The ultimate guide to

budgeting for your contact centre

Call centre expenses to take into account and processes for improvement

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This document offers guidelines to help you prepare a contact centre budget. It examines basic steps in the process and explains the critical role workforce management plays in budget preparation.

The guidance applies to inbound, outbound and omnichannel contact centres. Whether taking phone calls, answering emails, making outbound calls or providing chat services, your call centre can benefit from these processes to help facilitate budgeting.

Budgeting for a business unit, say an engineering, bookkeeping or HR department, is reasonably straightforward. In the simplest terms, you sum up operating expenses, document any capital expenses you anticipate for the upcoming budget period and then add in any expenses unique to the department. You'll need to make certain assumptions and crunch numbers. However, there are few budgeting processes more complex than that of a contact centre, due to its strategic position in the company and the fact that call centre agents have direct contact with customers.

An innovative idea that changed Marketing

Back in the 1990s, Don Peppers and Martha Rogers turned traditional marketing on its head with their book, The One to One Future: Building Relationships One Customer at a Time, introducing the concept of one-to-one marketing. Today, this field of study has expanded into an intense focus on the customer experience - customer journey mapping, personas, net promoter scores and, most importantly, the golden treasure of earning high customer satisfaction scores.

Contact centres work directly with customers and can have a tremendous impact on the customers' view of the company and customer satisfaction. With customer satisfaction becoming the measure of success for 21st-century companies and call volumes being difficult to predict, the budgeting process for contact centres can quickly become complicated.

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Taking control of the expenses in your contact centre

Preparing to budget

It's worthwhile to point out that your CFO is likely to ask tough questions about your call centre budget plan. The CFO is responsible for the entire organisation's budget, so your forecast is just a single component that - when combined with budgets for other departments - determines how much revenue the company will have to earn so that top management and shareholders will realise their financial goals.

Improvement

The more thorough you are and the greater thought you put into each expense item, the better prepared you'll be to field those tough questions.

To help you prepare, here are some questions to consider.

- **What situations or events are most likely to have a negative impact on your operation?** Agent attrition and occupancy are both prime examples, but what other inherent issues in your industry could account for a negative impact on your call centre metrics?
- **What could have the greatest positive impact?** Take a look at your internal operations and make note of situations and events that have improved morale and performance in the past. Perhaps you've invested in outside team-building events that caused morale to spike. Or perhaps you've terminated a low performer who had a negative impact on the rest of the team. Consider external feedback and resources as well, such as what you've learned from online sources, from conversations with your manager or from contact centre managers in other companies.
- **How does seasonality affect your call centre budget?** In addition to national holidays and summer vacation seasons, look at your system logs to spot other periods when call volume rose or fell significantly. Consider how those same periods will play out for the new budget cycle.
- **Do you need to reassess the budget periodically?** Contact centre budgets are usually prepared for one year at a time. Situations and events can sometimes justify revising an annual budget. For instance, if your company releases a new product that results in a flurry of calls seeking support, you may have reason to update your budget to accommodate the increased volume.
- **How can you stay ahead of situations that can't be foreseen?** None of us has a crystal ball, but just as you should create written plans to address business continuity (see discussion below), it pays to brainstorm on situations that could hinder your operation. Then document how you'll address them if/when they arise.
- **What contact centre budgeting tools do you have at your disposal?** Budgeting tools may cost money up front, but they can save you money in the long run. Are there any tools that you are currently using (or wish you were using) that you should include in your budget?

Once you've considered such issues with your team, look carefully at all the expense items that allow the contact centre to operate. While some of the expense categories outlined in the next page may not apply to your centre, this summary can help you organise your budgeting expenses to better ensure that none are overlooked.

Human capital expense

It's essential to capture all the expense categories that support your contact centre staff because people are not just your most important asset, they're also likely your largest expense. Items to consider:

- **Salary expense.** Tally up the total payroll expense for your staff and then add in the burden to your basic payroll. This can include National Insurance, PAYE, pension contributions and student loans.
- **Health insurance.** If offered by your company, include the associated premium expenses, then uplift them to reflect anticipated increases.
- **Training expenses.** These include out-of-pocket expenses for training conducted by outside personnel, as well as in-house training when it incurs direct expenses.
- **Fringe benefits.** These might include activities such as "pizza Fridays" and outside events, including team-building efforts. Include auto expense reimbursements and other expenses you might consider "incidental."

Real property expenses

If you lease space for your contact centre, you'll want to include associated expenses. These may include office space rental, the cost of new furniture (if you plan for growth in the upcoming budget year), utilities, storage fees, parking, cleaning services and other relevant costs.

Technology expenses

These include the cost of the IT operation that serves you, your ACD, and related software, as well as your PBX, data communications and telephone system. More specifically, consider each of these categories.

- **Hardware and software.** These expenses are associated with the lease and maintenance of the hardware and software that makes your contact centre operational. Consider also the expenses involved in moves, adds and changes if those are invoiced by an outside vendor on a per-change basis. And don't forget to anticipate that some of your hardware will need to be replaced or upgraded in the new budget cycle as well.
- **Telecom.** Your phone company charges you for the lines entering your facility. If you offer toll-free phone numbers to your customers, you'll have that monthly expense, as well as any long-distance fees that may apply when your agents make call-backs to customers.
- **Services and subscriptions.**
  You may be using a CRM application and a variety of PC applications, including MS Office, chat programmes, email and billing programmes. Do you have licensing fees to pay in the upcoming budget cycle? Maintenance fees?

Budgeting for your contact centre using workforce management

Once you've identified all the costs you're responsible for, it's time to look at how workforce management fits into the process of budgeting for your contact centre.

