

# Contact Center Consolidation

A Best Practices Blueprint



# Contact Center Consolidation

Contact centers have been recognized as key enablers to an enterprise's successful operation when communicating information to constituents. New contact centers are often established for an individual line of business, operational function, new venture, or in response to new government legislation. New contact centers can also be established with little thought as to their fit and function within the enterprise. The facilities may have been built without the consideration for potential or future redundancies, which are ideally taken into consideration during the initial planning phases.

The negative results for many agencies include: wasted resources and money and replicated facilities and technology platforms. Our consolidation solution is a disciplined, systematic approach that allows clients to realize significant operating cost savings in their enterprise contact centers. Typical savings realized in a consolidation program, either physical or virtual, can range from 10 to 20 percent of a client's total customer service operating budget.

Contact center consolidation focuses on the economies of scale achievable in four primary areas:

- 1. Resources. Number of staff, salaries, and structure
- 2. Facilities. Locations, capacity, and cost/sq. ft.
- 3. Technology. Systems, applications, and network
- 4. Processes. Industry standards that lead to continuous improvement

To initiate a consolidation effort, we conduct an operational assessment to identify and measure the financial and operating performance levels of clients' multiple centers versus industry operating benchmarks. This assessment yields an objective baseline of our clients' current operating environments and allows us to develop action plans that target personnel resources, potential technology enhancements, and facilities-related issues. We incorporate both the financial and operational impacts of these action plans into a consolidation business case that provides the foundation for future initiatives, allowing clients to realistically forecast the financial and operational benefits of the consolidation, as well as systematically track and measure success in terms of key financial and other metrics of each initiative associated with the consolidation.

It is important to be detailed regarding the difference between operating savings and operational savings. The assessment and resulting business case focuses on operating costs related to the amount a client is spending on personnel, technology, and facilities. During this assessment, we identify potential opportunities for savings that can be achieved through a thorough analysis of a client's contact center locations (wage arbitrage), physical environment (real estate costs) and pooled resources. These savings, when incorporated with incremental process and productivity operational improvements enabled by standardization and consolidation, establish a powerful business case with significant bottom line impact.

In addition to the initial phases of the assessment, we identify short-term operational improvements that allow clients to instantly realize operational cost savings. The inherent savings during the implementation of these "quick-win" opportunities allow clients to offset the investment in the implementation of the full consolidation recommendations defined in the full-scale consolidation business.

Following the initial phases, our primary areas of focus include the percentage of cost savings we anticipate deriving in each area and some of the specific areas where the cost savings can be achieved. This range of savings is proportional to the scope of the contact center operations: the larger the agency, the more locations, and the greater the number of agents; the greater percentage of savings that can be anticipated.

Resource costs represent between 60% and 70% of the average contact center operations budget.

Consider the following:

#### People / Structure - 10-20% Savings

- Recruitment, hiring, and base salary
- Attrition and retention costs
- Resource pooling and span of control
- Combined hiring profiles and skill requirements
- Training

# Process / Operations Improvements – 10-15% Savings

- Productivity standards
- Erlang C economies
- Process simplification
- Workforce management efficiencies
- Common critical monitoring and reporting metrics
- Customer segmentation and Enterprise treatment strategies

# Technology – 5-10% Savings

- Platform and network
- Shared CRM applications
- Customer self-service applications
- Improved call routing efficiencies
- Optimized common agent desktop tools

# Facilities – 5-9% Savings

- Site selection impacts base rate, availability, and attraction and retention of skill pools
- Number of and cost per square foot
- Layout and design that improves productivity and retention

We provide the roadmap and focus on the economies of scale that a physical or virtual consolidation of contact center operations can deliver for you.

# Change Management – What is your culture?

Many companies manage projects by checking boxes off on a project plan. They declare victory either when their new system is in production, process changes are implemented, or the organization charts are redrawn. Projects should demonstrate real-value and need to sustain the changes made.

There are many questions to ask when considering contact center consolidation. The one question that is often overlooked is: "How is the attitude for change going to be managed?" This answer depends on both your agency's culture and environment. Does your enterprise require a great amount of interdepartmental collaboration? Is face-to-face communication imperative to the success of the operation? Is document/file processing part of the communication? Does the agency support work-from-home? Are all of the executives and managers "buying in?" Have the champions, early adapters, and road blocks been identified?

Change affects many people. Contact centers are constantly changing. Unfortunately, most people are not open to change. It is crucial to manage the change that each project creates – for individuals and the agency as a whole.



Is your agency moving toward consolidation?

Too often, leaders do not want to fund change management. They feel as if it is not important, the change is not that big, or that the impact is minor and easily absorbed. Project sponsors adopt this attitude at their peril. Time after time, neglecting change management yields sub-optimized results – project delays, increased costs, reduced benefits, missed goals, and/or reversions to previous states after a few weeks or months.

If change management is not a part of the consolidation or is considered irrelevant in your environment, you must become an advocate for it. Find an approach that works for your agency's culture, allocate the appropriate resources, and start applying it as early as possible – being proactive benefits everyone in the long run. You will see the difference it makes. Over time, it will become an inherent part of your agency's program and project management. Enlightened agencies are taking this approach and seeing greater efficiency through the results their consolidations create.

