

# Contact Center Financial Management and Decision Support



## *Using Activity-based Cost Analysis*

Understanding, measuring and presenting  
contact center performance in practical financial terms

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October 2007

## Table of Contents

SITUATION OVERVIEW .....	2
<i>A Problem that Won't Go Away</i> .....	2
<i>Measuring What Matters</i> .....	4
<i>You be the Judge</i> .....	4
ACTIVITY-BASED COSTING .....	7
<i>A failure to communicate</i> .....	7
<i>Linking activities with costs</i> .....	9
<i>The Limitations of Traditional Management Cost Accounting</i> .....	9
THE ABC APPROACH .....	11
<i>Viewing your operation in economic terms</i> .....	12
<i>Analyzing multiple scenarios</i> .....	12
<i>Analysis that compels action</i> .....	13
THE DEFINITION OF ABC .....	15
CONDUCTING AN ABC ANALYSIS .....	17
THE CONTACT CENTER CATSCAN™ .....	22
<i>CATScan™ can identify ROI before you invest in new technology</i> .....	24
<i>CATScan™ helps make the right outsourcing decision</i> .....	25
<i>CATScan™ models continuous process improvement</i> .....	25
ABOUT TYCHE CONSULTING GROUP .....	27
<i>Customer Care Consultants</i> .....	27
<i>Our Clients</i> .....	28

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## ***Situation Overview***

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Though the contact center has become an indispensable tool for companies of all sizes across all industries, it still often suffers from being perceived as a “necessary evil.” Efficiency and cost reduction are commonly the contact center’s principal enduring objectives. There’s nothing wrong with running an efficient operation, of course. And over the last decade or so, contact centers as a whole have been extraordinarily successful in driving down costs while processing significantly more work at measurably improved levels of service quality. The evolution of the contact center has spawned entirely new industries to provide the technologies and specialized training resources that have made these efficiency gains possible.

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### ***The real cost of inadequate support***

*When cost reduction becomes an end in itself the contact center often finds itself unable to provide services to customers at an acceptable level of quality. In the long run, this situation costs an enterprise far more in lost sales, customer loyalty and reputation than any short term savings achieved from the lower operating costs.*

But efficiency and expense reduction can be carried past the point of optimal performance, and in the contact center world this is an all too common problem. When cost reduction becomes an end in itself the contact center often finds itself lacking the ability to provide services to customers at an acceptable level of quality. In the long run, this situation can cost an enterprise far more in lost sales, customer loyalty and reputation than any short term savings achieved as a result of the lower operating costs in the contact center. So why then is this still such a frequent problem?

### ***A Problem that Won’t Go Away***

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Despite what many contact center managers may have come to believe, this situation does not arise out of some perverse prejudice against the customer service professions or any other conscious intent of senior management. Nor can it be attributed to any lack of real progress or dedication on the part of the contact center itself. The numbers show that the efficiency and quality of contact centers has improved exponentially over the last

decade or so. The root cause of this ongoing problem lays not so much with the actual performance of the contact center as in the ways in which it measures that performance and with how performance is communicated to management, in particular to non-contact center management.

Contact center performance measurement focuses with almost universal precision upon indicators of work volume and operational efficiency. Measures such as contact volume, average speed of response, call abandon rate, contact cycle time and incident resolution rate are tracked and reported by nearly every contact center. To a lesser extent quality metrics such as repeat contacts, misdirected calls or customer satisfaction are also tracked and reported. This makes good sense for two reasons. First, the contact center manager needs this information to make sure that the operation is performing as required and also to get an early warning of any developing problems or issues. Second, as discussed earlier, efficiency is the official objective of nearly every contact center so these measurements become their official performance indicators.

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***Measure and communicate***

*The root cause of this ongoing problem lays not so much with the actual performance of the contact center as in the ways in which it measures that performance and with how performance is communicated to management, in particular to non-contact center management.*

Every function within an enterprise, be it sales, manufacturing, product development or the contact center, will have a set of specialized measurements that are important and meaningful within that functional area. Sales may measure new contacts or sales funnel stage, for example, as a way of tracking progress toward new sales. Renewal rate may be measured to keep tabs on the health of existing customer relationships. For sales management, these are important indicators of the performance of the sales group. But outside of the sales force itself, frankly, no one cares about them. What matters to the rest of the enterprise is revenue: revenue trends, revenue per sale, and revenue per salesperson. In other words, those outside the sales force concern themselves with measures of the *financial* performance of the sales organization and the *contribution* sales

makes to the key objectives of the enterprise. Most sales groups are quite adept at providing non-sales management with this information.

### ***Measuring What Matters***

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So what are the key factors in measuring financial performance and understanding the contribution that an operation makes to the overall success of an enterprise? Ultimately any organization is concerned with increasing its economic value. For a commercial enterprise an increase in value is fundamentally connected with a favorable trend in two key areas: revenue growth and overall profitability. Within non-commercial organizations, such as government agencies or non-profits, value may be assessed in terms of an improving ability to successfully perform some specific function or task or to provide funds for a specific charitable purpose. But even here it is revenue (perhaps in the form of tax dollars or donations) and profitability (maximizing the percentage of revenue available to support the mission) that measure success.

***Be very clear about what really matters most***

*At the bottom line, what matters are those functions and activities that demonstrably and positively impact revenue and profitability.*

At the bottom line, what matters are those functions and activities that demonstrably and positively impact revenue and profitability. Certainly organizations realize that other supporting roles and functions are necessary to enable the creation of enterprise value. But it is only to the extent that these supporting functions can (and do) show their influence on bottom line enterprise revenue and profitability that they are ever regarded as serious players in creating business value.

### ***You be the Judge***

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What does all this have to do with the contact center? Let's consider an example. It's budget time at ACME Premium Storm Door Company and there's enough money left to fund either an additional sales rep or two more customer support reps in the contact

center. Each manager is invited to present a business case to the budget committee. Let's listen in . . .

