

WHITE PAPER

# How Much Is An Agent's Minute Worth?

Best Practices for Call Center Optimization



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## Executive Summary

The loss in productivity of a few minutes per agent every month can translate into significant revenue losses for even a medium-sized call center. Increasing staffing levels might improve the raw metrics for results, but that only masks the problem. If your operation cannot maximize Right-Party-Contact (“RPC”) rates, revenues are affected not only during the current month but all the way through to charge-off. In the same way, a lack of operational efficiency leads to the limited utilization of dialer resources that also results in lower revenues. However, organizations can maximize agent productivity by supporting best practices with software solutions for contact-targeting analytics and improved operational efficiency.

In today’s economy, “good” is no longer “good enough.” Organizations need to achieve increasingly higher levels of efficiency and productivity to remain competitive. This is especially true for today’s call centers.

By its very nature, a call center faces significant challenges in terms of agent utilization. Call centers have to staff for peak periods during the early morning and evenings – and then try to keep their agents busy in the “valley” between peaks by finding accounts that are contactable during the day.

Agent downtime can also be the result of other factors:

- Dialer speed and effectiveness.
- Campaign changes during the day which create delays of seconds or even minutes before new campaigns are displayed for agents.
- Problems with hit-rates that generate a spike in idle time.
- Agents talking to a single contact longer than expected, affecting the predictive environment of other agents.

## Using Micro-Metrics to Calculate Loss

For many organizations, agent downtime is simply a part of the cost of doing business. But how fast does this cost add up?

By evaluating metrics at the micro-level we can better understand the true cost of agent downtime. In the example shown below, we assume a loss of only two minutes per agent every day. A loss that small is almost undetectable in even the most highly organized and well run call centers.

Agent Count	Cost per Hr	X	Monthly Downtime	=	Lost Opportunity	Annually
50 FTE	\$750		15 min		\$9,375	\$112,500
100 FTE	\$750		30 min		\$37,500	\$450,000
150 FTE	\$750		60 min		\$112,500	\$1,350,000

However, two minutes a day over 30 days adds up to an hour every month per Full-Time Equivalent (“FTE”), as described in the chart above. If we consider a call center with 150 FTEs, the hourly cost is \$750, based on a probable collection rate of \$5 on the average per FTE every hour.

That amounts to over \$112,000 in lost opportunity every month or \$1.35 million per year – all from two minutes of downtime per agent per day.

## Best Practices for Analytics and Operations

To increase agent utilization, organizations can take a strategic approach by supporting best practices with software solutions for contact-targeting analytics and improved operational efficiency.

### Analytics

Most organizations have or can generate large amounts of data on accounts, payment and call history. Best practices for analytics can leverage this data to:

- Develop target metrics that directly affect the bottom line, such as Promises-To-Pay, sales and dollars-at-risk.
- Augment and enhance analytic decisions based on past experience and internal modeling.

In general, the right analytic solution develops custom models that accurately predict the probabilities of getting an RPC during each hour of each day. Other analytic models can calculate the probability of obtaining a promise from each RPC. By using data contained in the calling list along with call result history, the analytic solution can build models that are highly predictive, even if an account has never before entered collections.

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The chart below provides a simplified model of how analytic tools are capable of improving RPCs. Five accounts are assigned minimum payments based on outstanding balances. Each account is assumed to have the same level of delinquency.

Acct	Min Pay	Probability of Success					Balance	Prioritized	Optimized
		TP1	TP2	TP3	TP4	TP5	Return per account	Return per account	Return per account
5216	\$195	65%	20%	55%	35%	5%	\$68.25	\$107.25	\$126.75
4927	\$159	70%	10%	80%	5%	35%	\$55.65	\$111.30	\$127.20
5139	\$321	50%	45%	45%	65%	45%	\$160.50	\$144.45	\$208.65
4241	\$226	20%	70%	50%	10%	75%	\$113.00	\$158.20	\$158.20
5058	\$275	40%	65%	10%	75%	95%	\$178.75	\$206.25	\$261.25
Estimated Return							\$576.15	\$727.45	\$882.05
Estimated Success							2.35	3.15	3.75