Additional questions to consider that affect consolidation and culture:

- What are the communication methods, both external and internal? (i.e. phone inbound/outbound, email, chat, documents, etc.)
- What systems may be consolidated? Is there a unified system or CRM?
- What level of security is required? Are cloud and virtual environments a viable alternative?
- Is outsourcing personnel an option? Entire workforce or integrated staff?
- How will different tiers of customer care be operated? Are escalation processes developed?
- What are the continuity of operation plan requirements?
- How important is location of the contact center in relation to meeting agency objectives? Centralizing to a high labor rate corporate office may often significantly decrease consolidation savings.
- Who is ultimately responsible for operational performance?

Contact center consolidation is one of the primary ways to improve operational efficiencies and improve constituent satisfaction. We have learned that these challenges and issues can be confronted with a focus on measurable outcomes. This enables desired results that will be realized when the critical issues are prioritized and addressed.



Have all the questions been asked and answered to ensure your agency is prepared?

#### **Our Consolidation Results**

# **Indiana Department of Family Resources**

**Departments Consolidated** – Seven

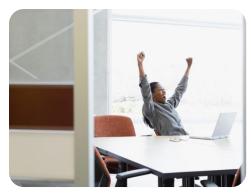
**Personnel** –Client and Xerox

Timeline – Extended: 2005 - ongoing

**System Ownership** – Government (State of Indiana)

#### Improvements obtained:

- Decision timeliness improved from 75% to 93% of goal
- Error rates for food benefits decreased by 50%
- Awarded a \$1.6 million bonus for Improved Payment Error Rate from USDA
- Improvements attained as demand catapulted from 695,000 applicants to more than 1.3 million applicants per year



Award for Most Improved

# Virgin America

**Locations Consolidated** – From all remote to a brick and mortar-based facility

Personnel – Xerox

Timeline – 2011 - Ongoing

**System Ownership** – Client and Xerox

#### Improvements obtained:

- 10% increase in agent productivity
- Exceeded clients' sign-up and revenue goals for loyalty programs
- Increased use of self-service by customers

# Louisiana Department of Children and Family Services

**Departments Consolidated** – Six

**Personnel** – Client and Xerox

Timeline – 2011 - Ongoing

**System Ownership** –Client and Xerox

#### Improvements obtained:

- 85% of all calls do not require caseworker intervention
- Intelligent IVR decreased the need for agent intervention
- One number for one stop answers makes it easier for citizens to obtain information

"The switch to a virtual environment will encourage collaboration and efficiency across our department. Caseworkers will be able to focus on people and not paper, spending more time taking care of citizens and making a difference."

– Ruth Johnson, Secretary, Louisiana Department of Children and Family Services

# **Our Processes & Technology**

**Service innovation.** Our proprietary software platform empowers employees with easy access to customer information including reporting and documentation capabilities. It allows employees to access numerous systems through one desktop application. Through this integration, the platform provides a single touch screen intuitive user interface, business rules taught to the system in a single instance, and a more intelligent structured call flow. Exhibit 1 depicts the platform infrastructure.

Installation and utilization have led to the following metric improvements:

- 70% decrease in training time
- 30% decrease in average handle time
- 20% reduction in FTEs
- 30% increase in productivity

Our proprietary platform is just one of the continual process improvements that we generate from our more than 30 years of experience.

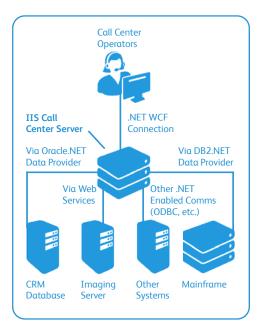


Exhibit 1. Platform Infrastructure Diagram. One touch gets the representative to the right system with the right answer

**At Home Agents.** Many of our clients take advantage of our staff of more than 5,000 at home agents. This workforce provides numerous benefits to our clients, including:

- Increased productivity and quality
- Expanded geographic resource pool
- Improved employee moral
- Mature professionals
- Schedule flexibility
- Reduced turnover

Exhibit 2 shows a VPod Cube from Xerox that can be shipped to a residence for simple installation and operation. This design provides an at home agent with all of the necessary tools to provide successful customer care. The cube can easily be modified for individuals with disabilities.

Achievement Based Compensation (ABC). Just as at home agents are a component of our virtual service desk/contact center solution, ABC is often a component of our at home agent or in-office agent solution. ABC is a variable pay structure built on top of an employee's base pay that rewards self-starters who work independently. Employees automatically earn more for increased performance and quality. The self-managing nature of ABC attracts and retains the best people and strongest performers. ABC creates a win-win situation for our employees and our clients by providing increased pay for our employees and delivering the following to our clients:

- Proactive employees that exhibit exceptional customer service skills
- Increased customer/user satisfaction and loyalty
- Consistent and improved contact quality
- Improved productivity leads to overall cost savings for the program

ABC has been implemented successfully on numerous government and commercial contracts to ensure that employees are paid according to how well they deliver on the immediate needs of the client.

# Summary

We offer a variety of innovations and possibilities; some are more relevant to your agency than others. We look forward to meeting face-to-face to gain a better understanding of your business needs so that we are able to formulate a tailored roadmap that is focused on the path your agency is forging toward during the process of consolidating an enterprise approach to contact center service delivery. As your agency evaluates more effective ways to fulfill its mission and meet the requirements of its constituents, Xerox has the capacity and experience to partner during your transition to new processes and technologies. Having already successfully consulted and led numerous commercial and government clients through consolidation, implementation, and transitions, we look forward to meeting the needs of your agency.



Exhibit 2. VPod Cube from Xerox for At Home Agents

