

Here We Go Again

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We've now completed our study of the call center. We did it because we wanted to learn about the trend that has executives looking to generate revenue from this part of the business that has traditionally been focused on servicing customers. I believe several long-term trends are currently at work in call centers and they are adding up to significant shifts in what this part of the business does and how it is viewed by others in the enterprise.

First of all, there is the issue of the recent economic ramp up -- a corporate return to concerns about generating revenue rather than cutting costs. The long "nuclear" winter we went through at the beginning of the decade is showing strong signs of a thaw and consequently the buzz and focus have changed from cost avoidance to revenue generation -- we've gone from playing defense to offense.

Then there is technology. During the cold spell, companies got surprisingly good at delivering service without service agents through automated e-mail, knowledgebases, Web sites and other advanced technologies. As a result, the service function became adept at providing answers and solving common problems without customers needing to resort to the telephone.

There has also been influence in the form of legislation. No call lists and the like have made it more difficult for call centers to act as initiators of calls and many of us have noticed a return to dinner time without calls from tele-marketers. In fact, in our survey only 0.9 percent of those responding said their call centers were dedicated to initiating calls exclusively. The other categories -- inbound only and combined in- and out-bound -- split fairly evenly.

What it Means

This trifecta has had some interesting results. First, it's harder for an enterprise to generate revenue from outbound calling than ever. Second, the advances in service technology also reduce the overall number of calls to the service center and help to ensure that the calls that do come in are not simply about mundane, easy-to-fix user problems. Today, if a customer calls in after exhausting alternate service channels, there is a reasonable likelihood that the problem is significant. Not only is it significant but its resolution might very well require some additional product or service and -- voila! -- the cross-sell or up-sell opportunity is born.

Of course it's not all that cut and dried. Estimates I have seen indicate that only about 30 percent of service calls proceed along this path. Plenty of people still reach for the phone as a first instinct, but the numbers are changing and savvy call center operators want to be ready to capture early profits as this trend continues to evolve, which brings us to the research.

We asked executives with call center oversight responsibilities how they were preparing for the sales opportunities these trends appear to be generating. Our definition of oversight responsibilities included call center executives but it also included people with "chief" in their titles because ultimately their purviews are pretty broad. What we discovered was that most of these people had not given much thought to the issue yet -- a clear sign of an early market. Most said that dealing with the issue of revenue generation in the call center could be handled by providing sales training to the call center agents. This is where a red light should start flashing on the executive dashboard.

Why the Red Light?

We also gave these executives the opportunity to cite other factors that influence sales success such as sales methodology, sales management and coaching, and incentivizing the agents, but few bit. This was significant and interesting in light of the reliance most companies place on these same issues for their outside sales personnel.

As I reviewed the data I was struck by how this early market resembled the early days of CRM. One of their points in common was what my team had shown to be minimal self-diagnosis before implementation. According to earlier CRM surveys that I led, only 49 percent of CRM early adopters conducted baseline studies to determine their needs. Instead, they plunged ahead with projects and often found they needed to rework their systems once they were deployed to account for "new" developments; consequently, many projects ran long and over budget. This reality was only one cause, but it contributed greatly to the lack of ROI and the frustration many organizations experienced with CRM in its early stages.

Déjà Vu All Over Again

Maybe Yogi was right. Maybe it is simply human nature to sail off without a compass. I don't know. Perhaps the most interesting finding of the research was that veterans -- people who say they have already been through a successful transition that adds a revenue generating dimension to their call centers -- attach roughly equal importance to multiple aspects of converting their service centers into service centers that generate some revenue due to cross-selling and up-selling. No doubt some of these organizations, like their CRM forebearers, learned the hard way about the importance of identifying all their needs ahead of beginning an implementation.

So there it is. The mantra for CRM over the last several years has been some version of people, process, and technology. And as much as one might think the message is old and should be retired, this survey provides good reasons to continue repeating it. Often.

About the Author



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Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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About Beagle Research Group

Beagle Research Group is a consulting and market research organization focused on emerging companies and technologies that will have an important impact on the way business is conducted in the years ahead. Our work is based on professional standards of quantitative and qualitative research which informs all of our publications.

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