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# Still Struggling to Reduce Call Center Costs Without Losing Customers?

## The Right Technologies Lead the Way Out of the Call Center Dilemma



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Efficient call centers that also meet customer expectations? It's a challenge that many organizations have not yet been able to meet. Just think about your own experience as a consumer:

*"Thank you for calling. We're sorry, but all lines are currently busy. Your call is important to us. Please hold, and our next available representative will be with you shortly..."*

Making the most of every call and operating your call center at a reasonable cost requires a balance between efficiency and effectiveness. Yet many organizations fail to even get the basics right and are far from turning their call centers into strategic assets; they're missing out on opportunities to foster customer relationships and drive incremental revenue.

Of course, it doesn't have to be that way. There are companies that have succeeded in running efficient call centers that still provide excellent customer service. But it's not surprising that so many organizations that have proven incredibly successful in their core business are still struggling with the increasing demands of customer service.

Improving your call center may be more easily attainable – and more important – now than ever before. Recognizing that customer interaction is an important differentiator, organizations can increase the focus on their customers' experience while keeping a firm grip on costs by leveraging the full potential of state-of-the-art technology.

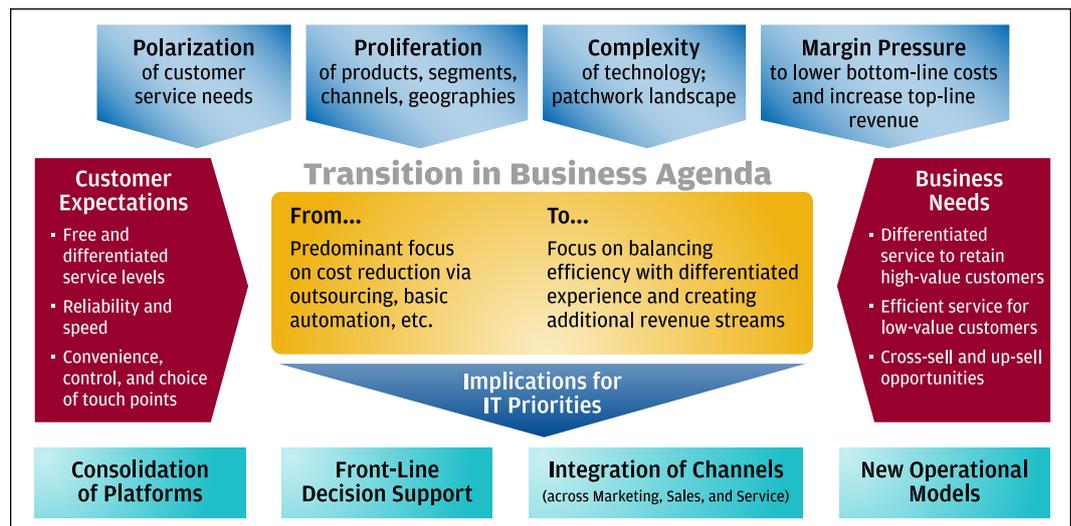
### Are You Considering All the Pressures on Your Customer Service Strategy?

While setting their customer service strategy, some organizations have focused solely on cost reduction through outsourcing and basic automation. In the process, though, many have discovered that efforts to unduly curb operational expenses are alienating customers – and eventually eroding profits. When confronting the growing pains of their customer service environment, successful companies have encountered the full scope of challenges (see **Figure 1**).

**FIGURE 1** ▼ The challenges and IT implications of a dynamic call center environment



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- **Customer expectations** of convenience, reliability, and speedy response times are on the rise – and they require responses across multiple channels.
- An increasing **polarization** of customer service requires a differentiated service strategy, including both “low-touch” and “high-touch” services.
- The **proliferation** of products, segments, channels, and geographies requires broader and more complex services to address customer needs.
- Most companies face **complexity** in the patchwork of various systems and information sources needed to enable call center staff to address customer needs effectively.
- From a **business needs** perspective, companies must provide differentiated service to high-value customers while delivering efficient service to customers with lower value. In other words, you want to invest in and retain your best customers and minimize your spend on customers who aren’t profitable. Identifying high-value customers – and getting this information to the right support person – becomes key.
- And of course, **margin pressures** are still a key factor – in fact, they’ve escalated to the C-level. Increasingly recognized as a key differentiation lever, customer satisfaction has become a major CEO concern. And while top executives expect continuous productivity gains and demand revenue generation, customers still expect free and highly personalized service.