Workforce management consists of the actions you take and policies you establish to staff the centre with agents, sufficient to meet call volume and maintain or improve customer satisfaction. It's a process that balances the supply of trained agents with customers' demands for service. With proper workforce management, your contact centre can achieve a high level of customer satisfaction.

Budgeting for your contact centre can be perplexing even for seasoned contact centre professionals. It requires deciphering historical data, peering into the future and making educated guesses - mixed with some creative thinking. However, because workforce management best practices have been codified in workforce management software, contact centres around the world increasingly use such software to simplify the process and remove much of the guesswork.

A proper workforce management approach looks at four issues:

1. What call volume do you forecast for the upcoming budget period?
2. How can you best schedule your staff to support your forecast for the upcoming budget cycle?
3. How can you manage day-to-day fluctuations when call volume increases or absenteeism rears its ugly head?
4. How can you plan for unexpected events and create a business continuity plan in the face of those unpredictable events?

Let's take a look at each of these.

Call volume

There are many issues that could affect your call volume during a budget cycle. For instance, does your company have new products or services that will create additional call volume from customers seeking support and information?

Or has your company released a product or service into the market that doesn't please customers? Will you still be handling calls from dissatisfied callers in the new budget cycle? If so, how much longer do you think they'll continue to call? A few months? A year? How many calls will that produce?

Some contact centres forecast contact volume using spreadsheets. Others might use an Erlang calculator, but efficient centres use workforce management software. The added complexity of forecasting for chats, emails and case work makes using Erlang and spreadsheets inaccurate and obsolete. Workforce management software can automatically gather historical data from your ACD and CRM system, and then perform the analytics using artificial intelligence algorithms.

Staff scheduling

Once you've forecasted call volume, you're ready to begin creating a staff schedule that will be able to handle your customer contacts. First, you'll need to determine how many agents are needed to handle your contacts to a quality level that meets or exceeds your service level agreement or other policies. You should consider several issues.

- **Average handle time (AHT).** Knowing the AHT is critical. Furthermore, knowing the standard deviation of AHTs over a given period of time will help you adjust the historical AHT to better represent the call volume you've forecast. Many companies have moved to workforce management software that automates the entire process.
- **Occupancy.** This is the degree to which agents are actively assisting customers, expressed as a percentage of the time agents are on shift. The average occupancy targeted by call centres is 85%, but too much idle time is almost as harmful to retaining agents as is overloading them and expecting them to talk to callers at the 95% level or above.
- **Average Speed of Answer (ASA).** This needs attention because it's a factor that can reduce customer satisfaction.
- **Shrinkage.** This is the time agents lose during their shifts due to personal breaks, meetings, training and absenteeism, which prevents them from performing their duties.

Workforce management software has become popular because it handles these issues and others that are sometimes omitted when a well-intentioned planner tries to account for all the factors in a spreadsheet.

Managing day-to-day call volume fluctuations

Call volume can spike or falter for many reasons. Events can push call volume in either direction. For instance, your company may have received negative exposure in the media, or it may have announced a product recall. Geopolitical crises, natural disasters, large-scale storms and other events can all affect call volume.

There is no specific action that will counter all events, so it is wise to discuss various scenarios and create a written plan that addresses each one.

An effective plan asks three questions:

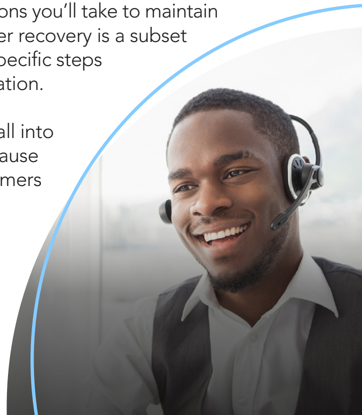
1. What might happen?
2. What actions will we take in response?
3. What actions can we take ahead of time to prepare?

Once you've answered those questions for a given scenario, go on to the next. Finally, make sure all the relevant people in your contact centre become familiar with those plans.

Create a business continuity plan

A business continuity plan documents all the actions you'll take to maintain operations, even in the face of a disaster. Disaster recovery is a subset of business continuity planning. It outlines the specific steps involved in restoring critical systems to full operation.

Business continuity and disaster recovery both fall into the realm of workforce management. That's because it's the contact centre's mission to support customers in a way that maintains or improves customer satisfaction. Being able to continue operations despite disasters and other setbacks clearly connects to customer satisfaction levels.



Make the move to workforce management software

Contact centres are charged with meeting two primary objectives: operating within their budgets and supporting customers so that customer satisfaction with the company, products and services are maintained - and preferably improved.

Workforce management software helps you achieve both of these goals. It offers insight that you can use to develop a contact centre budget that works; one that allows you to deliver services at the lowest possible cost, even while your customers express high levels of satisfaction.

Factors that contribute to a substantial ROI when using a workforce management software include:

- **Time saved** in forecasting and scheduling activities leaves more time for supervisors and managers to coach and train their teams.
- **More accurate forecasting and scheduling** will help avoid over- and understaffing – resulting in improved service levels and reduced payroll costs. Better schedules also reduce the cost of turnover due to higher agent motivation and avoidance of burn-out.
- **Improved schedule adherence** improves call centre productivity and helps achieve or exceed your service level goals.

The above productivity gains lend themselves to increased revenues, as agents have more time for selling and customers are more satisfied. Workforce management software brings your contact centre into the 21st century with a minimal investment that you'll certainly recoup.

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About Verint Monet

Verint® Monet provides affordable and easy-to-use call centre optimisation solutions, including workforce management, call recording, quality assurance and performance management. Our customers consistently report ROI that includes increased profits, service levels and schedule adherence. We can have your contact centre onboarded with our solutions, your agents on track to operating at their peak performance and your company working towards higher revenues and wider margins. Contact us to request a demo and to see if Verint Monet is the right fit for your company.

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