Inbound Business-to-Consumer

A Study in High-end Retail Sales & Service

Managing Multiple Metrics to Achieve Optimal Balance Between Call Center Productivity, Customer Experience and ROI

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This case study illustrates an inbound business-to-consumer program for a client in the retail industry where our team was responsible for handling calls for merchandise sales, order inquiries and customer service questions. We began our relationship with this high-end retailer of men's and women's clothing in October 2008 as one of two outsourced service providers providing inbound sales and customer care. In addition to outsourcing a portion of their inbound volume, they operate an in-house call center. In order to grow our portion of this business, we needed to not only beat out the incumbent vendor, but also prove that as an outsourcer we could compete on all levels with their in-house facility.

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The company was very concerned about quality and maintaining a high level of customer service from their vendor providers. Their brand integrity was key to their success and they were unwilling to compromise that for any reason. However, they were not entirely happy with the incumbent vendor and were looking to maximize efficiency with their inbound calling programs. They felt they could boost ROI on their spend for outsourced customer care, provided overall quality was not jeopardized in any way.

Program Overview

Success Rated on Multiple Metrics

Calls came to us from a variety of sources: catalog promotions, web orders that required additional telephone support, and calls from their brick and mortar stores when an item that was not in stock there had to be ordered via the call center and then shipped to the customer. In addition to maintaining a high level of customer service, our goal for every telephone interaction was to sell additional items that would be appropriate given what the customer was ordering—up-selling on the telephone was key. The client also wanted us to promote the store-branded credit card to the caller as a way to pay for the transaction. The client had determined that over time, store-branded credit card shoppers spent more and were more loyal to the brand.

The client evaluated the success of the program first and foremost in terms of customer satisfaction, and implemented their own proprietary method of evaluating call quality in order to measure the overall customer experience (IQA). Additional metrics tracked included the average handle time (AHT), percentage of the customers converted to the store-branded credit card (CCC), average dollar sale of the transaction (ADS), and how well the call centers were able to ramp staff up and down to handle the seasonality of their sales (SCH).

The client came to us because they were unhappy with the performance of their current vendor on a number of key metrics. They also knew of Tom Cardella's uncompromising approach to quality first hand, having worked with Tom at Access

Implementation Tactics
Training, Tracking, Focus

The Client's benchmark metric for success was the overall customer experience and therefore customer satisfaction ratings were critical. In addition, like most businesses today, they wanted to keep their costs in line by reducing the average handle time, but were not willing to sacrifice quality to achieve it. When we started the program, their target average handle time (AHT) was between 7 and 7 ½ minutes. Our mean AHT after the first month of calling was 7:21, beating the incumbent as well as the in-house center.

Within six months, we had demonstrated that an AHT goal of 6:30 was entirely possible without compromising quality, and had taken over all the outsourced volume, knocking the incumbent vendor out of the mix entirely. We also showed an ability to compete at an equal or better level with the company's in-house service center across all other KPI metrics. During the initial six-month time frame, we were ramped up to a consistent level of 20 FTEs—successfully boosting that number to as high as 40 FTEs as seasonality/promotional schedules required—without compromising the high level of customer satisfaction required by this client.

The key to successfully lowering the AHT while maintaining quality was training, coaching and an ongoing commitment to continual process improvement. Initial program training emphasized the need to maintain a sharp focus on the call at all times, and use any "down" time to discuss other items that could be of interest to the caller. Agents became adept at using lags in conversation to up-sell additional merchandise or introduce the store-branded credit card as a payment option. Agents were able to share their strategies for maintaining this sharp focus daily during their pre-shift meetings and floor managers were able to use them as coaching tools with other teams. Part of an Agent's compensation is linked directly to performance, so daily awareness of goals and opportunity areas is crucial for individual success. While there is definitely an atmosphere of friendly competition, Agents are closely aligned as a team and believe in helping each other so the team can succeed as a whole.

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Another key factor contributing to the success of the program is the enthusiasm and dedication of the frontline inbound team. In order to fully brand the team with the client, a specific area of the call center floor was designated for them, including a space for mannequins dressed in the client's most seasonal or hottest items. This allowed the team to see the clothes, witness the workmanship and fabric quality, which they could then communicate to the customer.

Space was also allocated to set up a “Mock Store” so that employees—particularly during training sessions—could spend time with the product and at times even try on the clothing. Team members were not hired as “sales agents” but as “personal shoppers” with the goal of completely outfitting the customer at the other end of the telephone. In addition, all members of the inbound service team are entitled to a substantial discount on the client’s clothing, which further connects them to the product.