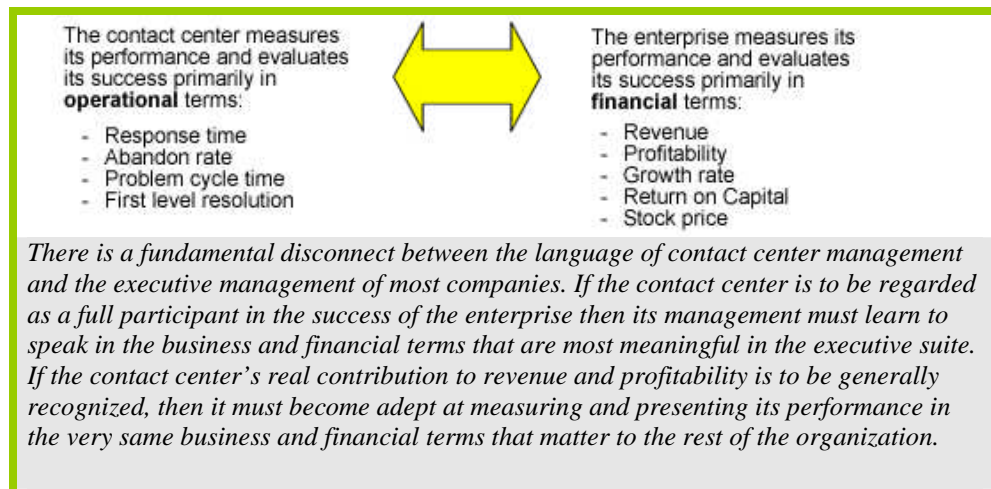
**Sales Director:** “The new All-Season Storm Door Pet Entry Portal that the Product Development team has come up with is a real winner! I think it's going to be a big seller. But I *need* another sales rep if I am going to make it happen. Based on our current sales yield and the demand I see for this product I can bring in another \$1.35 million dollars in sales next fiscal year with one additional salesman. At \$175,000 plus bonus, that nets us a three year ROI of more than 7000% and pays for itself in less than a month!”

**Contact Center Manager:** “We're really concerned about this new pet door thing. The beta test shows it's hard to install, and several pets have been hurt trying to go through it. We think it's going to generate a lot of new support calls, and we're not sure we can handle the load with our current staff. Our average speed of answer is trending the wrong way as it is, and cycle times are creeping up. I'm afraid the additional volume might increase the stress level to where turnover becomes a problem. That \$175,000 could buy us two or three new support reps, and we sure could use them. Thanks for noticing me.”

There you have it. Which proposal do *you* think the budget committee will fund? Nothing the ACME contact center manager said was unimportant, let alone false. But neither was it a persuasive argument to that particular audience. The sales director, on the other hand, spoke in terms familiar and important to the members of the budget committee. She “spoke their language” and “sang their song.” She presented her case in terms of its financial impact on ACME and ensured that the impact of adding a salesperson on ACME's enterprise objectives (revenue growth in this case) was explicit. As a result she will most likely get her additional salesperson, and the contact center will have to make do as best they can. (See *Figure 1*.)

The lesson here is clear. If the contact center is to be regarded as a full participant in the success of the enterprise itself, if its real contribution to revenue and profitability is to be generally recognized, then it must become adept at measuring and presenting its performance in the very same business and financial terms that matter to the rest of the organization. In addition, the contact center must be able to identify and communicate the

**Fig. 1:**  
**Speaking**  
**different**  
**languages**



specific contributions that it makes to the overall success of the enterprise in achieving the key business objectives of revenue growth and profitability.

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## ***Activity-Based Costing***

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This paper provides an overview of the concepts of Activity-Based Costing (ABC) and how this proven methodology can be applied to improve the effectiveness and efficiency of any contact center operation. In particular, we will discuss how ABC can provide definitive answers to investment and financial performance questions such as:

- What is the return on an investment in new technology and where, specifically, does it come from? Are the vendor's claims reasonable?
- Where can I reduce my current expenses with the least negative impact on my performance, and what will that impact be? How much can I save?
- Which specific activities and tasks represent the largest share of my cost structure, and are there lower cost alternatives for performing those tasks at or above current performance levels?
- How do I construct a credible financial "baseline" against which I can objectively measure the results of my improvement efforts and new investments?

Once the unique value of the ABC approach has been established, a process for implementing it in the contact center environment is needed. An overview of a typical ABC analysis and a discussion of the results and their application illustrate how such a process works. A real-life example is provided, as well as resources for additional reading and information.

### **A failure to communicate**

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The failure to cast the performance and contribution of the contact center in business and financial terms has two key consequences. First, the contact center typically encounters difficulty justifying investment in additional resources. These may be technology upgrades or enhancements. But they might also include staff, facilities, outsourcing or even training and development initiatives. Often, it's not a matter of expanding your services or capabilities, but of obtaining the resources needed to simply maintain your existing level of service in the face of rising demand or an expanding portfolio of required services.

***Demonstrate the impact***

*Unless you are able to demonstrate that the required investment will produce a competitive return to the company, the contact center will inevitably lose out to those proposals that can.*

Without the ability to demonstrate in a convincing way that the required investment will produce a competitive return to the company, the contact center will inevitably lose out to those proposals that can. The result is an ill-equipped contact center that must make do with the leftovers at budget time. Sadly, this is a common complaint among contact center managers.

The second consideration is more strategic and, therefore, of potentially much greater long-term impact to the enterprise. Unfortunately, because the situation described above is so prevalent most contact centers never even contemplate the more strategic issue.

***Align your goals with business goals***

*Lacking an explicit link to the goals and business drivers of the company, the contact center's impact on those goals is not clearly understood. Consequently, opportunities for the contact center to contribute to improved overall enterprise performance are often overlooked.*

Lacking an explicit link to the goals and business drivers of the company, the many ways in which the contact center's operations can directly and indirectly impact those goals is often not clearly understood. Consequently, opportunities for the contact center to favorably influence overall enterprise performance as it relates to these key objectives are often overlooked.

