

Transforming Your Customer Service Into a Profit Center

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Overview

A customer service call center is commonly regarded as a cost center, where the objective is to minimize the number of callers and limit the cost of servicing each customer. New technologies make it possible to convert the customer service call center into a profit center where the objective is to maximize the number of successfully completed calls and the profit generated by those calls.

The new technologies available today mean that customer service centers can offer expanded services, generate profits not previously possible, and become the hub of a company's marketing efforts. Gone are the days when the only purpose of a customer service call was to reluctantly answer a caller's question, if possible. Today, the purpose is to serve the caller, build databases, do market research, and initiate post sale marketing, internationally.

The problem, historically, is that there has been a never ending dilemma justifying the hard costs of operating a customer service center with the subjectively evaluated contribution of the center to the corporate bottom line. The result is that customer service centers are the first to experience cutbacks when budgets are tight and expand endlessly when corporate fortunes are bright.

The issue is complicated by the large fixed overhead for a call center and the variable call load demands placed on it. The burdened cost per call, as a result, fluctuates widely depending on the call volume. It fluctuates even more based on the mix in the types of call handled. This dilemma has been faced by telephone call centers, without resolution, for decades.

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A clear solution to achieve a level of independence from this "push-pull" is to complement regular customer services with revenue generating activities. There is substantial peril, however, in compounding the underlying problems unless certain guidelines are adhered to.

a. Fixed Overhead Cost v. Marginal Cost Considerations

The fixed overhead of the customer service center must not be increased to support the new application. The new application cannot necessitate a capital investment in equipment, staff, and other facilities. All increased costs must be marginally incurred, proportioned to the value of the new application. In short, the revenue generating functions must generate profit on a short term, call by call basis.

For example, if a customer service center wants to add order taking as a function, it must be expanded to prevent reducing customer service. Equipment for additional call center positions generally has to be purchased, personnel hired, staff trained, and so forth. The fixed overhead burden and investment, rather than alleviating the fundamental issue being addressed, magnifies it.

Diverting the new application to an outsourced telemarketing center, on the other hand, eliminates the need for capital investment. The cost per call is substantially fixed, regardless of the call volume. The additional call volume, or additional duration of each call, has no adverse impact on the primary customer service mission. Profit is free, clear, and can be fully accounted for.

b. New Applications Must Have Minimal Impact On Customer Service Functions

If a customer service center adds functions that generate revenue, those additional functions must not be at the expense of the principal customer service objective. Should, for example, a customer service center initiate a program to upsell callers without increasing staffing, call duration will be increased and call handling capacity decreased. If a customer service center adds calls for catalog requests, the number of customer service calls able to be handled in peak periods (peak for either customer service or catalog requests) will be reduced unless the personnel and facilities are increased to handle the additional calls. The additional fixed costs, coupled with a variable and unpredictable call volume, will cause profits to be illusory and the underlying problem worsen.

On the other hand, if additional functions of the customer service center are outsourced, then the customer service center can increase its profits. For example, assume if a company places a revenue generating value of \$5.00 on each catalog request. Outsourcing catalog requests, which might cost \$1.00 each, can generate \$4.00 in profits for the customer

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service center, be independent of the volume, and not adversely impact customer service functions.

c. Consider Revenue from both Internal and External Revenue Sources

Consider not only revenue generated from outside your company, but also revenue generated by servicing other profit centers within your company. For example, market research paid by the marketing department, if done without significant investment, and without negatively impacting customer service, can generate profits for the customer service center.

Information for a database can generate revenues paid for from the budget of a sales department. The database information could also be marketed to other firms, and generate revenues from outside the company.

An outsource telemarketing agency has certain important advantages in providing supplementary services to generate profit for a customer service call center. Its price is almost always lower than the fully burdened cost of a corporate call center. More importantly, however, certain centers have specialized technologies, skills, and resources. Wise call center management recognizes that because of rapid technological change, capabilities change rapidly. Management must also recognize that the purchase of another box may be bondage rather than a flexible solution. Management must distinguish the generic call center from more specialized outsource agencies and value the capabilities of the specialized agencies.

New technologies recently introduced by ConServIT Integrated Teleservices, after a decade of development, are examples of how technology has created new profit generating opportunities. These profit generating opportunities would previously have been operationally or cost prohibitive.