By enabling the team to fully identify with the company brand, we delivered a satisfying customer experience. Through training and resource allocation, we were able to communicate our own enthusiasm and passion for the client’s brand, helping to cement brand loyalty in the minds of their customers—and netting us all of the client’s outsourced call volume .

Seamless Extension

Flexible Technology, Daily Analysis Keys to Success

Technology played an important role as it allowed our team to be perceived as a seamless extension of our client’s in-house service center; their customer would have no indication that they were calling an outsourced service center as opposed to their in-house facility. Specifically, when the call needed to be transferred into another department at the client’s location, the warm transfer included any relevant customer history, minimizing inconvenience to the customer.

Any negative trending needed to be reversed quickly and dealt with prior to the next calling shift.

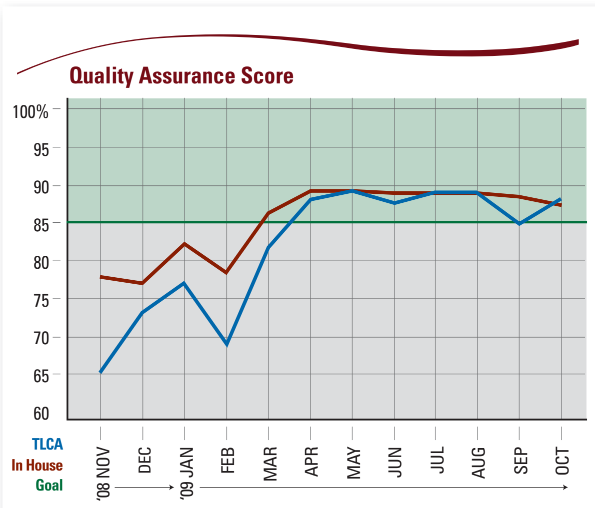
In addition, because so many program metrics needed to be tracked on a daily basis (it would not make sense to work on lowering AHT if quality suffered or if the average dollar sale or credit card conversion rate fell significantly below goal) internal reporting needed to be modified so that these critical KPIs could be monitored near real-time. Any negative trending needed to be reversed quickly and dealt with prior to the next calling shift. Having this critical data at hand in such a timely manner allowed for clearer communication between trainers, quality assurance reps, floor managers and team mentors so that all Agents could be made aware of an issue and corrective action could be implemented. In addition to our KPI results, our technology was one of the reasons we were able to beat out the competing vendor; the client felt our technology was more flexible and state-of-the-art than the incumbent’s.

The ongoing training and coaching has allowed our team to surpass the 6-minute AHT goal and reset the new goal between 5 and 5 ½ minutes. For the last seven months, we have consistently beat the in-house contact center on AHT while maintaining the quality score at or above goal with strong results for average dollar sale and credit card conversions, all while meeting the challenge of staffing a program with seasonal fluctuations.

Program Results

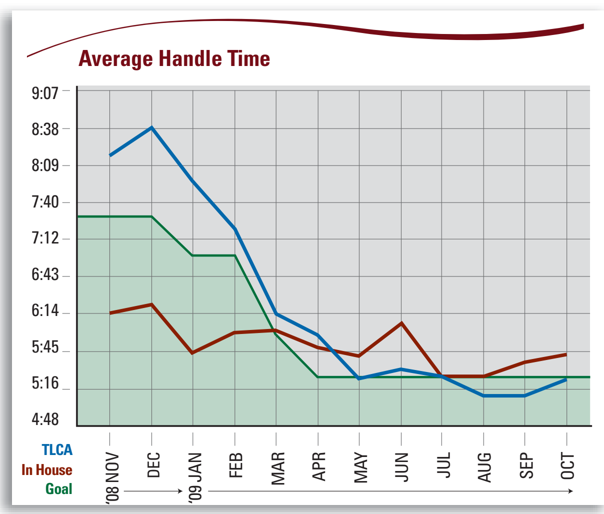
Overall Customer Experience

The quality of this program was evaluated according to the same procedure as any other program at Thomas L. Cardella & Associates in terms of call monitoring, but the only score that mattered was the grade determined by the client. They measured program quality according to their own criteria and assigned a grade to represent the overall customer experience. They utilized real-time blind monitoring and had access to every digitally recorded call, which was posted on an FTP site for easy download. Calls could be selected by type or by specific Agent handling the call. While the quality score was provided to us by the client, all the other results were tabulated through the ACD and other reporting systems in place for this program. The chart to the left shows the actual quality scores (IQA) received by the client since the program began. During the first few months of calling, our quality scores were below goal, but through a daily commitment to pinpoint and coach specific opportunity areas—Agent by Agent—we were able to bring that score up to goal, and have exceeded it ever since, showing we can provide the same quality as the in-house center.



