

ICMI ROI Study

Essential Skills and Knowledge Seminars



By Brian Hinton, President, Primary Matters, Inc. May 2006

ROI Analysis

Analysis in this article is based on detailed interviews with a representative sample of ICMI clients. The stated benefits of the ESK seminars are supported by specific changes in monitored metrics experienced by ICMI clients.

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The Primary Matters Guide®

The Primary Matters Guide® is Primary Matters' activity-based application used to produce the analysis contained in this paper. Please visit our website to view our [Narrated Presentations](#) which will provide a detailed understanding of the value activity-based analysis and The Guide™ can add to your organization.

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Call centers are one of the most strategic assets in the corporate toolbox. However, traditionally, call centers struggle with some basic issues that keep them from becoming a strategic peer to sales, marketing and operations. Agent attrition is a major problem for call center managers. How do you balance the cost of turnover with the cost of improving retention when it is difficult to quantify either? To have any hope of retaining the best agents, the call center must offer career opportunity with the best and brightest promoted into Lead, then Supervisory, and even ultimately Director/Manager positions. While internal promotions retain the corporate knowledge important to the strategic mission of the center, it can lead to a lack of knowledge of basic call center operations crucial to carrying out that mission.

Consider these statements from call center managers:

“When we faced a critical issue that needed resolution, we spent the majority of our time debating the facts of the issue and whether it was really a problem. We could never agree on the problem definition. Our support staff had trouble suggesting solutions as we couldn’t state the problem. If we ever did get to the point of agreeing on a solution, it was often too late...the damage was done.” Director, Corporate Development

“Our culture was such that we didn’t even recognize ourselves as a call center. We were not meeting service levels, our agent and customer attrition was too high, and our abandon rates were excessive. We were not monitoring any metrics (even though we had plenty of reports) because no one connected the relationship between call center metrics and our success in achieving our mission.” Director, Customer Care

The previous statements come from clients of the International Customer Management Institute (ICMI) that educated their workforce through the Essential Skills and Knowledge (ESK) Seminars. The two key messages they want to communicate are:

- **You are not alone.**
- **There is as solution.**

ICMI to the Rescue

ICMI knows that as call center managers you probably face some or all of the following challenges:

1. Lack of some fundamental call center knowledge, skills and experience among your key support team in lead, supervisory and workforce planning roles.
2. Weak support from senior management and your peers outside the center.
3. Limited “career” focus from agents.
4. Agent “poaching” from other areas due to their corporate knowledge...with no ability to motivate them to stay.
5. Budget cuts.
6. Not using reported metrics to understand the cause of poor service levels, poor schedule adherence, high turnover, excessive abandons and poor quality.
7. Inability to articulate persuasive arguments to support funding for the solutions to the problems you face.

The ESK seminars were developed to help you solve these problems. When your first line supervisors and above attend the ESK seminars, you’ll discover powerful ways to:

1. Create a planning culture,
2. Understand and use consistent call center terminology,
3. Ask the right questions so the support staff targets appropriate solutions,
4. Meet service levels consistently,
5. Forecast workload accurately,
6. Develop accurate schedules,
7. Manage your queue in real-time,
8. Communicate unique call center mission, function and dynamics to the front line and to other areas of the company,
9. Set the right performance objectives and eliminate conflicting objectives,
10. Establish appropriate metrics that support the objectives and focus improvement initiatives,
11. Improve quality and efficiency, and
12. Win the support of top management.

After sending their supervisory and support staff to the ESK seminars, the same managers quoted above had this to say,

“Now we all speak a common language. Everything we do to manage our centers takes less time. We have fewer meetings. The meetings we do have are real-time, focused and productive. We do better planning and issues are escalated using an efficient process. Everything we do now has a positive,

proactive twist. We are more focused on planning than on how to react.”
Director, Corporate Development

“Now we understand the importance of metrics in the reports we are receiving. We are able to experience marked improvements in many areas because we now look at the data and use it to change behavior in productive, supportive ways. We are achieving our service levels and accomplished this while still improving morale and motivating our staff.” Director, Customer Care

To reap the benefits of the ESK Seminars, ICMI recommends that your leads, supervisors and managers (first-line and above), as well as your key support staff (specifically anyone involved in analysis, reporting and workforce planning) attend. This is the only way to ensure that the culture of your organization changes in ways that will result in real, bottom-line, financial impact.