### **New Approaches to Call Center Challenges**

With all these pressures, the best-run businesses have started to shift their focus to balancing efficiency with customer experience and creating additional revenue streams, as highlighted back in Figure 1. IT teams in these organizations have successfully partnered with their software providers to:

- **Consolidate service and customer interaction platforms**, simplifying management and reducing the cost of these systems.
- Implement **front-line decision support** systems to improve effectiveness, provide differentiated service levels, and better identify sales opportunities. This ensures that agents have access to all of the information required to resolve the majority of problems with the first call.

- Invest in **integrating interaction channels**, connecting customer service to marketing, sales, and product development, and tying front-line interaction to critical back-office transactions. This means that customers – whether they are buying new products, asking for support on existing ones, or just providing feedback – can get their issues resolved, even if various parts of the company are involved.
- Respond to a polarization of service needs by providing differentiated service offerings and channels to high-end and low-end customers. **New operational models**, such as distributed contact centers, home agents, and self-service options, have proven beneficial here.

### **Implement the Right Technology to Escape the Efficiency Dilemma**

While call center technology is generally implemented to improve service efficiency, many companies tend to overlook the call center’s core mission: meeting customer needs. Cost savings achieved by improving call center efficiency – for instance, by reducing average call handling time – are often overshadowed by the negative business impact of ineffective problem resolution. The result? A measurable decline in customer loyalty and missed revenue opportunities.

The right call center technology can help improve efficiency without compromising effectiveness – and can even produce “quick wins” with concrete, measurable customer service improvements – and without an excessive increase in the time agents spend on the phone with customers.

A typical list of key customer requirements (see **Figure 2** on page 24) will come as a surprise to no one. But the possibilities available today for responding to these demands might give you pause. How do the top-performing call centers leverage information and communication technology to drive increased customer satisfaction and profitable long-term customer relationships? They provide solutions that focus on the key elements that can undermine overall call center performance, including handling peak loads and random call arrival, providing a shared knowledge repository to enable high rates of first-call resolution, controlling the process with standardized call scripts and workflows, and providing agents with a unified desktop and managers with the tools they need to manage and analyze call center operations.

What follows, then, are detailed accounts of how you might respond to six basic and frequently heard customer demands.

### 1. Ensure Availability to Avoid Excessive Customer Wait Time

Customers don't like to wait; they expect calls to be answered in a timely manner. So any measure that helps reduce wait time and ensures consistent availability improves effectiveness. *Intelligent routing systems* can balance the load among agents and call center locations to shorten wait times and improve resource utilization. Customer service *resource management tools* are evolving; the technology exists to help you more easily and cost-effectively manage the workforce to balance peak and idle times, avoid over-staffing, and minimize customer wait time. Implementing software-based *communication management solutions*, along with a clear routing strategy that best utilizes your staff to meet customer expectations, could also be a step toward becoming a best-run call center.

While in some cases it's sufficient to route all calls in a way that equalizes the load for your call center staff, the increasing complexity of products and customer needs may require skills-based routing

to specialized agents – all while maintaining the customer's context and recording all interactions. By ensuring you have the flexibility to implement segmentation on customer value, you can also provide more personal care to your best customers.

Running *routing scenario simulations* can help you better plan for meeting service-level goals. By using data from the queuing and routing engine for forecasting, you can anticipate peak load situations. Call or interaction volumes can vary greatly during the day, but you can still find relatively stable patterns of interaction volume distribution over time in this historic data. Thus, you can ensure the timely availability of a call center agent for call handling.