For example, a contact center providing tech support to users of the company's products can hardly help but receive a lot of information about what customers think of the products, what they like, dislike and would like to see in future versions. But the call center doesn't have the staff or time (let alone the mandate) to collect and analyze this data. So it often falls wasted by the wayside. New product releases are less satisfactory than they could be resulting in higher support costs and possibly dissatisfied customers. Since these costs are not readily available to quantify the investment case for added staff,

no staff is added and the information continues to be wasted. Revenue and customer retention are both potentially impacted, but the connection is not made and the opportunity is not addressed.

### **Linking activities with costs**

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Most contact centers do have specific budgets within which they are expected to operate, and these form the most basic level of financial performance management. But to be truly useful as a decision support tool, financial performance must be measured and understood beyond what traditional general ledger based cost center budgets permit. To make effective use of financial measurements, the contact center must understand its actual costs at a much more detailed level.

At a practical level, this means that cost must be understood in relation to the specific activities and tasks performed by the contact center. By altering the frequency, expended effort, duration or other parameters of each task, it should be possible to predict the impact of doing so on the overall financial performance of the center. Operational and financial performance are then linked, and contact center management can discuss the potential of new investments or the impact of altering operational tasks and procedures from either perspective, depending upon the purpose and audience. This possibility is realized effectively by applying ABC methods.

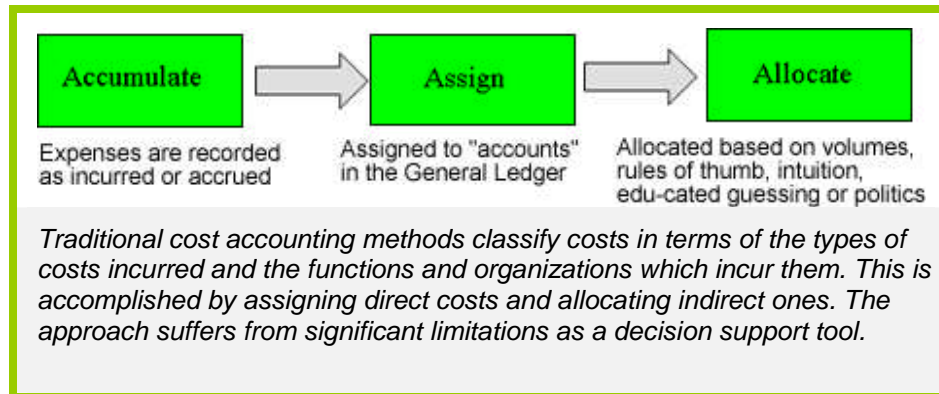
### ***The Limitations of Traditional Management Cost Accounting***

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Traditional management cost accounting records and classifies expenses as they are incurred or accrued. (See Figure 2.) These costs are then posted to various accounting ledgers and aggregated into accounts based on the nature of the expense. This allows the enterprise to assess and understand its cost structure based on the typical labor, materials and overhead expenses it incurs.

It is generally necessary to understand costs not only in terms of the types of expenses incurred but also by the different functions and organizational units which incur them. Traditional cost accounting methods accomplish this by assigning direct costs and allocating indirect ones. While this produces reasonable results in the aggregate, the

**Fig. 2:**  
**Traditional**  
**Cost**  
**Accounting**  
**Approach**



approach suffers from significant limitations as a decision support tool. Principal among these limitations are:

- To a great extent costs are allocated arbitrarily by means ranging from analytical to political.
- Allocations are to organizations and functions rather than to the activities and tasks performed.
- Cross-allocations among organizations can be complex and often misleading.
- The results are historical and not forward-looking.
- The method does not link financial accounting and operational performance results in any explicit way.
- Cost-accounting terms and concepts are often unfamiliar to key operational decision makers.

While the methods of traditional management cost-accounting are well-established and likely to remain so, there is a need for an approach that is more supportive of strategic decision-making and offers deeper insight into the economic value to the enterprise of the specific tasks it performs. Fortunately, such an approach has existed for some time and is particularly well-suited to the contact center environment.

## ***The ABC Approach***

Activity-Based Costing (ABC) has enjoyed a long history of success in the manufacturing environment and is particularly applicable to the typical contact center operation. That's because ABC is ideal for demystifying a complex cost structure. In an ABC analysis an operation is defined by the activities it performs and the tasks which comprise each activity. Using a variety of sources, all relevant fixed and variable costs are allocated at the task level based upon the specific resources that are consumed each time a particular task is executed.

### ***Identify activities and tasks***

*In an ABC analysis an operation is defined by the activities it performs and the tasks which comprise each activity. The result is a financial picture of the contact center that illuminates high-cost activities and tasks, suggests the most likely areas for changes and improvement, and helps predict the financial results of investments or process changes.*

The result is a financial picture of the contact center that illuminates high-cost activities and tasks (based on actual costs), suggests the most likely areas for changes and improvement, and helps predict the financial result of any investments or process changes. A comprehensive and detailed financial baseline provides a credible basis for comparing the “before” with the “after” and also allows for measurement of the actual degree of success achieved after implementing any prescribed course of action.

While it has always been possible to apply ABC in the contact center, the effort associated with correctly identifying and allocating all the components of cost has been difficult, time-consuming and prohibitively expensive for most contact center budgets. Because of this the technique has never gained widespread application, despite its many obvious benefits. Any practical ABC solution must therefore offer ease of use at reasonable cost and require only readily available data inputs. Ideally the results should be comprehensive but also easy to follow and understand. If the results can be interpreted only by an accountant then they will be of limited use in the contact center world. The

financial analysis, however, must be sufficiently rigorous and thorough to satisfy a non-technical management audience.

