

Contact Center in a Tough Economy

By Keith Dawson

History tells us that an economic decline presents a fork in the road for companies. They can take the short-term path, and reduce costs in their customer contact infrastructures through attrition and headcount cuts. Or, they can take a longer view, and use this as a period in which to reevaluate their basic processes and goals.

»»A declining economy affects how contact centers operate. Inside an organization, the competition for resources pits the labor-intensive customer care operation against other profit centers. In past recessions, contact centers have fared badly, because they've been seen as easy places to make cuts in headcount and to defer [infrastructure](#) spending. This time, though contact centers are just as vulnerable, they should be able to make a better case for their value, and for the value of investing in them.

Historically, the contact center is one of the first, and easiest, places to make cuts when the economy sours. As we head into what may become a major, long-lasting decline, the progress that the industry has made is clearly at risk. Evidence suggests that there is already a reversion to the traditional stance of using the contact center to contain costs.

When facing a resource crunch, decision-makers need to factor more variables into their thinking. They need to consider the potential for revenue generation from the contact center, and whether it makes sense to neglect that for short-term budgeting. They need to consider the relative costs of customer retention versus customer acquisition.

Executives are faced with a complex calculus of forces. Unfortunately the loudest and clearest ones are usually those that argue for circling the wagons and cutting costs. Because of that, contact center professionals need to redefine what exactly is

meant by smart management: is it what gets you through the next quarter? Or what sets you up to have an outstanding 2010 or 2011?

Contact center practitioners must confront several important challenges in order to come out of a serious downturn poised for growth:

#1: Preserving the positive revenue-generation stance in the face of lower budgets. There will be strong pressure placed on the contact center to revert to the traditional cost-control operational models. The savvy contact center manager will not resist, but will also present alternative scenarios that emphasize opportunities to grow revenue using those same resources. For example, using training to find agents who have sales skills, and then deploying them in cross-sell and upsell opportunities.

#2: Preserving efficiencies and satisfaction levels with lower or flat headcount. Gains in productivity originally came from new technologies, like workforce management software. But over time, managers became expert at deftly manipulating the automated tools at their disposal to make the most expensive component of the contact center -- the labor -- much more productive. Performance optimization tools and better training have made it much easier to measure and boost customer satisfaction. The challenge as times toughen will be to hold on to those gains even as budgets are tightened and centers are asked to do more with less.

#3: Communicating the contact center's value to those who hold the purse strings. This is perhaps the hardest challenge of all. In previous recessions (especially the deep one from 1990-91), the contact center was seen as an extension of the company's operations department. It was seen to produce little value overall.

This economic dip finds us in a different state -- the tools and metrics are now available to contact center managers to articulate a) the importance of customer satisfaction to the bottom line and b) the role of the contact center in making it happen. It is up to the center's managers to make that case, instead of assuming that it is clear and explicit.

Those challenges are serious, but a declining economy opens the door to making substantive changes in operations that can pay long term dividends.

This is the time to itemize and attack the business practices that may once have made sense but don't any longer; procedures put in place by previous managers ago that now have no justification that you can discern. Or policies that have a political constituency somewhere in the organization but that work against contact center agent productivity.

Another opportunity is the chance to adjust the external components of the customer service strategy. This is the moment, for example, to turn customers towards less expensive and labor-intensive modes of communication, like e-mail or chat. Or, to begin using proactive automated outbound notification calls (or SMS messages) to customers to head off informational inbound calls.

And a critical part of that strategy is to direct customers to self-service whenever possible. Part of the resource re-allocation that is spawned by the economic uncertainty should be directed towards improving IVR call flow and enhancing the breadth of applications that are provided through voice self-service portals.

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reduce costs in their customer contact infrastructures through attrition and headcount cuts. Or, they can take a longer view, and use this as a period in which to reevaluate their basic processes, goals and produce a roadmap for a better, more profitable customer relationship when the economy improves.