### 2. Empower Your Agents to Resolve Customer Problems

Empower customer service representatives to resolve issues at the front line. Enable them to quickly and easily access billing and order systems, account information, and so on from their agent desktops – depending on the business and industry context.

But proceed carefully; providing a call center agent with access to all the systems and information necessary to resolve all customer issues or requests can result

FIGURE 2 ▼ Don't forget the six basics for improving call center performance

Requirements	Customer perspective	Company response	
		Focus on	Example KPIs to use
<b>Ensure availability</b>	<ul style="list-style-type: none"> <li>Customers hate to wait</li> </ul>	<ul style="list-style-type: none"> <li>Workforce management</li> <li>Flexible staffing</li> <li>Intelligent routing</li> </ul>	<ul style="list-style-type: none"> <li>Average speed of answer</li> <li>Service level</li> <li>Abandonment rate (in queue)</li> </ul>
<b>Resolve customer problems</b>	<ul style="list-style-type: none"> <li>Customers want reliability and speed</li> </ul>	<ul style="list-style-type: none"> <li>Agent empowerment</li> <li>An intuitive UI</li> <li>Backend integration</li> <li>Knowledge management</li> </ul>	<ul style="list-style-type: none"> <li>First contact resolution</li> <li>Average and maximum number of transfers per call</li> </ul>
<b>Know your customer</b>	<ul style="list-style-type: none"> <li>Customers want personalized service tailored to their needs</li> </ul>	<ul style="list-style-type: none"> <li>Customer history (360° view)</li> <li>Channel integration</li> <li>Clear identification of customer value</li> </ul>	<ul style="list-style-type: none"> <li>Customer lifetime value</li> <li>Customer churn rate</li> <li>Repeat buying rate</li> </ul>
<b>Transfer calls intelligently</b>	<ul style="list-style-type: none"> <li>Customers don't want to get lost or provide information twice</li> </ul>	<ul style="list-style-type: none"> <li>Minimizing transfers</li> <li>Smart re-routing</li> <li>Context forwarding</li> </ul>	<ul style="list-style-type: none"> <li>First call resolution</li> <li>Number of transfers</li> <li>Number of failed transfers</li> </ul>
<b>Optimize agent performance</b>	<ul style="list-style-type: none"> <li>Customers want capable and informed agents</li> </ul>	<ul style="list-style-type: none"> <li>Workforce optimization</li> <li>Clear benchmarks for agents</li> <li>Training, iterative learning, performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Average handling time</li> <li>Sales order error rate</li> <li>Service ticket error rate</li> </ul>
<b>Manage call center operations</b>	<ul style="list-style-type: none"> <li>Customers want affordable service</li> </ul>	<ul style="list-style-type: none"> <li>Analytics</li> <li>Performance management</li> <li>System consolidation</li> </ul>	<ul style="list-style-type: none"> <li>Cost per call</li> <li>Average handling time per product line or call type</li> </ul>

in a very complex desktop environment filled with notebooks, post-it notes, manuals, scripts, and multiple applications open simultaneously. Spending time “translating” the business problem into the specific context of one system or another detracts from the call center agent’s main focus: customer interaction.

Instead, a *unified agent desktop* (see **Figure 3**) enables the call center agent to focus on the interaction with the customer and drive superior product, up-sell, and cross-sell recommendations based on information learned directly from the customer.

It is also important to authorize agents to actually solve customer problems. This will improve first-call resolution and customer satisfaction ratings, in turn reducing multiple call scenarios, escalations, and overall call volume. In cases where a call center generalist can resolve an issue, you save the time and expense of a highly paid specialist following up after the initial call ends. This can result in significant savings, in addition to increased customer loyalty.