The seminars are not free and it can be difficult, while in the midst of the problems described above, to convince the decision-maker who controls the budget strings to release the funds. Whether a large or small organization...an outsourcer or an internal call center, ICMI clients have experienced phenomenally positive Returns on their Investment in the ESK Seminars. The highly positive results achieved from previous attendees can help you to justify funding and you can monitor the metrics in which they experienced improvement to ensure you achieve a bottom-line, financial impact.

Large Organization ROI

ICMI’s large clients are call center outsourcers and large companies with multiple internal call centers. In either case, the call center is broken up into business groups that perform varied functions supporting external and internal customers. These clients have several thousand agents with multiple locations. Let’s look at some representative results experienced by ICMI’s large clients.

Assumptions used in the analysis.

Variable	Assumption
Incoming Agents	2500
Revenue-producing Agents	200
Supervisor/Agent Ratio	1:13
Average Hourly Wage	\$10.50
Average Job Duration	5 months
Average Occupancy/Efficiency	85%
Support Staff	190
Hiring Costs	\$2,000 per new hire
New Employee Training	15 days
Revenue per Call	\$6.50
Customer Value	\$150 per month

Corporate Growth Rate	5%
Number attending ESK Seminars	464
Cost of ESK Seminar	\$1,495 per person*

*\$1,495 reflects individual, public seminar registration fee. Contact ICMI for onsite or licensing pricing options.

The following improvements in the variables are representative of that experienced by ICMI's large clients.

Variable	Assumption
Supervisor/Agent Ratio	1:15
Average Job Duration	6.6 months
Average Occupancy/Efficiency	88%
Support Staff	170
Revenue per Call	\$13.00
Customer Retention	5% improvement

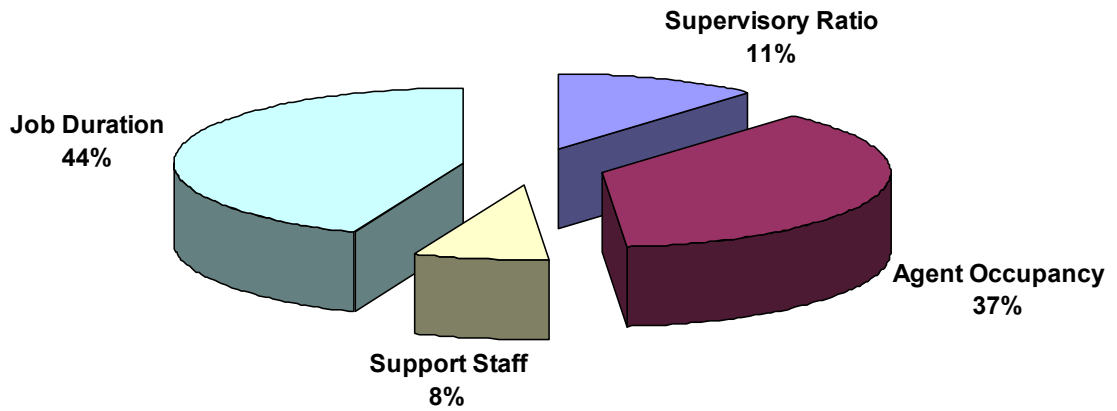
This improvement drives the following Return on Investment.

