properly done.

At Nixxis, we are believers of quality in the call centre world as a philosophy behind everything we do, is it a script development or a technical function implementation. We hope it will be the same for you.

Do not hesitate to come back to us with your experiences and help us improve this short document and this via mail (info@nixxis.com) or via our website forum (www.nixxis.com/forum).

We wish you a nice, fruitful and dedicated customer contact centre future.

Some References



Nixxis Locations



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Argentina	+54 11 53528223	Italy	+39 06 94803617
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Bahrain	+973 16198075	Morocco	+212 660 297 945
Brazil	+55 61 37172952	Poland	+48 22 3072165
Bulgaria	+359 2 4925088	Portugal	+351 30 8803633
Canada	+1 613 6999163	Romania	+40 316 300642
Chile	+56 3 5332619	South Africa	+27 21 3002432
Denmark	+45 89881909	Spain	+34 91 1238668
Finland	+358 9 42450470	Sweden	+46 8 52500440
France	+33 1 76431067	Switzerland	+41 31 5280514
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