Finally, customers need to get consistent answers to common questions, no matter who they speak with or when. To enable this, the call center needs access to a corporate knowledge repository, ensuring that information is always provided to customers in a consistent way across the organization. A *knowledge management system* makes this possible. To facilitate organizational learning processes, this system should ensure that content is up to date and should be equipped for agents to enter feedback on the content they see.

### 3. Know Your Customer’s History

Make the most of every interaction by knowing the customers who call and by tailoring your services to their preferences. Call center agents need to be aware of the company’s historical relationship with customers, as well as any pending orders, requests, or issues that exist. Agents shouldn’t waste customers’ time asking them to recap their situation, describe work that has already been done, or recount pending unresolved issues. Rather, agents should focus on the overall relationship, current status, and productive interaction to address customer needs.

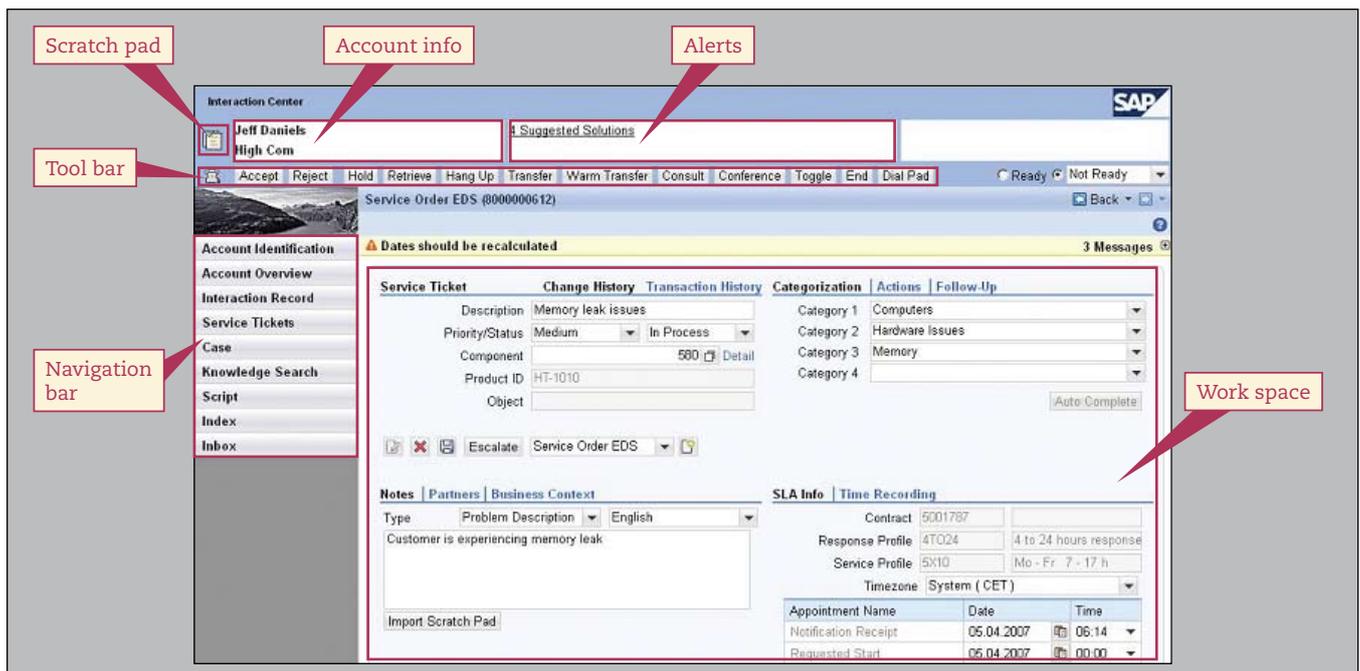
An integrated *contact management* system should keep track of every customer interaction – across all touch points and channels – and provide agents with a complete history and 360-degree view of the customer. Using concepts such as projected customer lifetime value or propensity to churn can be very helpful in setting the stage for every call.