Return on Investment (ROI)												
Headcount Comparison												
	01FY07	02FY07	03FY07	04FY07	01FY08	02FY08	03FY08	04FY08	01FY09	02FY09	03FY09	04FY09
Baseline Total Employees	2,905	2,940	2,975	3,009	3,045	3,080	3,117	3,153	3,190	3,228	3,266	3,304
Scenario Total Employees	2,879	2,914	2,744	2,773	2,806	2,839	2,872	2,906	2,940	2,975	3,010	3,045
Personnel Reduction	26	26	231	236	239	242	244	247	250	253	256	259
Investment and Expenses - Total Cost of Ownership (TCO)												
Total	\$ 689,195	\$ 4,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary Financial Results in \$000's												
Baseline Net (Revenue - Expenses)	\$ (31,186)	\$ (30,030)	\$ (30,343)	\$ (31,218)	\$ (31,062)	\$ (31,454)	\$ (32,031)	\$ (32,094)	\$ (32,838)	\$ (32,836)	\$ (33,172)	\$ (33,897)
Scenario Net (Revenue - Expenses)	\$ (31,126)	\$ (29,886)	\$ (26,190)	\$ (26,828)	\$ (27,092)	\$ (27,362)	\$ (27,636)	\$ (27,984)	\$ (28,493)	\$ (29,059)	\$ (29,435)	\$ (29,450)
Savings	\$61	\$144	\$4,153	\$4,390	\$3,970	\$4,091	\$4,395	\$4,109	\$4,345	\$3,777	\$3,737	\$4,448
Cumulative Savings	\$61	\$205	\$4,358	\$8,748	\$12,719	\$16,810	\$21,205	\$25,314	\$29,659	\$33,436	\$37,173	\$41,620
Annual Net Cash Budget (Revenue - Expenses) Comparison												
		Year 1	Year 2	Year 3								
Baseline		(\$122,777,212)	(\$126,640,795)	(\$132,743,698)								
ESK Seminars		(\$114,028,771)	(\$110,074,912)	(\$116,437,997)								
Annual Cashflow Savings due to Initiative		\$8,748,440	\$16,565,883	\$16,305,701								
Investment/TCO		\$693,680	\$0	\$0								
Cumulative Return on Investment/TCO for ESK Seminars Scenario		1261%	3649%	6000%								
Discount Rate	15.00%	PV of Investment/TCO	\$589,628	NPV of Cashflow	\$29,418,764	ROI	4989%					

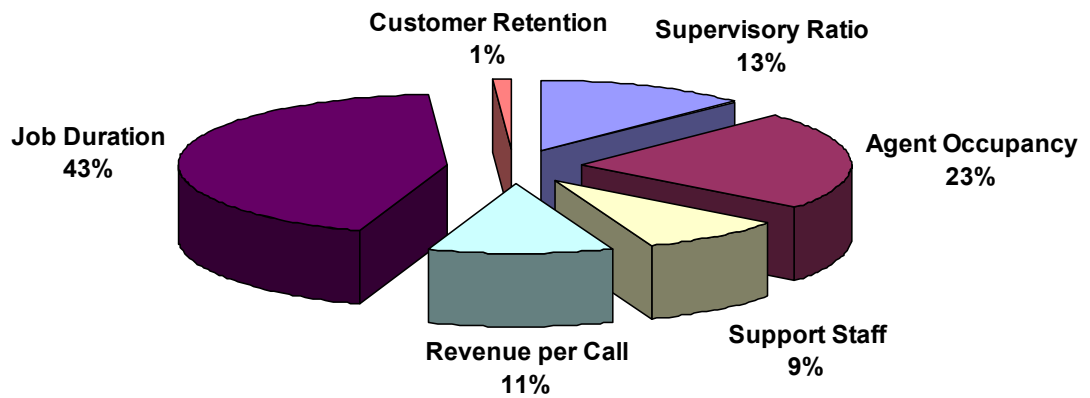
This report reveals that for an investment of \$693,680, a return of almost 5,000% was typically achieved. This amazing return was due to a decrease in labor cost and an increase in revenue. Let's explore the source of the return in a little more detail and relate the improvement specifically to the ESK Seminars.

The following pie charts segment the return into the different areas where the most improvement was experienced.

Source of Headcount Reduction



Source of Budget Impact



ICMI clients are confident that there is a direct relationship between skills and knowledge gained in the ESK Seminars, and the improvements they experience.

The following table links the variables with the skill, metric knowledge, or process knowledge that was learned in the seminars.

Variable	Driver
Supervisor/Agent Ratio	Understanding importance of this ratio as a metric. Improved scheduling. Schedule adherence.
Average Job Duration	Better supervision. Avoiding burn-out. Improved employee experience.
Average Occupancy /Efficiency	Better Scheduling in total and by skill level. Schedule adherence. Avoiding impact of volume spikes. Improved first call resolution. Improved average speed to answer. Improved routing. Better volume forecasting.
Support Staff	Improved communication between operations and support. Cleaned up process. Faster reactions. Fewer people involved.
Revenue per Call	Reduced Abandons due to improved scheduling. Agent Occupancy. Improved routing. Better volume forecasting.
Customer Retention	Improved abandon rate. Improved average speed to answer. Improved quality. Improved first call resolution. Improved routing. Better volume forecasting.

Small/Medium Organization ROI

ICMI's small/medium clients are centers with 50-500 agents in one or two locations. Multiple functions are performed by multi-skilled agents or by smaller, single-skilled sub-groups. Let's look at some results experienced by ICMI's small/medium clients.

