

PREPARING FOR UNCERTAINTY:
THE CRITICAL NEED FOR CONTACT CENTER STRATEGIC
PLANNING



A Frost & Sullivan White Paper

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EXECUTIVE SUMMARY

Senior executives need better insight into how their contact center strategic planning decisions impact business goals and objectives over time. Traditional call center planning tools were not designed with today's complex contact center in mind and therefore do not provide necessary insight into the overall impact of resource allocation decisions.

A faster, more accurate generation of planning tools has emerged that provides strategic information about resource options. These tools enable more accurate staffing strategies, capital expense allocation, performance planning, risk management and budget projections. In short, they drive smarter decisions which improve the health and competitive position of the company. The business case for improved strategic planning is so compelling that it will soon become be the de facto standard for allocating resources for contact centers.

THE STATE OF CONTACT CENTER PLANNING

Contact center organizations engage in two different types of planning activities. The first is short-term, tactical staff scheduling. Using readily available and mature workforce management (WFM) software applications, contact center planning teams excel at developing tactical staffing plans that achieve enterprise goals for cost and customer service.

The second type of planning activity is strategic - organizing staff and technology resources to achieve enterprise objectives. It is in this stage that executives strike the balance among sales, cost, customer experience, and risk over time. Effective strategic plans are accurate projections (a few weeks to a few years) that optimally allocate resources to achieve competitive advantage through improved operating strategies. While agent schedules are important, it is the strategic decision-making process that forms the foundation for lower cost, better service, and higher sales. The process for creating a strategic plan demands time, attention, and investment.

The primary goal in strategic planning is to make the best resource and operating decisions possible given limited time, information and business uncertainty. Developing a strategic plan begins with defining assumptions (the "what if" questions) like business growth rates, planned marketing campaigns, new contact types, site locations, insourcing/outsourcing mix and others, each of which influence contact center cost and performance. A good strategic planning process maps these assumptions against all possible operating strategies, which are then evaluated on the basis of profit impact, feasibility, customer impact, and operational risk.

Collaboration is key to maximizing the value of the strategic planning process. Executives must be able to ask insightful "what if" questions and receive fast, accurate answers from their professional planning staff – finance, marketing, operations, HR, and other

stakeholders.

Example: Circumstances may mandate an enterprise wide hiring freeze to control costs. From many points of view, this is a valid approach. However, contact centers tend to have higher level turnover than other areas in a company, and typically have significant seasonal contact volume variations. As a result, this cost cutting strategy can backfire by forcing unacceptable declines in customer satisfaction weeks or months in the future. A hiring freeze can drive costs higher, rather than lower. An effective planning process will surface these risks and enable an informed cost/benefit analysis at the enterprise level

While the process outlined above is the ideal, few executives are able to make strategic decisions with confidence because they depend on traditional tools that were not designed to provide strategic contact center analysis. Most executives rely on the results of labor-intensive, interlinked spreadsheet models. This process has limited ability to support a comprehensive “what-if” impact analysis, is slow to generate results, is difficult to validate, and doesn’t enable analysis of risk and unintended consequences of decisions. Together, these limitations erode organizational confidence in the strategic plans.

Without good supporting technology, executives can be forced to make critical strategic decisions that are rushed, ad-hoc, or made by “gut.” These decisions may create unexpected results and quite often each functional area within a company is forced to scramble to adjust. To make better decisions executives must look to more innovative planning approaches which better reflect the sophistication of the modern contact center and its importance to the enterprise.

THE STRATEGIC PLANNING BREAKDOWN

The traditional, spreadsheet-based approach limits the executive’s ability to predict, manage, and control his or her organization. Identified drawbacks of a spreadsheet-based process include:

- *Inflated staffing levels:* Many spreadsheet-based models have at their core a mathematical theorem developed in the early 1900’s to predict the number of switchboard circuits needed to handle an expected inflow of calls. Although updated over the years, it remains the fundamental algorithm used by many companies to estimate the number of (very expensive) staff required. Its limitations, often for calculation simplicity sake, result in a bias toward overstaffing inbound call centers by 2% - 5%.
- *Impaired productivity:* Because the spreadsheet-based plans often create unexpected results, operations teams often scramble to maintain service levels, while planning

teams spend time trying to understand what went wrong, rather than proactively refining their strategic plans.

- *Speed to market:* Contact Center decisions are slowed by clumsy spreadsheet methodology. Analysis should take minutes or hours, not days or weeks.
- *Accuracy of “what ifs”:* It is very important that planning models be proven accurate through historical validation. Most traditional, spreadsheet-based plans are discounted due to the lack of confidence in the planning process.

Traditional planning methods have not kept pace with the massive technological and operational scope changes that have taken place in call centers the last decade. Even the notion of “callers” has changed: today, customers certainly still call the center, but they also send emails, instant messages, search knowledge bases, and open their own trouble tickets. Each of these advancements requires additional planning capabilities. The contact center has changed, and so must the tools planners use.