These new ConServIT systems are all voice (they generally cannot be distinguished by the caller from a call handled by an operator and generally outperform live centers). They utilize intelligent branching to react to what the caller is saying and respond appropriately. They work in any language, around the clock. These new technologies can be used for market research, overflow, and multilingual calls. Results are comparable to live services, at the cost of automation.

The caller can complete the entire call on ConServIT's system, or, at the caller's option, be switched to a live center. The system is flexible enough to react to what the caller is inquiring about and responds accordingly, including redirecting the call to a live operator for special requests or needs.

Voice information provided by the caller can be delivered as computer ready digital text to any location, or locations, within minutes of the time the caller is serviced. This means that information can be transmitted,

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callers called back, and management can be fully informed within minutes of the call.

Here are some ways a customer service facility can increase its value to a company and generate profits. In many cases, an outsource facility makes these additional opportunities possible and cost justified.

Long Term Sales

The call to a customer service center should be the beginning of a sustained sales effort. This customer service call is likely the only opportunity the company will have to get to know the caller and find out the caller's needs. Armed with that information, the customer service facility can initiate a post-call sales follow-up procedure. Let the caller know what is new and better to meet those needs. Although some customer service facilities do attempt add-on sales while the caller is on the phone, there is little effort to sell after the caller is off the phone. For some never explained reason, a subsequent contact to an inbound caller is anathema to a corporate inbound customer service center. Selling while the caller is on the phone, because it backs up other inbound customer service phone calls, is very costly. However, a follow up, by mail or phone, can be very profitable. The sales effort doesn't have to be at the same time the caller's problem is being resolved.

Data Collection

A significant area for potential profit is gathering database information. Incredibly, although callers are frequently delayed reaching customer service agents, little information is gathered about the caller while the caller is on the line and waiting. Nor is it gathered after the conversation with the agent has been completed.

For example, consider a computer software help desk. It is in the supplier's best interest to find out what callers are doing with the software and the scope of the usage. The call presents an ideal opportunity to find out about new market opportunities, technical problems, and product enhancements - all of which are commonly missed today.

The new services introduced by ConServIT enable a customer service center to obtain significant information about callers and enable sophisticated database management programs. They make data capture possible and affordable.

Adding Additional Functions to a Customer Service Center

Today's automated systems offered by ConServIT can be used to offload functions normally handled by live agents. This frees the agents to handle more important applications.

For example, a retailer may be taking both catalog orders and catalog requests. A caller requesting a catalog could be transferred to an outsourced facility. ConServIT's capabilities enable it to take the catalog request

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accurately and, incidentally, more effectively than if handled live. Should the caller requesting a catalog want to be transferred to the live center, ConServIT can redirect the caller to be serviced live.

By freeing up the agents at the call center from routine functions, more agent time is available at the live center for additional profit generating activities.

Market Research

For market research, even live centers cannot match the performance of ConServIT's new natural language technology. All callers are asked the same questions in the same way. There is no way to statistically beat the consistency of automated natural language systems or to get better results. And because the interviews are in natural language (There are no instructions to speak now, push this, or say yes or no), the interviewee answers naturally and conversationally.

Multi Lingual Applications

The new ConServIT technologies mean that the multi-lingual requirements can now be outsourced. They no longer need be ignored. The entire call can be in the language of the speaker. If the caller wants, he can be transferred to the call center and a person speaking the caller's language can process the information, if necessary.

Looking Ahead

A customer service center is becoming much more than the name implies. It is becoming the centerpiece of a company's relationship with its customers, because it is often the sole direct contact with its customer base.

Call centers historically have struggled to successfully incorporate "one stop telephone shopping" to handle all customer caller needs. Recognizing the impossibility of this objective, more recently they have directed callers to use the touch tone pad to select call centers having more limited capabilities. That, too, has presented largely unresolved problems.

However, these historical experiences have led to the classification of calls handled by customer service centers. Armed with that information, the acquired experience and with today's technologies, the customer service center of tomorrow will not only serve the caller properly, but will be used to build databases, do market research, and initiate post sale marketing, and handle multi-lingual calls, domestically and internationally. The customer service center is becoming integrated as a hub of corporate marketing and sales.

ConServIT Integrated Teleservices, a service of Conversational Voice Technologies Corporation, is a leading provider of advanced teleservices and database management services. For more information, contact ConServIT, 4205 Grove Avenue, Gurnee, IL 60031. Phone 847.249.5560 or e-mail sales@conservit.com.