Escaping the doom loop in contact center operations

Customer service at retail banks often resembles an arcade game called Whac-A-Mole, where players use a mallet to pound a mole popping up from different holes. Banks launch initiatives to eliminate the 50% to 70% of call volumes that typically are bad or avoidable—those generated by errors or that should go to lower-cost or higher-service channels—only to find that the total call demand stubbornly remains high. Take out call demands *here* and watch new call demands pop up *there*.

Unlike the arcade game, this dynamic at banks is not fun. It creates a doom loop where an imbalance between workload and capacity triggers futile management interventions, degrades the customer experience and burns out frontline employees.

Swinging more mallets—by adding initiatives and project teams—can be expensive and usually doesn't work, because by the time the mallet comes down, the target has changed.

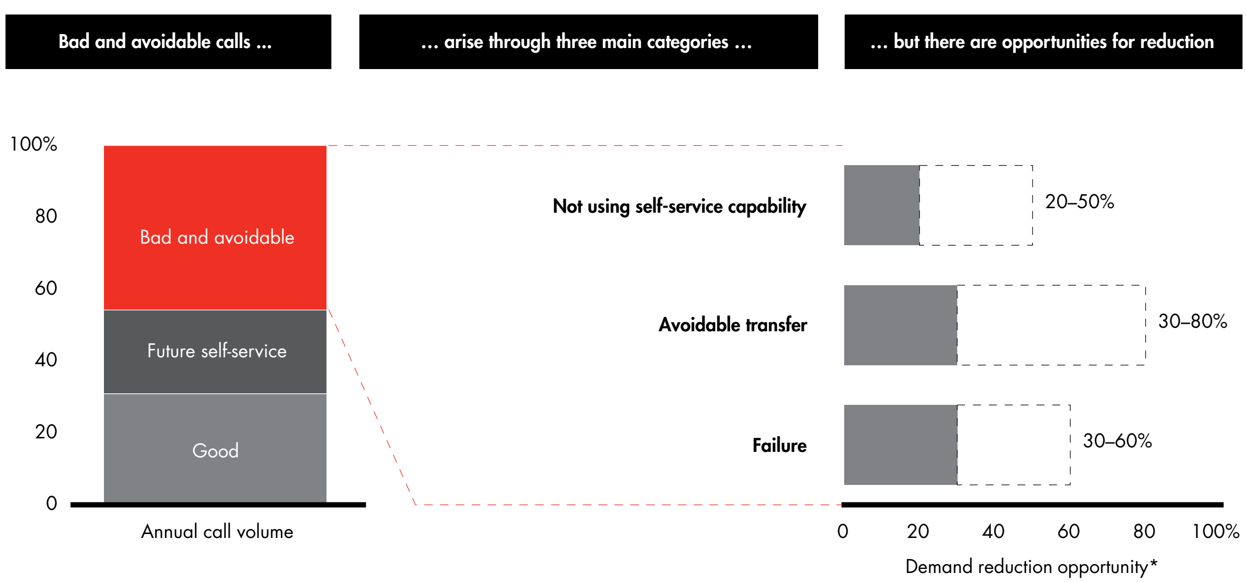
Leading banks have taken a more effective approach that has produced sustainable reductions of 20% to 40% of total demand within two years, worth $20 million per year on a $100 million annual cost base (*see Figure 1*). Effective demand management can be achieved through four actions.

Build a capacity plan that includes a realistic demand forecast

Companies often overestimate the speed with which they can reduce call volumes, leading to an imbalance between incoming demand and the capacity to serve demand. When this occurs, companies may need to add staff temporarily, usually for months, not weeks.

When one organization overestimated volume reductions, its contact center consistently ran at more than 90% of agents' time talking to customers or in wrap-up. That

Figure 1: Reducing bad and avoidable call volume cuts costs and improves the customer experience



*Calls may fall into more than one category, and in one case, there was a 28% overlap
Notes: This is an illustrative example; "avoidable transfer" means that an agent should have had the skills to resolve an issue, but, instead, transferred the call, creating more work; "failure" means lack of resolution resulting in repeat contact
Source: Bain & Company

resulted in high absenteeism and attrition, extra call time from agents extending calls and after-call time, as agents gave themselves a break. The company invested in more contact center staff—10% more over six months—which allowed it to contain the situation. And within four months, it had reduced the headcount to less than what it was originally.

A few quick wins can build momentum to free up capacity. One Canadian bank's fraud contact center, for instance, stopped requiring written affidavits for most fraud incidents and, with a couple of technical changes, made it easier for customers to authenticate their cards in the interactive voice response system, rather than with an agent.

Learn what spurs demand, and build an ongoing demand management function

For customer service operations, the shape of demand changes from week to week, sometimes dramatically. Installing a centralized hub of demand intelligence can reduce the time required to change policies, product design and agent training, in response to the latest demand trends. In most cases and with minimal added expense, banks can redeploy resources that currently spend time on low-value activities for call-quality checking.

Engage frontline employees in the transformation

Once you identify the categories of bad and avoidable call volumes, you can address the most costly or troublesome categories first. Daily and weekly feedback from customers, linked to the agents who served them and to the demand management hub, will surface insights about a problem and its root causes.

An Asian retail bank's initial transformation effort mostly focused on changing the schedule of when it would introduce new self-service capabilities. But a subsequent analysis showed that more than 50% of the bank's customer calls resulted from a previous service failure or were serviceable through *existing* self-service channels. The bank changed its focus to equipping the front line with more effective conversations with customers about self-service. Within three months, the migration to self-service was well under way, and agents felt more accountable for the success of the transformation.

Change what you measure

Managing demand includes changing what you measure, so the organization can refocus on improving the customer experience—which leads to fewer calls from unhappy customers. For example, using the Net Promoter Score^{SM}, a leading metric for customer loyalty, can replace measuring call quality. And "first-call-right" metrics can replace the obsession with average handle time. A bank could still monitor its average handle time to spot areas where agents need coaching, but overemphasizing this metric often results in fewer first-time resolutions and poor customer experience, which costs a bank more over the long run.

Taking these four actions will require concerted effort by cross-functional teams, but the results surely will be more rewarding than another round of Whac-A-Mole.

By Michael Woodbury and Corrie Carrigan

Key contacts in Bain's Financial Services practice:

Michael Woodbury in Melbourne *(michael.woodbury@bain.com)*
Corrie Carrigan in Chicago *(corrie.carrigan@bain.com)*

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