At the far left, the “Minimum Pay” column shows the amount we can fully collect or sell to each account. Based on analytics, we can determine the likelihood of a RPC that leads to either a Promise-To-Pay or sales acceptance. In the “Sort by Balance” column, the accounts are sorted based on their individual balances – so account number three is first, five is second, and so forth. For the purposes of our example, we are assuming that the dialer is only sorting calls by balance and is unaware of the “Probability of Success” percentages shown to the left. “Sort by Balance” shows a total Estimated Return of \$576.15 for all five accounts. We can also calculate Estimated Success in terms of an RPC. So for Account 5216, we divide \$68.25 by \$195 to get .35. This means that if the Probability of Success equals 1, then for every 5 calls, the probability of an RPC will be .35. Using this method, we can arrive at an “Estimated Success” for all five accounts as .35 + .35 + .5 + .5 + .65 = 2.35.

The “Prioritized” column shows the advantages of using basic analytics. The five accounts are now ranked according to the Probability of Success percentages. This strategy increases the total estimated return to \$727.45 and the total Estimated Success of an RPC to 3.15. This level of success is typical for most analytic tools.

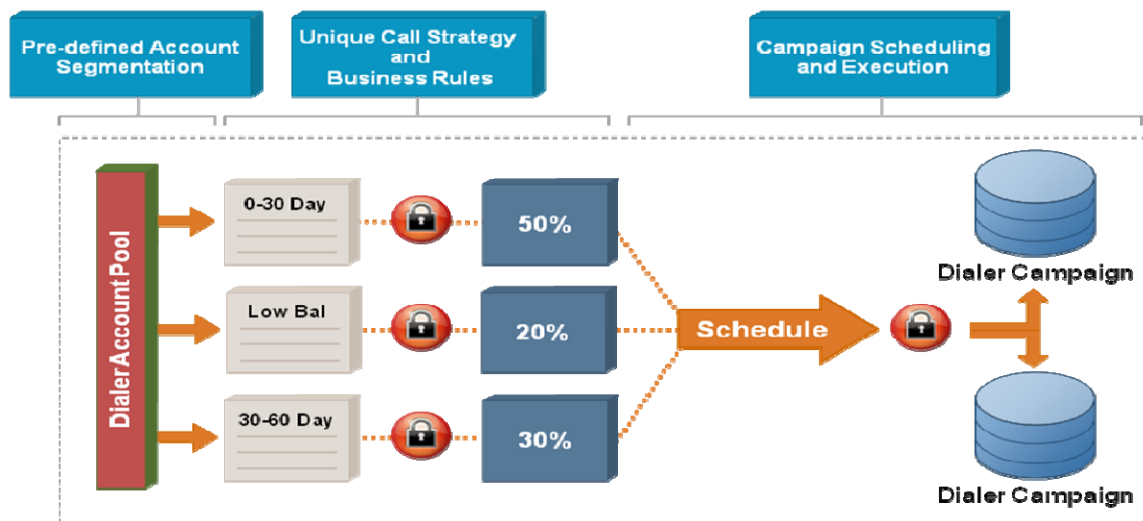
The third column is true optimization, available with ALI Solutions. This method uses analytics to calculate the best success based on a combination of account and time period for all five accounts during the day. With optimization, the probability of success for one time period or for one account might be reduced by 5% in order to increase the Probability of Success in another period or account by 20% – resulting in a net gain of 15%. The availability of agent resources at any given time is also considered. With optimization, our Estimated Return total has grown to \$882.05. The Estimated Success is now .65 + .80 + .65 + .70 + .95 = 3.75.

## Operations

Best practices for operational efficiency can work with contact-targeting analytics to optimize agent utilization and increase revenues. Effective software solutions can help organizations:

- Automate production workflow while transparently managing change in real-time.
- Create advanced recall / phone strategy independently by segment using non-traditional and call history data.