Assumptions used in the analysis.

Variable	Assumption
Incoming Agents	150
Revenue-producing Agents	50
Supervisor/Agent Ratio	1:8
Average Hourly Wage	\$14.00
Average Job Duration	8 months
Average Occupancy/Efficiency	65%
Support Staff	10
Hiring Costs	\$2,000 per new hire
New Employee Training	10 days
Revenue per Call	\$50
Corporate Growth Rate	25%
Number attending ESK Seminars	30

The following improvements in the variables are representative of that experienced by ICMi's small/medium clients.

Variable	Assumption
Supervisor/Agent Ratio	1:15
Average Job Duration	10 months
Average Occupancy/Efficiency	88% (This marked improvement was phased in over time but enabled the headcount of the center to remain constant even considering a 25% growth rate.)
Revenue per Call	Revenue per call remained constant but total revenue increased due to the phase-in of occupancy improvement over time enabling a constant headcount to handle higher volumes due to growth and reduced abandons.

This improvement drives the following Return on Investment.

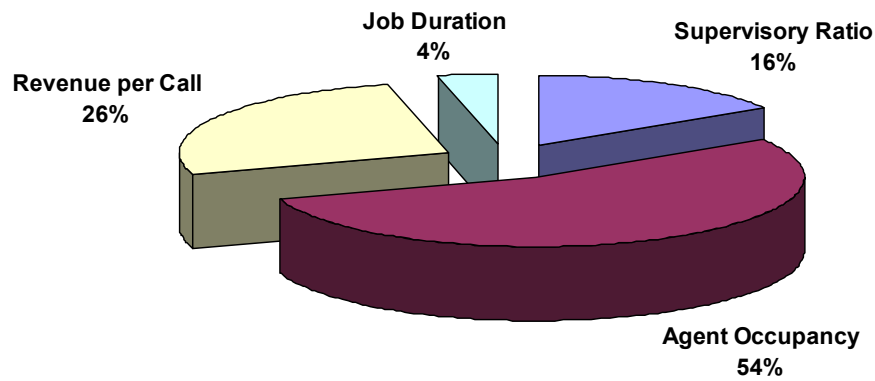
Return on Investment (ROI)												
Headcount Comparison												
	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09	Q4FY09
Baseline Total Employees	246	261	277	294	312	331	345	345	345	345	345	345
Scenario Total Employees	234	248	250	244	241	238	242	242	242	242	242	242
Personnel Reduction	12	13	27	50	71	93	102	102	102	102	102	102
Investment and Expenses - Total Cost of Ownership (TCO)												
Total	\$ 50,830	\$ 2,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary Financial Results in \$000's												
Baseline Net (Revenue - Expenses)	\$ (729)	\$ (797)	\$ (739)	\$ (767)	\$ (898)	\$ (844)	\$ (781)	\$ (735)	\$ (735)	\$ (735)	\$ (735)	\$ (735)
Scenario Net (Revenue - Expenses)	\$ (568)	\$ (495)	\$ (220)	\$ (14)	\$ 186	\$ 381	\$ 447	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460
Savings	\$ 160	\$ 302	\$ 519	\$ 753	\$ 1,084	\$ 1,226	\$ 1,229	\$ 1,195	\$ 1,195	\$ 1,195	\$ 1,195	\$ 1,195
Cumulative Savings	\$ 160	\$ 463	\$ 982	\$ 1,735	\$ 2,819	\$ 4,045	\$ 5,274	\$ 6,469	\$ 7,663	\$ 8,858	\$ 10,053	\$ 11,247
Annual Net Cash Budget (Revenue - Expenses) Comparison												
		Year 1	Year 2	Year 3								
Baseline		(\$3,032,808)	(\$3,258,961)	(\$2,939,408)								
ESK Seminars		(\$1,297,861)	\$1,474,622	\$1,839,537								
Annual Cashflow Savings due to Initiative		\$1,734,946	\$4,733,583	\$4,778,946								
Investment/TCO		\$53,820	\$0	\$0								
Cumulative Return on Investment/TCO for ESK Seminars Scenario		3224%	12019%	20898%								
Discount Rate	15.00%	PV of Investment/TCO	\$45,747	NPV of Cashflow	\$7,829,588	ROI	17115%					