Finally, the value of an ABC solution multiplies when it permits the rapid comparison of multiple “what if” scenarios to an accepted financial baseline. This allows the effective evaluation of alternative possible courses of action in a way that facilitates the development of a compelling business case for change.

### ***Viewing your operation in economic terms***

ABC analysis has evolved into an effective method for representing and working with complex cost structures whose performance depends on multiple variables coming together in high volumes and at close tolerances.

#### ***Build a framework for analysis***

*ABC creates a framework consisting of activities and tasks, assigns costs to them based on the resources that each activity consumes and produces a baseline financial view of the “business as usual” scenario. Additionally, it serves as a benchmark to compare the impact of proposed process changes or investments.*

ABC creates a framework consisting of activities and tasks, assigns costs to them based on the resources (human, system, financial and other) that each activity consumes when carried out and produces a financial view of the “business as usual” scenario. This “baseline” represents the operation in economic (rather than accounting) terms, which facilitates analysis and resource allocation decisions by tying them more directly to the actual behavior and outcomes of the functions being modeled. Because the operational and financial views are now linked through the same analysis, ABC serves both the technical and management audiences.

### ***Analyzing multiple scenarios***

Another significant value that can be realized by utilizing the ABC approach is the ability to quickly generate accurate, believable “what-if” projections across a wide variety of scenarios. This ability allows managers to consistently—and confidently—determine the optimal mix of resources to apply to any given set of business goals. Alternative

proposals can be evaluated both on their operational impact and their most likely financial outcomes. The result can be a business case for change that virtually compels management to take action.

### ***Analysis that compels action***

Any manager who has been burned by vendor hype or stopped cold by a skeptical budget committee understands the need for rigorous, objective, airtight analysis of business impact. The problem lies in the development of a convincing and flexible business case within the available time and cost constraints. The benefits of modeling your operation through ABC make this exercise perhaps the best single investment you can make. The value of the information is in its ability to uncover otherwise hidden relationships and to represent them in a way that encourages action.

#### ***Create insight into operational costs***

*More often than not contact center management is well aware of the problems and opportunities. They are just unable to convince executive management of their importance. Rather than just reporting costs by organization, ABC provides true insight into operational costs and clearly identifies and aids in prioritization of realistic options for both financial and operational improvement.*

Rather than just reporting costs by organization, ABC provides true insight into operational costs and clearly identifies and aids in the prioritization of realistic options for both financial and operational improvement.

One example of the benefits derived from ABC involves a network services provider and web hosting company that serves small and medium-sized businesses. The company had delayed needed investments in contact center technology and process improvements because key decision makers could not agree on what the priorities should be. Once the results of the ABC analysis were presented to management, the decision was immediately made to focus on two initiatives that together produced a permanent operating cost savings of 25% and an appreciable improvement in service quality. It was not that ABC merely made these opportunities visible. Rather, ABC clearly identified the costs associated with *not* taking action. Once these were understood, moving forward with the proposed improvements was an easy choice to make.

Any beginning swimmer will tell you that the cost of inaction is higher than the cost of almost any action, however sub-optimal that action may be. In our experience, even the best contact centers are leaving double-digit inefficiencies on the table—despite the use of the “best” tools to identify and act on such opportunities. Sometimes this is because these opportunities are simply not visible to management, buried in a cost structure that is overlooked by the existing financial reporting systems. But more often than not contact center management is well aware of the problems and opportunities. They are just unable to convince executive management of their importance. ABC provides a critical tool for doing just that.

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## ***The Definition of ABC***

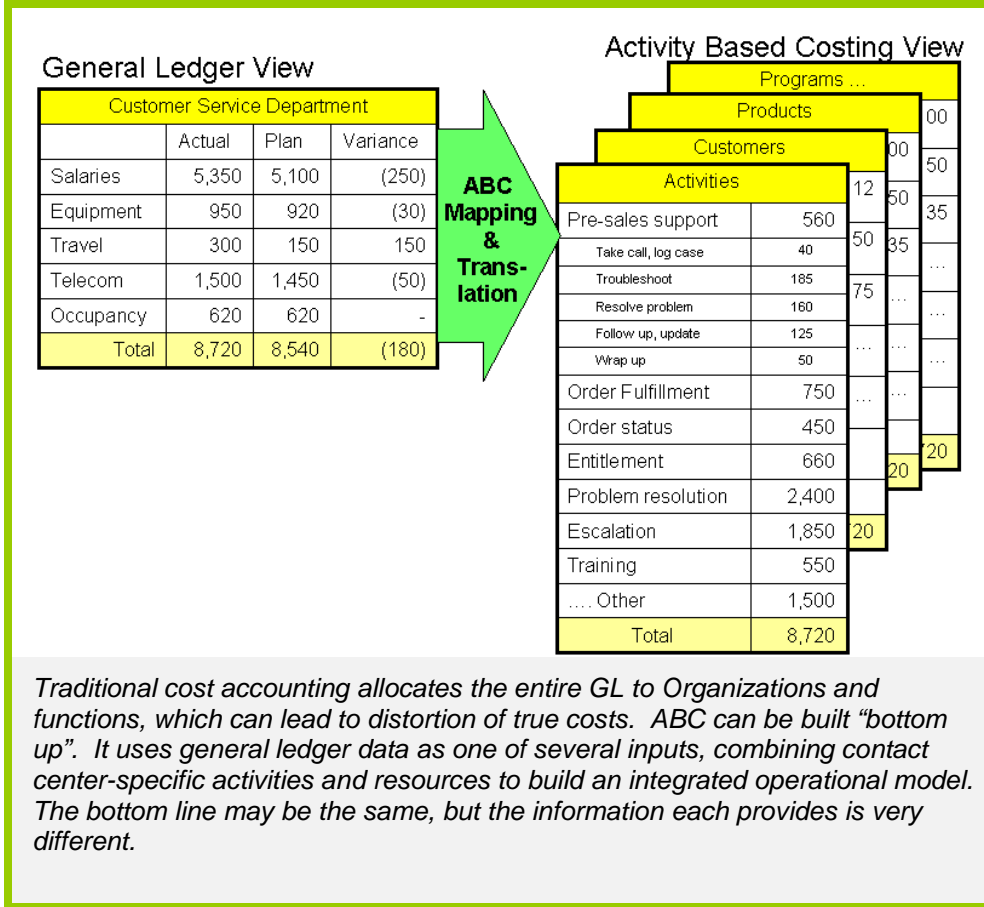
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Activity-based costing is a financial analysis methodology that seeks to describe any operation in terms of the specific tasks that it performs, the resources that are consumed during the execution of those tasks, and the costs associated with completing them. An ABC analysis focuses on one or more specific “cost objects”—a product, service, function or organization within an enterprise. The contact center might be defined as the cost object of an analysis, or the entire customer service or sales functions. It is important to define the cost object clearly, as this in turn determines the scope of the analysis and the applicability of the results.

