

Case Study:
Saved More than \$50 Million and
Improved Issue Resolution by 14
Points by Aligning Internal and
Outsourced Contact Centers
Large U.S. Telecommunications Provider



About The Client

A leading telecommunications provider in the U.S., this COPC Inc. client leads a vendor management organization (VMO) with internal and outsourced customer contact operations. The client's centers handle customer service, technical support and sales, employing 30,000+ call center agents and 2,000 managers. The organization operates more than 80 centers throughout the world, working 24x7 with consumer and business clients.

Challenge

Executives were concerned the company was losing control of its customer experience due to a rapid expansion of their contact centers. The company was engaged with more than 20 vendors in 80 sites, plus 14 internal sites that operated autonomously. With this many sites and vendors, the company experienced different business cultures which created inconsistencies in the delivery and management of customer service. Plus, both internal and outsourced sites were being managed to different performance criteria. Since the company relied so heavily on outsourced customer call centers, overall performance improvement could not be attained. The company turned to COPC Inc. to realign their vendor management approach to streamline and strengthen the delivery of overall customer service.

Improvements

- Decreased variation in performance results between internal and outsourced sites within 12 months
- Increased issue resolution from 66% to early 80% at both internal and outsourced sites
- Improved top two box customer satisfaction (CSAT) performance by 17.5 percent-age points, a 30% improvement
- Reduced bottom box DSAT performance at outsourced contact centers by 50% within 12 months

Discovery

COPC Inc. began with a baseline assessment of the company's internal and outsourced contact centers. COPC Inc. also conducted a complete review of the company's vendor contracts, pricing and performance management practices and all support roles involved with vendor performance.

The assessment was based on the COPC Customer Experience (CX) Standards, a collection of performance management systems for the contact center industry.

COPC Inc. identified the following weaknesses:

- **Inconsistent Management** - Vendor managers had varied skills, with no established parameters to ensure consistent management across sites.
- **Contract Alignment** - Key elements were missing from vendor contracts such as minimum skills for agents, minimum criteria required to allow agents to begin taking calls, performance targets and actions expected when performance did not meet expectations.
- **Inconsistent Site Treatment** - There was no alignment of internal sites to the same expectations outlined for outsourced sites. Site managers reported to separate VPs and were directed to manage based on disparate requirements. In addition, no Service Level Agreements (SLAs) had been outlined for the internal sites.
- **Managing Key Performance Indicators (KPIs)** - The organization lacked KPIs and required actions. Internal sites were receiving far more focus than outsourced sites and many sites had not completed critical training.

Action & Deployment Plan

COPC Inc. determined that achieving consistency in critical work areas was the highest priority for the company's vendor management team. This required a multi-pronged approach that aligned performance of internal and outsourced sites.

- **High Performance Management Techniques (HPMT) Training** - To better equip all contact center managers with fundamental performance techniques, COPC Inc. delivered eight training modules to 3,200 frontline managers. From this training, clear and consistent standards for site performance and vendor management were established.
- **Site Management Training** - A complete curriculum was developed to train vendor and site managers on the new management standards, including SLA compliance assessments, process auditing, expectations of time on site, and performance correction expectations.

- **Operational Consistency Team** - An internal team was established to train, empower and drive compliance to the new performance and management standards. All sites were reviewed by this team and a corrective action process was developed to address systemic-level issues.
- **Site Management Advisory Board** – COPC Inc. created a process that allowed vendor and site managers to address emerging common issues and share best practices. A monthly newsletter was developed to communicate all decisions and updates to the entire vendor and site manager population.
- **Role Clarification** - Using RASIC (Responsible, Accountable, Support, Inform, Consult), the COPC Inc. team put procedures in place to ensure each site was compliant with the improvement processes, including the ability to analyze and improve quality and CSAT. Clarity was provided for vendor/site management roles related to support activities such as workforce management (WFM) and performance management training.

Benefits — Aligning Performance

By focusing resources on better managing their outsourced contact centers, the client achieved tremendous gains in aligning the performance of vended sites to internal sites. The most important area of alignment was issue resolution. Within 12 months, both internal and sourced sites had improved issue resolution by 14 points, which directly increased overall customer satisfaction.