The example below illustrates the call flow that organizations typically develop in a call center environment. The dialer account pool is divided into smaller segments, each with different phone strategies, recall strategies and compliance rules. Decisions are made according to these different strategies and rules, but campaigns are executed independently. That is to say, the dialer cannot apply four different phone strategies to the same campaign.

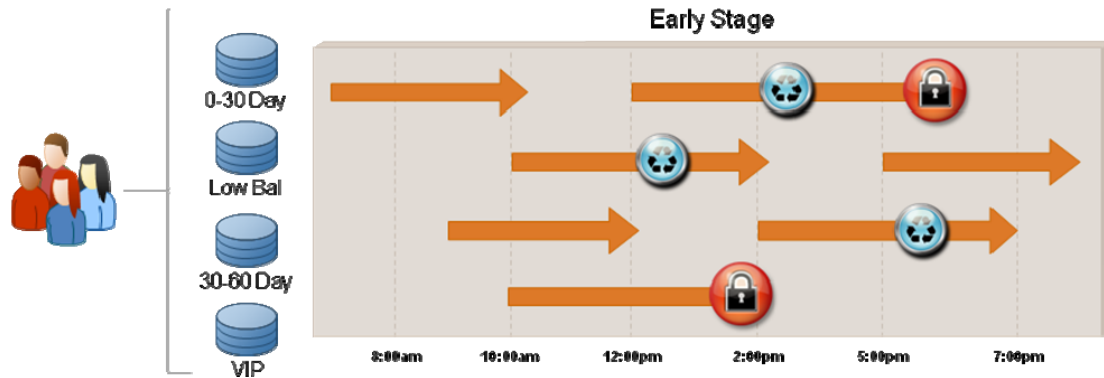


The right optimization solutions can overcome these limitations. For example, locking mechanisms can be created for 0-to-30 day accounts after two passes, for low balance accounts after one pass, and for 30-to-60 day accounts after four passes. In each segment the treatment is different, so the relative penetration can be accurately measured and different segments can be targeted accordingly. In addition, this targeting can be accomplished through scheduling that is pre-defined and pre-configured automatically, with no administrative effort required.

Furthermore, the optimized targeting and scheduling can be accomplished in a single campaign that is distributed automatically to one or more dialers with one or more agent populations. With this degree of automation, agent downtime is significantly reduced since an administrator is not required to manually switch campaigns during the day.

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Below we see how operational efficiency can be enhanced throughout the day with automated scheduling for each segment. In this example, we have added a VIP segment.



When agents arrive in the morning they login to the same campaign with predefined schedules based on different segments. The 0-to-30 day segment is scheduled to begin first, followed by the others. Most segments continue to receive calls, but the 0-to-30 day segment is locked after 6:30pm, and the VIP accounts are locked after one pass.

This scheduling can be changed in real-time, but it can also be pre-defined so resources can be scheduled ahead of time, helping to reduce over- or understaffing.

## Call Center Optimization with ALI Solutions

ALI Solutions is the recognized leader in providing tightly integrated products to increase agent utilization and enhance call center performance.

CallTech™ predicts Right-Party-Contacts and improves the rate of Promises-To-Pay. The solution develops unique, customer-driven analytic models, with no pooled data sources. As a result, organizations can optimize agent resources for enhanced collections.

With OnQ™, call centers can automate outbound calling campaigns while adding power and flexibility to their existing dialing systems. Administrative time can be refocused to develop new strategies. Organizations can also leverage multi-skilled agents with a single campaign while managing recall, phone and compliance strategy on an individual basis.

## About ALI Solutions

A leading provider of contact center solutions and the leading brand providing best-in-class analytics applications to the collections market. ALI's solutions empower business users to maximize agent productivity and optimize customer contacts through advanced contact analytics, automated decisioning and dynamic campaign management. Since 1992, many of the world's most successful companies throughout North America and the Asia Pacific region have chosen ALI because its solutions enable them to proactively communicate with their customers more effectively, thereby improving business performance and enhancing their customer relationships.

For more information, contact ALI Solutions at 512-328-8215 or visit [www.ALISolutions.com](http://www.ALISolutions.com).