Once the cost object(s) to be scrutinized are determined, each must be further defined by the detailed activities and tasks which they perform. For example, if the contact center as a whole were chosen as the cost object, activities such as “answer call,” “resolve customer issue” and “create monthly reports” might be some of the defining activities. Each of these would be further broken down into detailed tasks. Each time a task is executed it consumes one or more resources. In ABC resources are broadly defined to include all the labor, systems, facilities, materials and money that are used in carrying out tasks. Since each resource has a cost, resource consumption is what drives the computation of individual task and activity cost.

Total costs are determined by the number of times tasks and activities are performed. This is driven by outside factors such as customer demand for a product or service. Traditional management cost accounting methods use a top-down approach to allocate costs to products, organizations or functions. ABC can work from the bottom up, aggregating the costs related to performing activities to determine total costs. In this sense, we have two different views of the same thing, and the bottom line costs should be the same. (See Figure 3.)

**Fig.3:**  
**ABC maps to**  
**GL reports: the**  
**bottom line is**  
**the same**



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## ***Conducting an ABC Analysis***

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An ABC analysis of a contact center begins with the construction of a detailed baseline of the existing situation. The baseline documents the present cost structure of the operation and provides clear insight into any hidden costs or significant opportunities for cost reduction. Additionally, it serves as a meaningful benchmark against which to compare process changes or investments that may be being considered. Regardless of the details of the specific contact center, construction of the “baseline scenario” will require the following steps:

**Step 1: *Define the set of specific activities*** that make up the contact center’s operations. These will include core activities such as “receive call,” “determine service requirements,” “resolve customer issue,” “technical elevation” and “close call”. Other activities that support the core activities must also be included. Examples of these might be “maintain customer database” or “produce management reports.” The activity set should be sufficient to completely describe what the contact center does without being so detailed that data collection and analysis becomes unwieldy.

**Step 2: *Identify the specific tasks which make up the activities*** defined in Step 1. As a rule of thumb, three to six tasks are generally fully adequate to describe an activity. If you need more tasks than that, consider whether you would be better off defining an additional activity. Use common sense. For the activity “receive call” the associated tasks might be “queue ACD call,” “agent responds,” “locate customer record” and “verify entitlement information.”

**Step 3: *Define the resources*** that are used by the contact center to carry out its tasks. For the purposes of an ABC analysis resources are defined rather broadly as “anything that has an associated cost and which is used or consumed in the execution of a task.” Thus labor hours for various classes of employees, telephones, PC workstations, desks, office space and system time would all be considered resources. After the correct definition of activities and tasks, this is the next most critical step in the analysis. It is often the most difficult, as it requires the collection of accurate and detailed cost data.

**Step 4: *Assign each resource to any task that makes use of it.*** A resource may also be assigned to another resource; office space or workstations to staff members, for example. Once resources have correctly been allocated the tasks that make use of them it is then possible to make a calculation of the cost of executing a task a single time. This is the basis for the rest of the analysis.

**Step 5: *Define the frequency with which each task must be executed*** every time an activity is completed. Often this will be only once, but many times a task may need to be executed multiple times, or not at all. For example, each time the activity “close call” is executed, the task “call back customer” may occur an average of 1.5 times, while the task “verify solution” occurs only once. The task “rework solution” might occur only 1 time in 20.

**Step 6: *Define the variables that drive work*** into the contact center and cause tasks to be executed. Often these will be “contacts” or “calls,” but other drivers are possible as well such as “installed base,” “workstations,” “contracts” or “product shipments.” It can be especially helpful to define these workload drivers in business terms that will be familiar to the rest of the organization and for which the management has confident forecasts. If necessary, let the model translate the drivers into calls or other direct operational volume measures.