NEW STRATEGIC PLANNING SYSTEMS

Fortunately, a new breed of planning tools has emerged to help companies improve contact center effectiveness. These innovative planning technologies overcome the limitations of traditional, spreadsheet-based planning processes.

These new strategic planning systems (SPS) are a class of software applications specifically designed to support the strategic planning and analysis needs of a contact center. SPS enable executives to optimize contact center operations with quick and accurate assessments of the business impact of even the most sophisticated strategies.

Within minutes, executives can identify what centers to close or expand, how service level changes would impact revenues and expenses or how introducing new contact types (such as chat or email) will impact costs, revenues, and the customer experience.

Without SPS, trying to predict the impact of these changes could take days or weeks. SPS allow these impacts to be determined in minutes, dramatically reducing the “what-if” analysis cycle time, and enabling the development of better strategies.

STRATEGIC PLANNING SYSTEM BENEFITS

Companies using SPS realize benefits in four broad areas:

1. *More proactive planning:* SPS improve the efficacy of the strategic planning process, enabling companies to shift their contact center planning focus from an ad-hoc, reactive mode to a proactive mode, focused on understanding risk and gaining competitive advantage.

2. *Reduced OPEX and more consistent customer experience:* SPS reduce operational expenses and drive more consistent service levels by:
 - a. Identifying “just in time” hiring strategies to bring in new agents only when they are needed, reducing agent wage cost;
 - b. Developing more optimal mixes of outsourcing vs. insourcing across channels, reducing cost per call; and,
 - c. Optimizing the mix between new hires vs. overtime, reducing agent wage cost.
3. *Better communication:* SPS that incorporate staffing, customer experience, and financial planning in one application enable planners to speak the language of the executive suite, and foster collaboration with other functional areas. SPS break down the walls between decision-making silos (like Marketing, Sales, Finance, and Operations) which improve enterprise performance. Planners get a seat at the decision-making table when they can convey options in terms of dollars and cents, rather than simply headcount.
4. *Improved decision making:* SPS enable executives to make faster, higher quality decisions with less risk, thereby improving productivity for plan stakeholders.

With a fast and accurate planning process, assessment of the business impact of various scenarios can be foreseen and planned, and can be adjusted accordingly (in near real-time).

WHAT TO LOOK FOR

SPS overcome the limitations and costly inefficiencies of traditional, spreadsheet-based planning tools, provided they have certain characteristics:

- *Accurate model of the modern contact center:* Effective SPS should accurately model the contact center network including support for all contact types (for example inbound and outbound calls, email and chat, and back office work) and business processes and technologies (for example, call routing and self service options).
- *Able to validate accuracy, learn, and self-correct:* Vendors of SPS should be able to demonstrate their system’s accuracy for each of their customers. SPS should integrate with all contact center technologies so that the system captures actual contact center volume and performance data. Using these capabilities, the system will update itself to improve accuracy as well as provide planners the ability to quickly identify performance anomalies to provide “early warnings” of deviations from plan.
- *Centrally managed, multi-user application:* SPS must be a centrally managed and used universally so that Marketing, Operations, Finance, Planning, and HR all share the same set of assumptions, calculations, and results.

- *Capacity to answer “what-if” questions:* SPS must be able to quickly – within minutes - simulate the impact of proposed plans on profitability and service levels. In a competitive, uncertain marketplace, time truly is of the essence.

Strategic Planning Systems provide strategic insight about resource options with speed and accuracy. These tools drive more efficient staffing strategies, better capital allocation, more accurate performance planning, and improved risk management.

THE TAKE-AWAY: RECOMMENDATIONS

There are three key concepts that executives should keep in mind when thinking about strategic planning for their contact centers.

First, market uncertainty raises the strategic planning bar. A dynamic marketplace puts a premium on accurate insights and smart decisions. In many contact center organizations, traditional planning will result in high cost, service degradation, and customer loss. The best way to function in a period of change, when resources are expensive and cost pressures are paramount is to have the broadest picture of the long-term results -- and second-order consequences -- of every decision made.

Second, SPS will improve the performance of the existing contact center investment. Improving the quality and scope of strategic planning is one of the quickest ways to bridge the gap between enterprise and contact center goals and improve the ROI of the contact center to the enterprise.

Third, have the right tool for the job. Good results come from having the right system. In other words, don't mistake a tool that's excellent at one thing (like workforce optimization or agent performance management systems) for a tool that will call out the center's resource needs in a compelling way and enable competitive differentiation. A solid strategic planning process cannot be built atop a foundation of spreadsheets.

CONCLUSION

To maximize contact center effectiveness and profitability, contact center executives need to invest in their strategic planning capabilities by leveraging a new breed of Strategic Planning Systems.

There is an overwhelming value to building a Strategic Planning Systems-based process. Organizations that do will *achieve competitive advantage through improved contact center operating strategies.*

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