### 4. Transfer Calls Intelligently (and Only When Needed)

A key goal for any call center is to resolve customer issues during the initial call whenever possible. It is typical to assume that first-level call center agents should be empowered to cover 80% or more of all requests without the help of other groups.

For customers, it is less convenient to be transferred to another agent than to get the request solved immediately by the agent answering the call. For

**FIGURE 3** ▼ A unified agent desktop equips call center reps with the resources to easily resolve customer problems and recommend additional products or services



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As you consider the future direction of your call center, SAP can help you answer this basic question: How would you like technology to better serve both your customers and your business?

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companies, transfers are costly because they involve additional personnel. Also, transfers may fail, leading to callback requests, which present their own planning challenges.

However, there are times when issues or requests cannot be resolved in the initial call. In those situations, dispatching or transferring the call to a second level or other group is a critical process for both the customer and the company. A process step as critical as this needs to be executed according to well-defined corporate rules. For a request-handling process to be traced and controlled, it should be automated to a level appropriate to a company and its business rules. Typically, *workflow management* and a *rules engine* are used to support or automate this process.

### 5. Optimize Your Agents' Long-Term Performance

Along with ensuring that agents are empowered to resolve each customer issue quickly and seamlessly, any customer service strategy must also ensure that it addresses how to optimize the processes and performance of agents over time. With training, iterative learning, and monitoring tools, a customer service system should support your agents to help them improve performance.

*Workforce optimization tools, performance monitoring, and analytics* based on your organization's performance benchmarks are designed to optimize your personnel as the front line of your customer service strategy.

### 6. Manage Your Call Center Operations with the Customer in Mind

Similar to the agent's desktop, the call center manager's workplace can be quite complex. The call center

manager will, however, have different requirements for the user interface, as he or she is not constantly dealing directly with customers.

Considering the potential number of relevant systems, managers will have requirements in terms of cross-system information integration for reporting, in addition to a unified or harmonized user interface. On one hand, a *unified view to monitor operations* is required, especially when different groups use different communication systems. On the other hand, *blended reporting* is desirable, combining communications-based KPIs like average handling time with business system data, such as request types, classification, request closure rates, and order revenue.

### Turn Your Call Center into a Strategic Asset

Successful organizations provide their agents with tools to handle inbound or outbound transactions, all on a single business platform that unites the front and back office. They ensure that customers receive accurate answers and efficient follow-through on all commitments, sparing them the pain of "answer shopping," or getting different answers from different agents. Managers get access to administration, maintenance, and reporting analytics to ensure that the interaction center operates efficiently, with quantitative data for more informed decision making and optimized staffing levels.

All this may mean rethinking your call center strategy – either to improve what you are already doing or to expand the value of your current customer service organization. Developing such a strategy does not necessarily mean reconsidering your core business. Instead, it means focusing on fundamental business values: retaining your current customers, maximizing efficiencies, and building revenue. And technology is now available to support your call center strategy in holding up these values.

The next step is to take that idea or concept and put it into action: Map your business processes, define your business needs and strategy, and work with your business and IT teams to define your approach in a way that will enhance customer loyalty. Then work with your solution partners. SAP has the technology and software to help you meet your needs. As you consider the future direction of your call center, SAP can help you answer this basic question: How would you like technology to better serve both your customers *and* your business? ■

## Additional Resources...

...from **SAP** insider

- The **CRM 2008** conference in Las Vegas, March 3-5, 2008, for best practices and instruction on improving your call center operations ([www.sapcrm2008.com](http://www.sapcrm2008.com))
- *mySAP CRM Interaction Center* by Thorsten Wewers and Tim Bolte (SAP PRESS, [www.sap-press.com](http://www.sap-press.com))
- "Improve Customer Interactions with mySAP CRM Interactive Scripts" by Alan B. Smith, April Lerner, B. J. Le Gras, and Steve Burrell (*CRM Expert*, Volume 2, Number 6, [www.crmexpertonline.com](http://www.crmexpertonline.com))