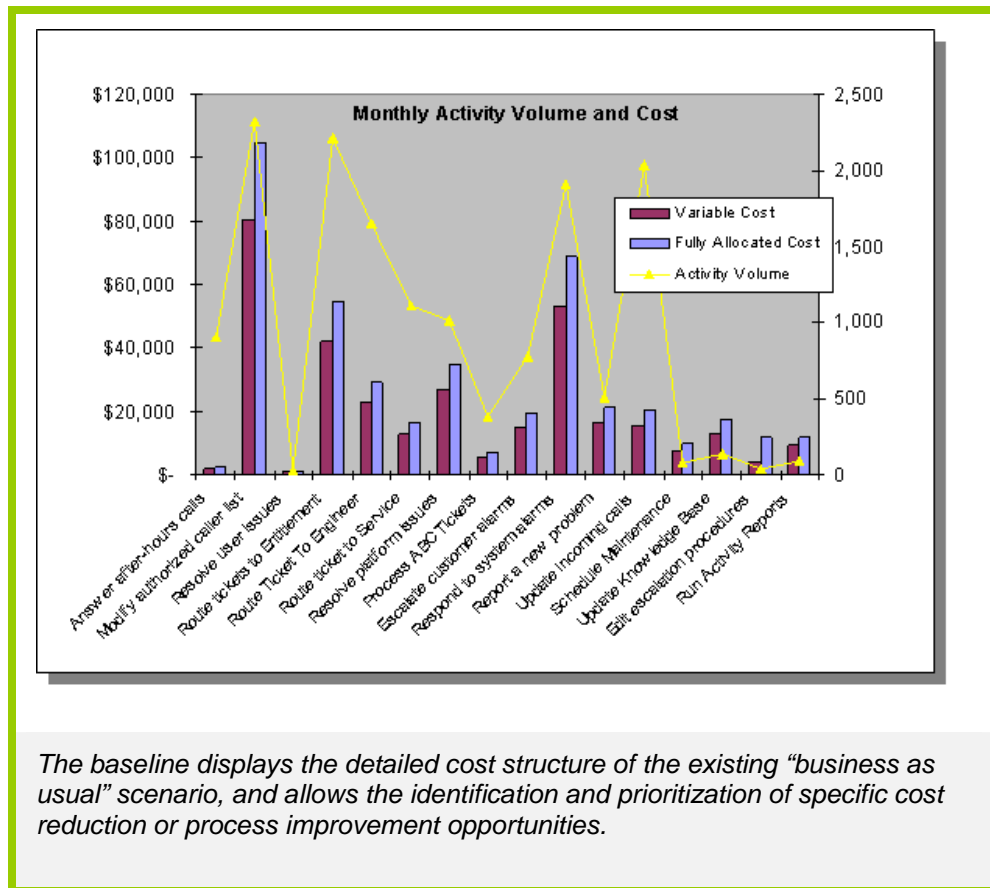
**Step 7: *The cost of each task and activity can now be computed*** and combined to produce the financial baseline by using the volume drivers defined in Step 6 and the relationships between resources and tasks previously defined,. The resulting budget should be compared with the actual cost center reports and budget to verify the accuracy of this baseline. Remember, the traditional cost accounting approach and the ABC method are just different views of the same operation and should produce very similar bottom-line results. If there is a wide divergence between the ABC result and the financial reporting system outputs, it is likely there is a flaw in either your model or the data. This must be identified and corrected.

**Step 8: *The baseline scenario completed, the cost structure of the contact center can be analyzed*** to identify high-cost tasks and hidden costs that may not be visible at the highly aggregated level of a typical cost center report. Low-cost activities may mask high-cost tasks, or a task that is in itself low-cost may produce a high-cost activity because it is repeated frequently each time an activity is executed. These items then

serve as the starting points for a deeper examination of specific cost reduction opportunities.

Depending on the modeling approach employed the ABC baseline may produce numerous other views and reports such as staffing level requirements, hiring plans, capital and expense budgets, system expense reports and more. It may also be possible to “roll up” the baseline results by programs, departments, locations or task types. Finally, the results may be a forward-looking forecast or a backward-looking historical representation, depending upon the intent and the data supplied. The baseline costing data is most commonly displayed in a typical budget report format. But it can also be useful when examining the results to cast them graphically. (See Figure 4.)

**Fig. 4:**  
**Example**  
**baseline report**

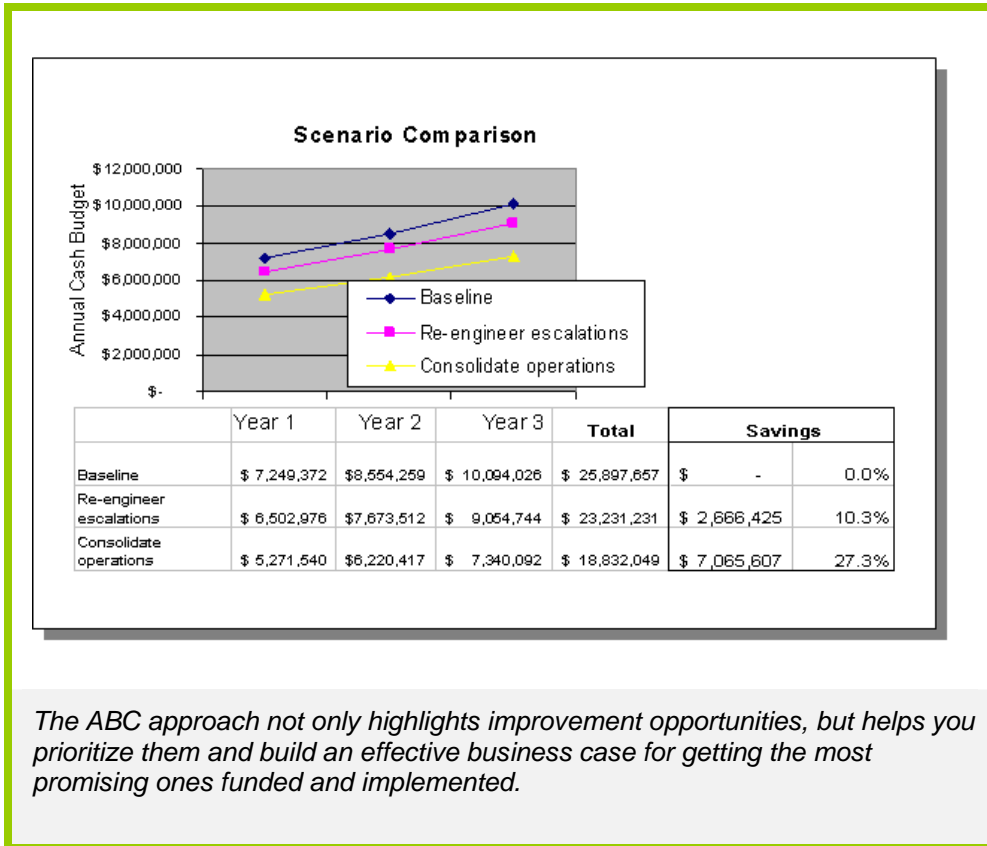


The analysis of a baseline like the one illustrated above normally reveals multiple opportunities to enhance or expand the contact center’s activities, as well as cost reduction possibilities. In this example, “Modify authorized caller list,” “Respond to system alarms” and “Route tickets to entitlement” represent the three highest cost activities. Certainly, just because an activity is high-cost does not mean it should or can be reduced or eliminated. But these are clearly attractive candidates for further study.

