CALL CENTER ANALYTICS & REVENUE YIELD: *THE MISSING LINK*

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The Value Add of Call Centers

Nearly every firm is looking for ways to exploit their organization's latent capacity to affect revenue and other operating metrics, however, we find companies seldom consider their call-centers a ripe opportunity for revenue growth.

Customer service is often an under-analyzed and under-reported area for many types of performance improvement projects, and the majority of customer service activity usually takes place in call-centers. That being said, we often find that organizations miss revenue saving opportunities simply because they do not have good data to lead the process of analyzing call center activity.

In many industries, customers who either complain, change their service, or quit altogether, almost always go through a call-center representative before taking that action. That means there is a built-in safety net for customer activity; one that can be measured in order to improve both customer retention and revenue.

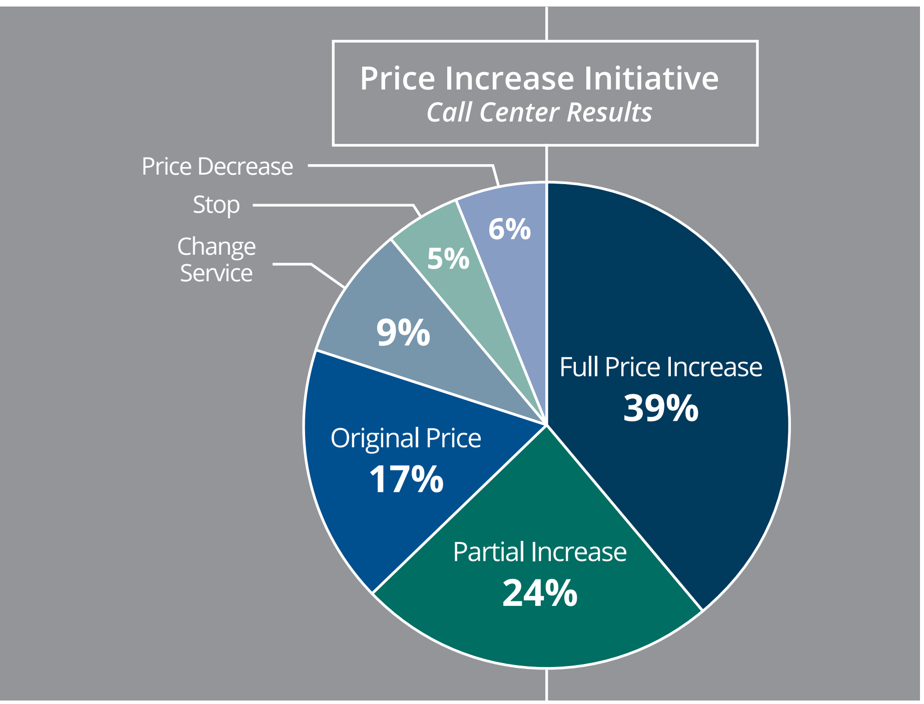
In fact, after one large U.S. cable operator turned to us for a customer service representative (CSR) performance assessment, the improved efficiency and call-level analytics resulted in an incremental revenue gain of $1.3 million per month.

By linking call-center analytics to the current initiatives as well as overall business data, we are able to leverage three main benefits:

1. ***Contextualize current projects, initiatives & behavior***
2. ***Understand the factors that drive CSR performance***
3. ***Improve customer relationship strategies***

Contextualize Current Projects, Initiatives & Behavior

For many clients who rely on dynamic pricing (or any type of pricing), the call-ins (such as complaints or questions) and how they are handled is paramount to success.



In the example here, we summarize the overall resulting action for customers who called-in about a price increase levied on their regular subscription service. Notice that 39% of subscribers who called-in about their price increase actually ended up paying the entire increase.

That is not a poor number by any means, but it shows us there is opportunity for dollars to be saved on the phone. Many times, organizations already receive some sort of high-level snapshot of how their call-centers are performing. We will discuss here different ways to look at these analytics, and how these frequently missed perspectives can be the missing link to better understanding performance.