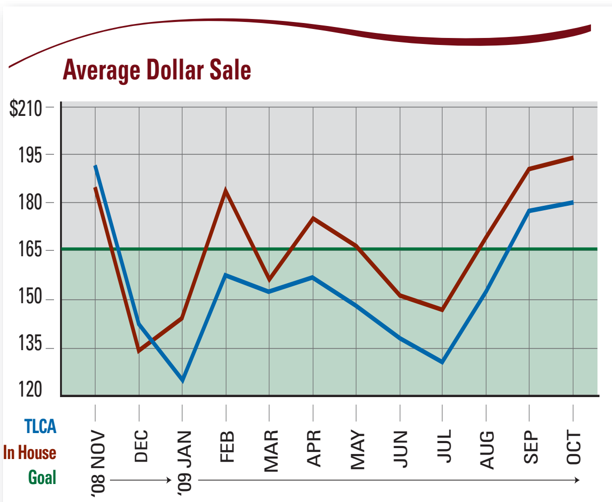
Average Handle Time

As stated, the client was looking to reduce their average handle time (AHT) as a way to improve productivity and boost the ROI on their outsourcing costs. For example, when AHT is 7.5 minutes, eight calls are being handled for every hour paid to the vendor. The goal for the average dollar value of every call is $165, which translates into an average, per-hour client revenue amount of $1320. When AHT is reduced to 5 minutes, twelve calls per hour are now being handled delivering an average, per-hour client revenue amount of $1980. Not only is the client getting a 50% better return on their outsourced investment when AHT is reduced, but they are also boosting revenue-per-hour by the same percentage. Because we were able to achieve this goal without compromising the quality of the customer experience, we delivered a significant improvement in ROI to the client. The chart above shows the actual data for AHT trending since we began the program.



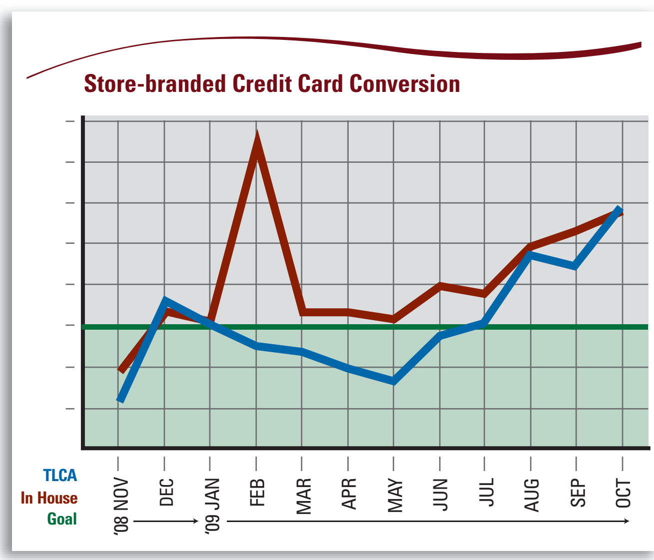
Two Key Revenue Metrics

Two key success metrics in terms of revenue to the client were average dollar sale (ADS) and store-branded credit card conversion (CCC) rates. We understood that while we could deliver a quality customer experience and boost the client's ROI by reducing AHT, if we were not able to sell the product and create long-term customer value, we would not be successful in the long term. We realized we had some challenges in this area, particularly given the economic climate of the last twelve months. In addition, ADS results were slightly skewed in favor of the in-house center because some of the largest sales—wedding-related apparel and bridal registries—were routed to that center automatically.



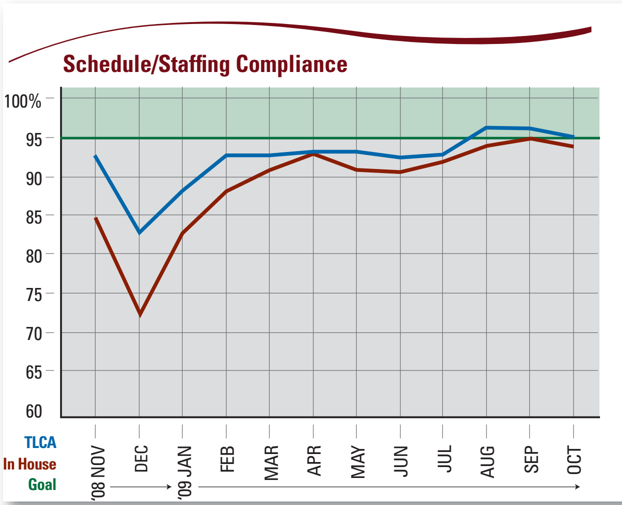
In spite of the results being slightly skewed, the graph on the left shows that the TLCA team was never very far behind the in-house center in terms of ADS. The team never lost focus on the need to up-sell. Because they had access to the product, were able to buy items at a discount, and took incredible pride in being part of this client's brand, their enthusiasm for this particular clothing line was genuine. Training included a great deal of specific product knowledge so Agents were able to truly function as personal shoppers to the callers. They could convey with conviction the quality of the merchandise and recommend coordinating items with confidence as to color and fit.

