Burn Your Contact Center Budget

That's right, burn your contact center budget. Print it out. Hold it over a waste basket (preferably empty). Put a match to it. And make sure to let it go soon enough. Oh, and hurry up and delete the file it came from before the sprinklers let loose.

Starting from scratch

What was that all about? Simple. Getting back to ground zero. Starting with a blank piece of paper. Stepping back and starting over again. Getting a fresh perspective. Whatever. Just not tweaking your current budget, which is most likely cost-driven.

So now what?

Well, let's take a revolutionary budget approach called "starting at the beginning." What's the purpose of a contact center? Answering customer questions. Resolving customer issues. Accepting customer orders. Even proactively selling goods and services to customers. A varied lot—but there's one constant, c-u-s-t-o-m-e-r-s. That's the beginning. Contact centers either add value to customers or customers subtract value from the company. But can you quantify either the addition or the subtraction? Not specifically or verifiably. Which is why contact center budget creators start at what should be the end of the budgeting process with concrete numbers—costs.

Reversing the budgeting process

How the hell can they determine appropriate cost levels without knowing the value contact centers deliver, or lose. They can't. Which is why companies like Sprint treat their contact centers as cost centers and cut costs at all costs. Then lose big time as customers defect.

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Caught between a rock and a hard place? You could say that. But you have an option. You can project potential added value and value lost by invoking what we call the "rule of reasonableness." We use it all the time, not just in the contact center but for projecting overall CRM outcomes and other numbers immune to statistical discovery.

Here's how it works. Start by defining what you do (or could) know: number of calls; breakdown by purpose; breakdown by calling segment; principle outcome possibilities. Then sort of define what you sort of know: customer LTV; customer turnover rate (as opposed to churn rate, which includes non-preventable loss); opportunity cost of not achieving higher share of wallet. Now incorporate all these variables into an equation for determining the financial impact of contact center operations, both good and bad.

But what about the gaps in the formula where you lack necessary data?

The rule of reasonableness

Here's where you invoke the rule of reasonableness. Use your intuition. What would be a reasonable percentage chance a customer will switch suppliers if X occurs at the contact center (and remember, you've already quantified X). For example, what's a reasonable percentage chance you'd cancel your Sprint contract to go with another carrier after the contact center refused to credit a questionable invoice item? Or what are the odds you'd stay but not renew? Then do the same for the impact of call center issues on customer share, viral marketing (fancy way to say badmouthing), etc.

Hey, this may sound more than a little loosey, goosey, but consider the alternative. Total ignorance. At least this way, you're using all the data you have, which allows you to roughly approximate changes in customer value triggered by specific contact center actions, which in turn allows you set a reasonable investment level for your contact center. A helluva lot better than cost-based budgeting that doesn't take customer outcomes into account.

Try it. You just might like it.