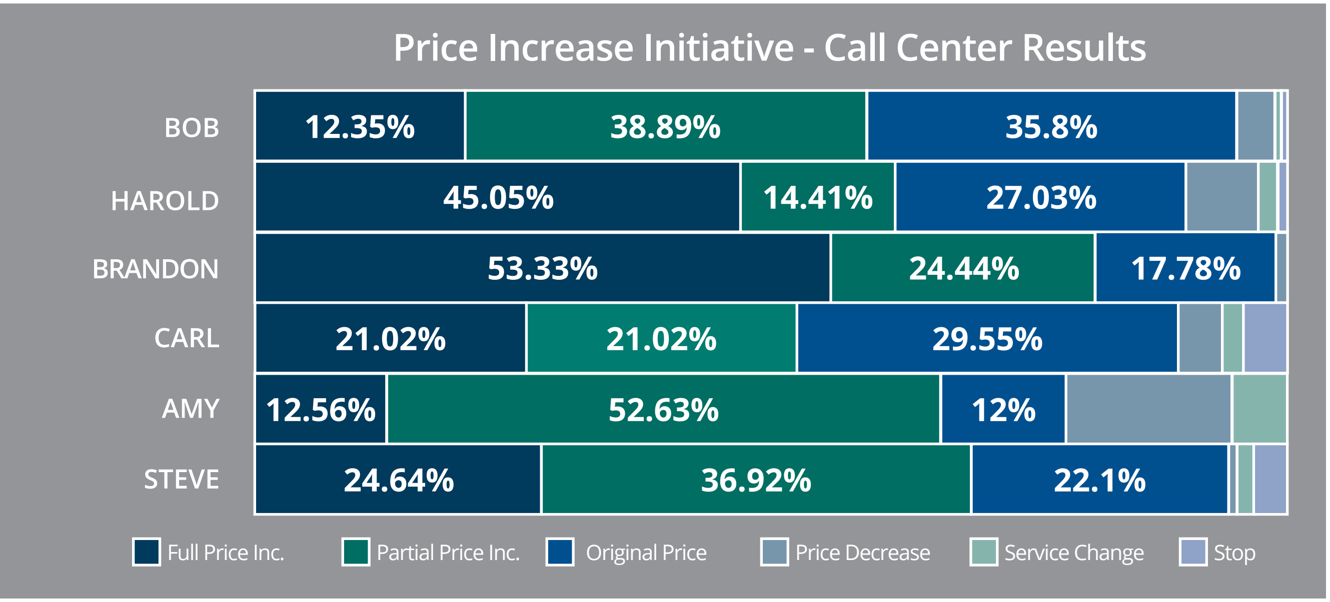
Understanding the Factors that Drive CSR Performance

From the example above, if we were to divide all inbound calls by the representative who handled them, we can control for results based on the different representatives' call efficiency. Including incentive items such as gift or rewards cards are also important to account for in this analysis.

At first, it looks like Brandon surpasses Harold in retaining efforts based on their stop numbers, but a deeper look shows that Brandon relied heavily on gift card incentives (costs) and transferring customers to a manager.

CSR	Stops	Reverts	Gift Cards	Transfers
Brandon	3%	2%	23%	16%
Amy	5%	2%	16%	12%
Carl	6%	4%	31%	11%
Harold	12%	11%	8%	7%

These figures can be further quantified, as various price levels come into the mix during a pricing initiative. In the chart below, Amy's calls only resulted in about 10.5% of customers sticking at their full price increase, while Carl kept 21% at their given price. We glean here that Amy does not perform as well as Carl in keeping customers at their full price increase. Perhaps she is reverting to a lower price offering sooner during her conversations with the customer than other CSRs.



Inversely, Amy does a better job of keeping more subscribers above their current price; about 20% more of her calls result in at least a partial price increase. After assigning revenue to this observation, she may be making more money from the combination of "Full Price Increases" and "Partial Price Increases". To know if that's the case, we need to understand the magnitude of these changes. The Net-to-Gross Ratio offers an adjustment for magnitude of price manipulation by each CSR.