Perhaps modifying the caller list is a manual process that can be automated, while responding to system alarms is a complex technical task that is simply expensive. In any case, the baseline provides insight into the most promising improvement opportunities.

Knowing where your best opportunities lie is one thing. Being able to obtain the management and financial approvals to pursue them is another. One of the real added values of the ABC approach lies in its ability to determine which of these possibilities represent the most attractive opportunities and to then create the kind of compelling business and financial case that will justify an investment of time and money. (See Figure 5.)

**Fig. 5:**  
*Build a compelling financial case*



Once you have identified the specific changes you want to pursue you can alter the baseline model to reflect the process, technology or workload driver changes that you propose to make. An unlimited number of such alternative scenarios can be created, and

each will display the same information as was available from the baseline case. For example, each scenario could be displayed as a budget forecast and compared to the original baseline.

**Analyze the impact of changes**

*Once you have identified the specific changes you want to pursue, you can alter the baseline model to reflect the process, technology or business driver changes you propose. Financial impacts could then be clearly presented graphically, as well as examined in line item detail. The results of not taking any action can be highlighted as well.*

Financial impacts can be clearly seen graphically as well as examined in line item detail. The results of *not* taking any action are highlighted as well, allowing informed decisions to be made and alternative actions to be prioritized. Key financial metrics such as payback periods and return on investment can be determined with relative ease, and the process of developing a sound business case is greatly simplified.

Given the many advantages of the ABC approach, why is it not more commonly used in today's contact centers? While the power of ABC is undeniable it can require a significant and expensive effort to create an ABC model, obtain reliable data and conduct the analysis. Certainly this can be done in a static, manual way. In fact, that is how most ABC projects have been implemented historically and one of the main reasons that they can be extremely expensive. It is not uncommon for consulting organizations to charge hundreds of thousands of dollars for a complex ABC analysis that can require months to complete. In a practical sense then, an inexpensive automated tool is needed to support the modeling effort. Development or purchase of such a tool and the associated time and cost to become expert in its application can also be significant costs.

In the next section, you will see how Tyche Consulting Group has addressed these issues and how we successfully apply the ABC methodology for our contact center clients.

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## ***The Contact Center CATScan™***

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While ABC is undeniably a powerful decision support tool it has not found extensive application in the contact center due to the time, cost and detailed data required to successfully implement it. To a great extent these factors can be attributed to the difficulties inherent in a manual application of ABC or to the requirements of adapting a generic modeling tool to the unique requirements of the contact center environment.

Tyche Consulting Group has developed the Contact Center CATScan™ service specifically for applying ABC in the contact center environment. CATScan™ combines *The Contact Center Guide™* (an ABC modeling application from Primary Matters, Inc. that is fully optimized for the contact center) with the extensive assessment and modeling skills of our consultants to create an effective and economical means of quickly identifying productivity hot spots and actionable improvement opportunities.

CATScan™ delivers a comprehensive economic model of your contact center operations along with insightful analysis of how current activities are aligned with key corporate objectives and business drivers. With the CATScan™ it's not uncommon to identify immediate savings of 15-20% or more from an analysis of the baseline results. This is in addition to revealing longer-term opportunities for dramatic savings and performance improvements and providing a compelling business case for management action.

Once changes are implemented the actual impact of your effort and investment can be identified and measured, providing an unambiguous assessment of the results achieved. By applying the recommendations developed through a CATScan™ style ABC analysis The San Francisco Chronicle found more than \$6 million in capitalized savings, and AboveNet discovered practical ways to reduce its annual contact center operating budget by 25% over two years while *improving* customer satisfaction.

The CATScan™ is a true ABC analysis and follows the process outlined in the previous sections. It uses a bottom-up approach based on the unique activities of the individual contact center. From the start the model is constructed to mirror the actual behavior of your operation. The modeling tool speeds the construction and analysis of the baseline and uses real operating data drawn from direct observation, reports, interviews and the expert judgment of experienced Tyche consultants. The CATScan™ incorporates total-cost-of-ownership data for common contact center technologies such as ACD, IVR, VoIP and CRM systems. This is represented in the model through detailed technology templates that can be easily invoked to show the impact of investing in alternative solutions. Finally, the CATScan™ explicitly ties the activities of the contact center to corporate strategy via business drivers, the variables that define business success for the entire enterprise. This effectively brings into the process all customer-facing operations by couching the definition of success in common terms related to common goals.

CATScan™ illustrates costs and locates real savings opportunities within current contact center operations with pinpoint precision. It quantifies the real impact of changes you're planning in operational, business and financial terms that resonate with executive management. And because it employs a modeling tool and process customized and optimized for the contact center a complete model showing the actual impact of making changes (including the cost of doing nothing) can be generated in days rather than months. The CATScan™ methodology has specifically adapted the ABC process to the contact center. Historically, the expense and inflexibility of ABC methods have kept them well out of reach of most customer service organizations.

***Rapid analysis  
of multiple  
options***

*CATScan™ enables an experienced consultant to build a baseline in less than a week and evaluate multiple scenarios in a matter of hours.*

CATScan's breakthrough is to enable an experienced consultant to build a baseline in less than a week and to generate alternative scenarios and analyses in a matter of hours, with corresponding cost savings. With the Contact Center CATScan™ you can:

- Identify exact cost and savings opportunities by analyzing operations and processes at a detailed task level.
- Align contact center activity with enterprise business objectives and business drivers.
- Evaluate the cost/benefit impact of investment options, including: new systems, expanded integration, increased staffing, outsourcing, process change and more.
- Establish baselines for measuring performance improvements and create a powerful management tool, enabling what-if scenarios and ongoing performance analysis against key business drivers.
- Deliver the deep insight of experienced executive consultants.
- Provide a cost-effective way to evaluate vendor performance, including outsourced services.
- Eliminate guessing as to the real impact of time, effort and capital invested.