The ability of the Agent to engage the caller in a satisfying overall experience was critical to converting them to the use of the private-label credit card, which translated into higher revenues for the client and increased brand loyalty. The client estimates that cardholders spend 30% more than non-cardholders each year. Last year it was estimated that cardholders spent $600 more than non-cardholders so this metric can have significant impact on the client's future revenues.



Staffing Requirements

The final key metric we had to manage was the ability to manage the ups and downs of program staffing requirements (SCH). In addition to the seasonality of the client's industry, staffing adjustments were required following heavy promotions. Staffing to the compliant level was critical because if callers were unable to get through to place orders in a timely manner they would undoubtedly shop elsewhere. Not only would the client experience the loss of revenue for that sale, but there is truly no way of knowing the value of the lost opportunity in terms of future sales, customer loyalty and brand integrity. The client would not want to risk the perception in the marketplace that trying to order from them over the phone was difficult, time consuming or inconvenient. The chart on the left shows trending toward above-goal compliance since August and within 5% of goal since March. Our performance closely matches the in-house data here, although it clearly shows that our team has a better compliance record, beating the in-house results since we came on board.



Final Analysis
Productivity without Sacrifice

The enthusiasm of the inbound service team, the technology deployed, and the solid history of performance both in terms of quality and AHT were factors directly affecting the high customer satisfaction ratings our team received, and had the added benefit of demonstrating to the client that they could reduce their cost per call without sacrifice to the overall customer experience.

In addition, our team demonstrated the ability to deliver better ROI for the client's outsourced investment while performing near or above goal for the other key success metrics for this program (ones that could significantly impact client revenue) average dollar sale, credit card conversion and staffing compliance. Thus, their ROI was higher with TLC & Associates than the previous vendor, which resulted in our selection as sole outsourced partner. The last outsourced vendor we displaced had been a long-term partner, operating on a virtual call center model. Their pricing was very competitive, yet we could demonstrate higher ROI to the client with a lower cost per call.

The chart below compares the incumbent's results for September and October 2008 with our results for September and October 2009, demonstrating that we are exceeding their results significantly. While the increase in revenue to the client can be clearly measured (Calls Per Hour multiplied by Average Dollar Sale and adding a value for the Credit Card Conversion metric), it is hard to quantify the total impact the incumbent's below-goal results for Quality and Schedule Compliance would have had in terms of lost opportunity to the client.

	Time Frame	Quality	Average Handle Time	Calls Per Hour	Average Dollar Sale	Credit Card Conversions	Schedule Compliance
Incumbent Vendor	Sep - '08	67%	9:29	6.33	$157	1.86%	78%
	Oct - '08	69%	8:09	7.36	$157	2.53%	78%
TLCA	Sep - '09	84%	5:45	10.43	$176	4.37%	96%
	Oct - '09	88%	5:56	10.11	$180	5.85%	85%

Post Script

This program continues to operate today and trending for the TLCA team over the last few months has shown improvement in all areas. We are in the process of ramping up for the holiday season, typically one of this client's busiest times. We believe that we can only improve in our ability to consistently deliver the best return possible for this client's outsourced contact center investment as we continue this program in the months ahead.

		Quality Scores			Schedule Compliance			Average Handle Time			Average Dollar Sale			Credit Card Conversion		
		TLCA	In House	Goal	TLCA	In House	Goal	TLCA	In House	Goal	TLCA	In House	Goal	TLCA	In House	Goal
2009	September	84%	88%	85%	95.84%	94.61%	95%	5:45	6:20	5:30	$175.35	$188.70	$165	4.37%	5.42%	3%
	October	88%	87%	85%	94.77%	93.46%	95%	5:56	6:25	5:30	$180.15	$194.12	$165	5.85%	5.77%	3%

Trending over the last two months has shown that all program KPIs are at goal (or nearly), some exceeding goal and in a few instances are beating the in-house result.

We have recently received a Silver MVP for the success of the inbound sales and service program highlighted in this case study. Every year, ***Customer Interactions Soutions*** magazine recognizes companies that have exemplified the highest commitment to quality, excellence and customer service. This is the second recognition for quality the company has received since 2007.

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