NET-TO-GROSS RATIO (PRICE INCREASE)

CSR	Active Only	Active & Stops	Active, Stops & Gift Cards
Bob	23.7%	-1.4%	-2.1%
Harold	11%	-15.7%	-16%
Brandon	74.5%	24.4%	22.8%
Carl	44.5%	38.5%	31.1%
Amy	63.5%	63.5%	59.5%
Steve	43.9%	36%	34.5%

The Net-to-Gross Ratio portrays how much of a customer's original price increase was realized after the customer called in to the call center. By comparing the same CSR-level data and further breaking it out below, we gain insight on each CSR's Net-to-Gross Ratio. For example, a $1 increase that was lowered to $0.30 would amount to a 30% net-to-gross. If the price remained at $1, the ratio would be 100%.

The Net-to-Gross Ratios vary significantly. We break this down into three groups:

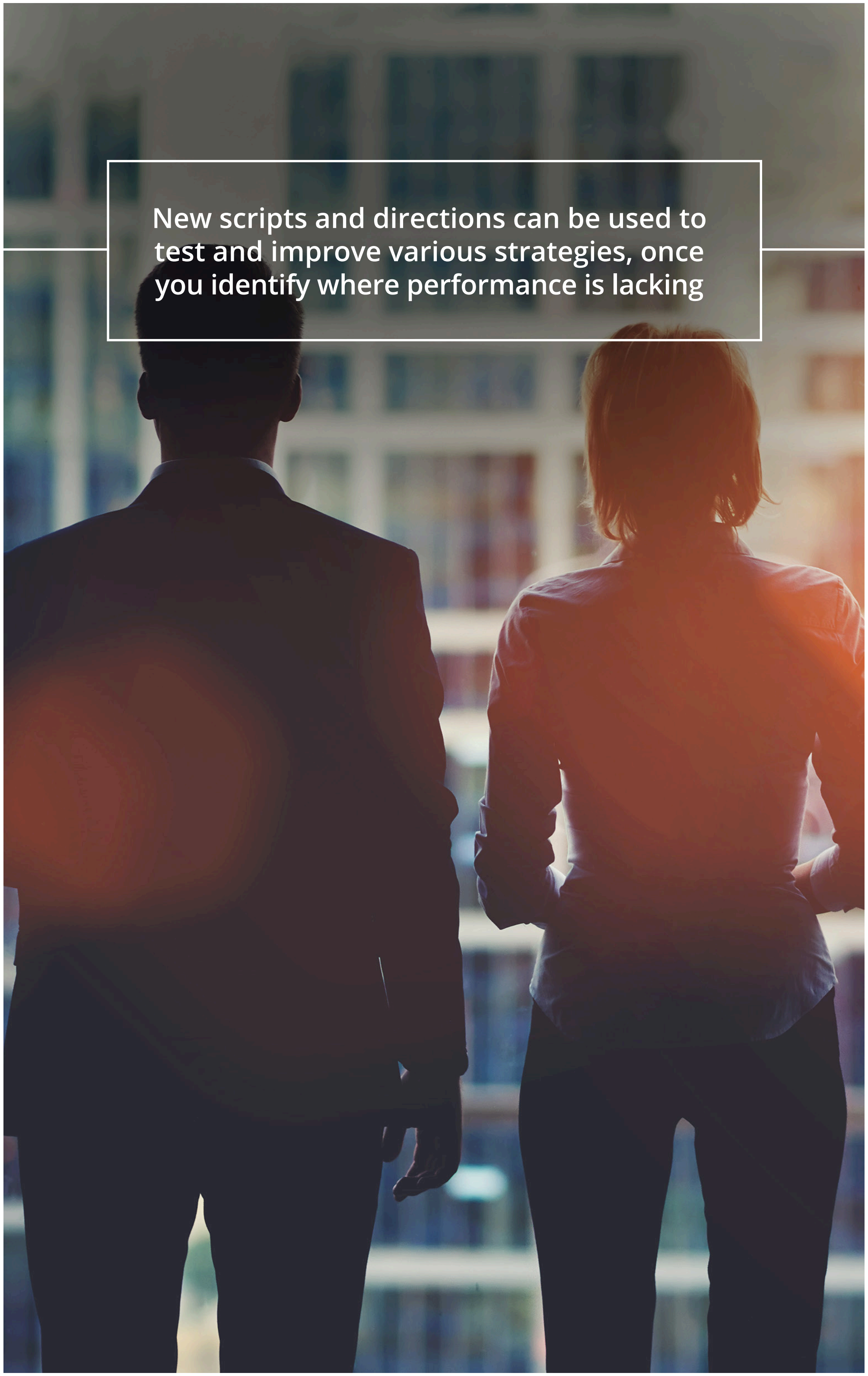
1. ***Active Only:*** *Net-to-Gross Ratio for only customers who remained active (a stop, or 0% net does not factor in)*
2. ***Active & Stops:*** *Net-to-Gross Ratio for all customers - both those who remained active & those who stopped service (a stop, or 0% net increase does factor in)*
3. ***Active, Stops, & Gift Cards:*** *Net-to-Gross Ratio for all customers - both those who remained active & those who stopped service; factoring in gift/reward card incentives (a stop factors in as 0%, and gift cards factor in as a cost, or a negative (-) net increase)*