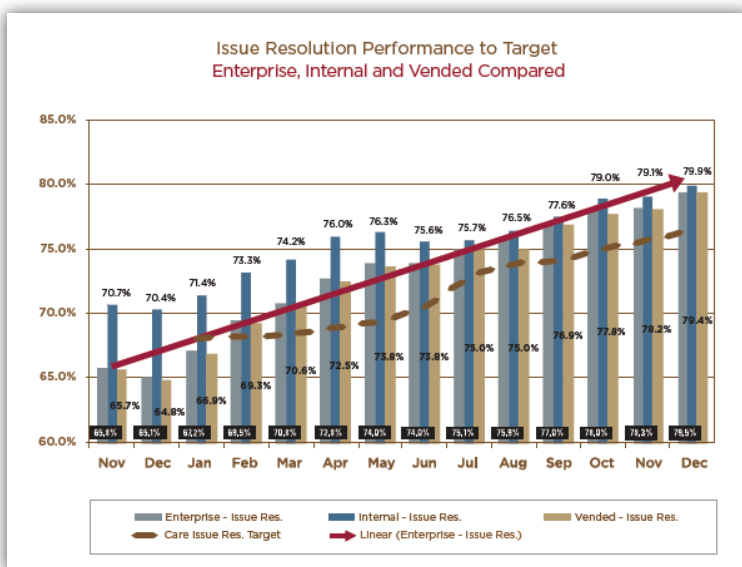


Figure 1

- By implementing vendor management strategies recommended by COPC Inc., the client's vendor managers decreased performance variation between internal and outsourced contact centers.
- As Figure 1 shows, outsourced centers started at a 66% issue resolution rate, while internal centers were at 71%. One year later, both internal and outsourced centers were at nearly an 80% issue resolution rate.

Showing the Benefit of Accepting Change

The client made great strides to better align the performance of their internal and outsourced sites and improve overall issue resolution. However, not all the vendor managers were rigorously applying the necessary training and management changes to achieve improved performance. To demonstrate the impact of this lack of support, COPC Inc. provided analysis showing the performance difference between fully and marginally participating vendor managers.

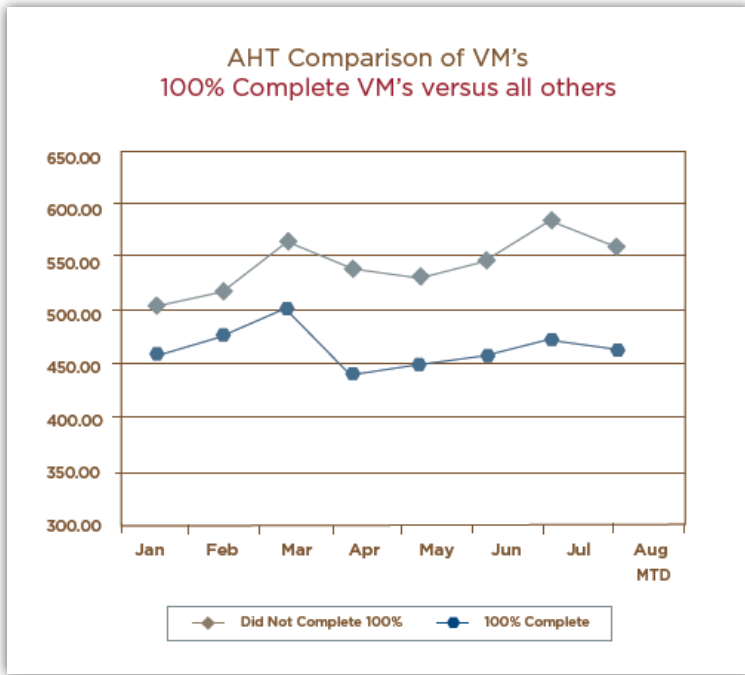


Figure 2

- The chart in Figure 2 shows almost a 100 point difference in Average Handle Time (AHT) between the vendor manager sites that were fully engaged in implementing the new performance standards as compared to those vendor managers who were not completely engaged in this process.

	Apr	May	June	July	Aug MTD	
100% Compliant VM's IR Performance (5 Sites)	76.43%	76.50%	76.83%	76.88%	78.18%	
All other VM's IR Performance: (18 Sites)	72.70%	74.29%	74.59%	75.20%	76.21%	
Quantitative Analysis:						Bottom-line:
# of non resolved calls Non-compliant VM sites brought to compliant VM levels:	234,675	139,500	141,075	105,525	123,525	+744,300 Calls Not Resolved resulting in call back/ dissatisfaction
Cost of call back: 100% call back assumed:	\$1.056k	\$627k	\$635k	\$475k	\$556k	\$3.35 Million Cost of handling non resolved calls
Cost of AHT: 18 Sites AHT higher than 100% Compliant	18% Higher AHT	16%	16%	19%	17%	\$24.4 Million 50.8 Million Additional Minutes (@.48 Minute)

Figure 3

- COPC Inc. calculated the cost of non-compliance as shown in Figure 3. This included 744,300 non-resolved calls, costing \$3.35 million in call backs, and \$24.4 million in higher AHT.
- Following this presentation, the work of vendor managers was tracked and monitored for four months. Adherence to these new management requirements achieved 100% compliance within one month, and a marked increase in contact center performance was demonstrated within the four-month timeline.

About COPC Inc.

COPC Inc. provides consulting, training, certification, benchmarking and research for operations that support the customer experience. The company created the COPC Standards, a collection of performance management systems for customer experience operations, customer experience management, vendor management and procurement. Founded in 1996, COPC Inc. began by helping call centers improve their performance. Today, the company is an innovative global leader that empowers organizations to optimize operations for the delivery of a superior service journey. COPC Inc. is headquartered in Winter Park, FL, U.S. and with operations in Europe, Middle East, Africa, Asia Pacific, Latin America, India and Japan. www.copc.com.

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