### ***CATScan™ can identify ROI before you invest in new technology***

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Every year we invest more time and money in the contact center and yet it continues to be difficult, if not impossible, to prove that companies are getting their money's worth. According to a study by Datamonitor, nearly two-thirds of the call centers surveyed couldn't measure the impact of their recent CRM investments. If that is the status quo, it's easy to see why getting executive approval to commit to new initiatives often presents difficulties.

CATScan™ quantifies the real impact of changes you're planning and changes you make and then expresses them in well-understood financial terms that compel action. For example, CATScan™ will identify:

- The actual total cost of ownership that you can expect, not what the vendor tells you.
- The financial impact that implementing new technology will have on key business drivers.
- The additional impact on other company resources.

CATScan™ can tell you exactly what your return will be from implementing a new ACD, upgrading workstations, or expanding your CRM solution. Once changes are implemented, the actual impact of your effort and investment can be measured, leaving no doubt as to the impact of your investment.

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***CATScan™ helps make the right outsourcing decision***

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CATScan™ is a powerful tool for helping contact centers determine if and when outsourcing options will be beneficial *before* making a commitment to outsource anything. CATScan™ provides a baseline of current activities, costs, and performance against which outsourcing options and proposals can be evaluated. If an outsourcing decision is made, CATScan™ can provide an unbiased mechanism to monitor, measure and analyze actual results against predicted performance. Using CATScan™ you can:

- Evaluate exact costs and performance in an “apples-to-apples” comparison.
- Evaluate the impact of downsizing decisions *before* restructuring your staff.
- Perform unlimited “what-if” scenarios to evaluate different combinations of internal and external workforce structures and outsourcing options.
- Determine what your outsourcing service should really cost, and why.

CATScan™ provides clients and outsourcing providers with a powerful partnering tool that can deliver unbiased cost analysis of actual efforts, options and alternatives. It’s the foundation for a strong, successful and enduring relationship.

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***CATScan™ models continuous process improvement***

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Managing your contact center to perform at increasingly higher levels of quality and efficiency within increasingly tight budget constraints requires a continuous effort to improve and refine all aspects of the organization. These include not only cost management but also technology investments, service levels, services mix, staffing, training, workflow and distribution.

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The Contact Center CATScan™ provides a comprehensive *economic* model of your contact center operations, with insightful analysis on how current activity is aligned with key corporate objectives and business drivers.

- When you know exactly where your costs are too high, you can reduce them and reallocate budget to fund improvements.
- When you know exactly where to find savings by improving the process, you can make the changes with confidence.
- With the CATScan™, it's not uncommon to find immediate savings of 15% to 20% or more and to identify opportunities for dramatic performance improvements.

CATScan™ is the only service that applies the proven principles of ABC to identify exactly where contact center costs are too high, where and how to improve performance, and what your ROI will be.

Perhaps the most valuable aspect of the CATScan™ is the way in which it compels action. Often the most difficult part of an improvement effort is getting the necessary support and approvals to move forward. The manner in which the CATScan™ data is gathered, input, organized and utilized creates uncontestable conclusions for the course(s) of action that will most quickly lead to desired goals, and presents them in the language that executives understand and care about.

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## ***About Tyche Consulting Group***

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*Tyche* (pronounced Tee-chee) is the daughter of Zeus and the Greek Goddess of Fortune and Prosperity. Often she was portrayed as the rudder of destiny. At Tyche Consulting we believe that the fortune of organizations is not a matter of chance. Doing the right things well makes the difference between consistently great performance and disappointing results. Prosperity follows naturally.

We are committed to helping our clients steer the right course for them. We are focused on your prosperity— that is our course.

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### ***Customer Care Consultants***

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Tyche is a customer care consultancy focused on maximizing customer loyalty and enterprise value by achieving optimum performance in the Contact Center. We work with executives at some of the best Contact Centers in the world to implement our Total Performance Management approach across their sales, customer service and product support organizations. Tyche offers a full range of customer care services and solutions, from visioning and business strategy development to solution architecture, implementation and performance measurement. We can provide a single point of control and accountability for projects and programs that span the full spectrum of Contact Center operations.

With Total Performance Management you can:

- Create a Sustainable Customer-centric Business Strategy
- Achieve Long-term Sales Growth and Profitability
- Optimize Your Customer Service Operations
- Provide Value-added Product Support
- Make the Contact Center Your Best Competitive Weapon

Tyche consultants are hand-picked, seasoned professionals who have dedicated themselves to solving the toughest Customer Care problems for our clients. Most have

been successful Contact Center experts for a decade or longer, and all are among the best in the industry. The Total Performance Management framework provides a common infrastructure that harnesses the power of this expert community and provides shared strategies, tools and techniques that enable client companies to achieve improvements in customer service effectiveness and efficiency.

### ***Our Clients***

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Tyche Consulting Group helps the best customer contact centers in the world realize the full value of their customer relationships and manage customer contact into a competitive advantage. A partial listing of Tyche clients includes:

Banco Nacional de Mexico	Saudi Aramco
Idaho National Laboratory	University of New Mexico
Florida Power & Light	IBM Global Services
Colorado Springs Utilities	JP Morgan Chase & Co.
Total System Services, Inc.	Intergraph Corporation
The American Cancer Society	Deluxe Video Services
Texas Instruments	Maricopa County Community
Oklahoma State University	College System
SITA	K-mart
The Help Desk Institute	Allen Bradley
BioRad Laboratories	Chevron
LaFarge Canada	Stop & Shop
BJC Healthcare	Avaya