Using this data, we can see how many calls resulted in stops, the magnitude of price reverts, and which CSR excelled at keeping customers at their increased price level.

As suspected, Amy is in the top 50% of representatives at keeping subscribers as close to their gross increase as possible. All three ratios are in her favor.

Brandon does a good job of keeping customers close to their full increase (74.5% Net-to-Gross), but his tendency to be stricter in price reductions resulted in more customer stops (24.4% when including stops).

Assessing individual characteristics of each CSR helps organizations understand the effects of different customer management approaches. This allows organizations to spearheaded training programs for CSR's to improve their metrics, helping them to unlock potential performance incentives—meaning everybody wins.



Improving Customer Relationship Strategy

Using these methods, we also work with clients to test and establish new, more profitable call-center strategies. Once we can identify where performance is lacking, new scripts and directions can be used to test and improve various strategies.

Frequently, strategy improvements include:

1. ***Fewer unnecessary price reductions***
2. ***More profitable product/service conversions***
3. ***Balancing stop saves versus revenue saves***
4. ***Delighting your best customers***
5. ***Up-sell & cross-sell opportunities***

The following is an example of a strategy matrix that we develop alongside our clients. In this case, breaking calls down by call type and customer score (CLV) gives the representative a clear understanding of what to do in each situation.

PRICE INCREASE INITIATIVE - CALL CENTER RESULTS

CLV	Steps	Call to Stop	Complaints	Questions/Other	Outbound Calls
High-Value Customers	**1** **2** **3**	Reminder of included benefits Offer up-sell or conversion discount Optimal Reduction Offer	Gift Card up to $20 Rewards Card	Cross-sell/up-sell packages at 10% discount	Surprise & Delight Calls (upward CLV movers included)
	1 **2** **3**	Reminder of included benefits Offer up-sell or conversion discount Optimal Reduction Offer	Gift Card up to $10 Rewards Card	Cross-sell/up-sell packages at 5% discount	Surprise & Delight Calls (upward CLV movers included)
	1 **2** **3**	Reminder of included benefits Offer up-sell or conversion discount Optimal Reduction Offer	Whichever is cheaper	Cross-sell/up-sell packages	Downward CLV-movers up-sell
Low-Value Customers	**1** **2** **3**	Reminder of included benefits Offer up-sell or conversion discount Optimal Reduction Offer	Not Eligible for Incentive	Cross-sell/up-sell packages	Downward CLV-movers* up-sell

**Movers = someone who drastically changes CLV groups*

Many of these strategies can be empowered with Customer Lifetime Value. To better understand this matrix, **read about CLV** and how it can revolutionize your customer relationships.

Summary

Through studying and reporting these performance metrics, along with the initiatives and programs devised through them, we are able to better manage the sales and retention process through analytics. By understanding the entire customer journey, including interactions with customer service agents, organizations can improve retention and even create new avenues for up-selling and cross-selling.

Whether it is a change in global strategy or the implementation of a small internal innovation, the call-center is something that should never be left without proper attention. The impacts are easy to underestimate, despite the fact that many organizations rely on the call center for a large portion of their customer revenue. After developing a better understanding the opportunities available, improvements can often be made rather easily. It just helps to know where to look.