This report reveals that for an investment of \$53,820 a return of over 15,000% was typically achieved. This amazing return, due to a decrease in labor cost and an increase in revenue, may seem excessive but certainly explains why ICMi's small/medium clients line up to "sing their praises." Just as before, let's explore

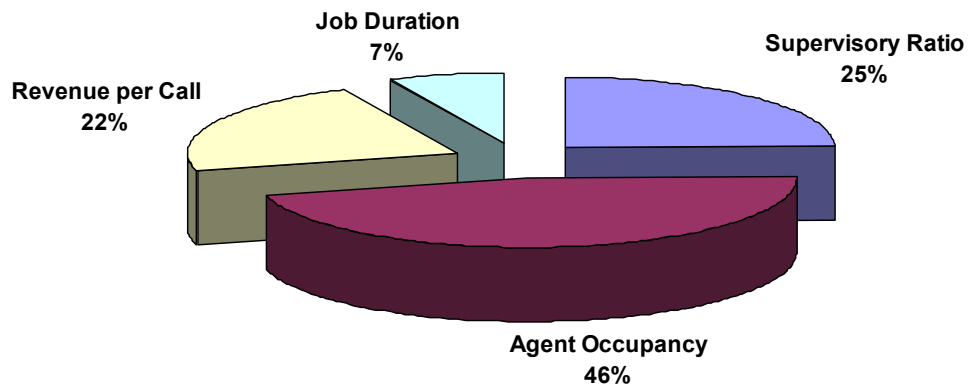
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The following pie charts segment the return into the different areas where the most improvement was experienced.

Source of Headcount Reduction



Source of Budget Impact



The following table links the variables with the skill, metric knowledge, or process knowledge that was learned in the seminars.

Variable	Driver
Supervisor/Agent Ratio	Call center basics. Monitor and meet service levels. Schedule adherence. Understanding and using metrics and reports.
Average Job Duration	Awareness of motivating and making supportive environment.
Average Occupancy/ Efficiency	Formal scheduling process. Volume forecasting. Monitor and meet service levels. Schedule adherence. Understanding and using metrics and reports. Reduced abandons. Monitoring and coaching on handle times. First call resolution.
Revenue per Call	Formal scheduling process. Volume forecasting. Monitor and meet service levels. Schedule adherence. Understanding and using metrics and reports. Reduced abandons. Monitoring and coaching on handle times. Improved quality and customer satisfaction.

Conclusion

These amazing results are accurately representative of those actually experienced by a sampling of ICMI clients. The results are completely understandable after you speak with ICMI's ESK clients and hear how their organizations have been completely transformed by these seminars.

Large and small clients differ in results in that large clients typically experience a wider range of benefits. While the impact experienced by smaller clients may not be as broad, the results show how a slight change in each variable produces a positive return on the seminars. The results support the importance of a trained, knowledgeable, motivated and motivating supervisory staff. By investing in your supervisors, benefits are experienced throughout the organization...one of the most important being agent attrition. The results show that a small change in turnover has direct, bottom-line financial benefits, and that the front-line supervisors play a crucial role in agent turnover.

ICMI clients that have experienced these results are private sector and government organizations. While governmental agencies may not have the budget flexibility or staffing flexibility to enact significant change, understanding how to do the most with the resources they do have is crucial to accomplishing their mission.

Many of the ICMI offerings are complementary and can be combined to maximize the impact on your organization. The Director, Resource Planning for a state government agency stated,

“The ESK Seminars focused supervisory attention on the “how” and “why.” They came away positive and anxious to get something in place...motivated to make a change. They then attended the Monitoring/Coaching Seminars which put something in their hands to use every day in every interaction with their direct reports to ensure they were motivated toward maximum productivity.”

There are a couple of ways to keep the costs down while still reaping maximum benefit. After your higher level supervision and resource planning staff has been trained, ICMI will work with you to customize a shorter version of the seminar that is very appropriate for front-line supervision. Also, bringing the seminars on-site can reduce the cost to \$500 per person making a positive return on investment even easier to project.

Without exception, clients of International Customer Management Institute’s Essential Skills and Knowledge Seminar praise the focus during the seminars on the “Power of One.” ICMI’s ESK clients attest to the revolutionary cultural change they experienced when their entire supervisory staff understood that improving the work environment or the productivity of just one individual can have a huge impact on the entire organization. Through attending the ESK Seminars, each supervisor gains the necessary skills to get the most from each individual while respecting the value of that individual...the Power of One.

For additional information, please contact:

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