



# CUSTOMER REACH®

VOLUME 5, ISSUE 6

JUNE 2009

ISSN 1718-892X

## Charitable Giving a Contrarian Approach

John Cockerill, President

As we all survive this recession with decreased revenues, margins and sales the same issues are affecting charities. Only for charities the problem is more pronounced and insidious. Examples of this from across the continent;

“Desert Samaritans for the Elderly, Palm Desert: 20 percent decrease in funds raised at the organization's annual “Good Samaritan of the Year Gala” that took place in November.”

“Salvation Army Dick and Beverly Davis Center, Cathedral City: 10 percent estimated decrease from last year in donations.”

“Guide Dogs of the Desert, Whitewater and Palm Springs: 20 percent employee layoff this year.”

“AIDS Niagara has seen less dollars coming in since 2007, most notably when comparing figures from its major fundraiser. A walk, which raised \$35,000 before 2007, now is lucky to raise \$15,000”

Fundraisers and executive directors know the math of recency frequency and monetary value (RFM); and of the principals of Pareto’s Rule, the 80/20 rule. The rule that predicts that 80 percent of your profits come from 20 percent of the donors. Since these rules of thumb are so well known they blind and bind fundraising behaviour during downturns.

Fundraisers in order to maintain the net revenue and to maximize the donations per dollar spent focus on their largest, most recent donors; and only approach their mid rank donor as and where the fundraising budget permits. This can and is often a grave error for smaller and mid-size charities.

For example a charity did a survey to see where they ranked in their donors mind. A share of mind and wallet study. The hypothesis was that this would confirm the two rules and associated approach described above. Therefore it would justify the continued use and focus on the big and frequent donors.

The survey asked donors to rank their charities from most supported to least supported. They were asked that if in a recession would they stop giving, cut back, or otherwise change their behaviour. The results showed that the majority of donors would continue to give but that the overall amount would drop. And that they would reduce the number of charities they would support. So that instead of giving to 5 to 10 charities they would give to 2 or three. The total amount is reduced but the giving continued as part of their social commitment.

Consider the implications of this finding. A donor who supported 10 charities with a total giving of \$20,000 might reduce the total to \$10,000 or even \$5000; and concentrate those monies to their top 1 to 3 charities. Now this finding is fine if your charity is one of the 1 to 3 and is top of mind for the donor. For the study sponsor this was dire. The ranking of the charities showed that they were ranked in the bottom third by most of top volume and frequent donors. As the recession deepens and people are forced to make hard choices of where to put their money this charity could foresee their top donors stopping donations at a much greater rate than had been previously thought possible. So the charity’s revenue would decline faster than the “average” charity and especially faster than the top and well known charities.

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Hidden in the data though was a gem of positive news. That was the surprising strength, size and number of donors who ranked the charity as number one in their minds. This group was in the hidden in the second and third quintiles of the recency, frequency, and value rankings. In other words the charities core donors, their bedrock supporters were not the large value, frequent donors but the smaller and stable believers who had modest means to whom the charity was either their only donation or at most one of two they gave in any period.

While this was not pleasant, especially for the Executive Director, and was unexpected, it did offer an opportunity to understand how and where the charity could focus and best use the resources they had.

It is interesting to note at this point that this revelation of the power of numbers in the donation field is proof and taken up to some length in the books *Fortune at the Bottom of the Pyramid*, *The: Eradicating Poverty Through Profits* by C.K. Prahalad and most recently in *Yes We Did* by Rahaf Harfoush. Both books talk about how to active much larger parts of the society and market than was previously thought possible and more importantly practical. The *Fortune at the Bottom of the Pyramid* discuss this in the context of package good, financial services and brand design. *Yes We Did* talks of the extraordinary amounts of money raised by the Obama campaign; and what tools and tactics were used.

What is key and demonstrated in both books is the level of engagement that is significantly different between the different classes of customers or donors; in the case of charities the supporters versus the high value donors.

The focus in customer service, marketing and charities for many years has been to dismiss or migrate supposedly marginal customers because the volume and or margin was below some point. This point was often done using the RFM or 80/20 rules applicable to their specific industry or sector.

Marketing and sales work tirelessly and often at great expense to attract new customers. Often marketing, sales and yes sometimes even fundraisers' compensation is tied to the number of new customers or donors per period. Once a customer has been secured they are dealt with some lower level of indifference, disdain and or dismissed as not having enough value to be a concern to the organization. Meanwhile frontline customer service staff, in commercial firms and fundraisers are told that 'every customer and donor is valuable'.

As is so often the case with rules of thumb, "A little knowledge is a dangerous thing". There are exceptions, baseless assumptions that only deep knowledge can help alleviate. While not every charity is the same it is more important than ever today to understand your unique mix of assets, donors, market mix, supporters and where you stand in their minds and wallets.

Let us know what you think of this article. Do you agree or have a different point of view share your perspective by sending us an email

at [info@thetaylorreachgroup.com](mailto:info@thetaylorreachgroup.com).

*A little learning is a dangerous thing;  
drink deep, or taste not the Pierian spring:  
there shallow draughts intoxicate the brain,  
and drinking largely sobers us again.  
Alexander Pope:*

## Site Selection for your centre

Colin Taylor, Chairman & CEO

Finding the near perfect place to put your new call centre can be a daunting task. It becomes far less onerous with a well thought out plan that embraces all the factors affecting your decision. Here's what to do.

The boss has just asked you to head up the search for a new location for your contact centre. You are flattered by the confidence that the boss has in you and are confident that you can accomplish this task, just as soon as you figure out what to do. The business of site selection has changed considerably in the past decade.

***"If salary cost was king we all would have off-shored our call centres long ago."***

Ten or 15 years ago we worried about moving our call centre off the subway line and today we worry about relocating the centre internationally. In both scenarios the key to finding the best location was tied to finding or keeping staff. In an intra-city move you are concerned with where you can locate and retain most of your staff. In a search to find a location outside the urban area the focus becomes where to situate a centre and have access to potential staff.

Of course the connection between labour and location is not and cannot be the only consideration, or if salary cost was king we all would have off-shored our call centres long ago. While labour and labour availability are critical considerations, they are not the



only ones. Other factors require attention.

At Watts we developed a centre location matrix that took into account 134 factors on a weighted score basis. It created a range of more than 500 basis points from the worst possible to the best possible scores. It is important that you develop your own matrix for evaluating and assessing potential locations.

Some factors surrounding staff or workforce encompass numerous issues. They span population, employment/unemployment levels, workforce participation, college, university, or military base presence. They all speak to potentially available labour which could be potential recruiting targets for the call centre.

### **Staff and saturation levels**

Assessing the number, type, function and staffing levels of existing call and contact centres can provide guidance related to the level of saturation that call/contact centres represent in the local workforce. It is important that we locate in a market where we can identify potential sources of employees and that there are enough prospective workers to support the centre. But we also need to look at how many of them are presently employed in call or contact centres.

In my opinion the lower the saturation the better, though you can no longer find places without contact centres, you can find locations that have low saturation levels. We recommend to our clients that markets with more than six percent of their workforce presently supporting call/contact centres will represent on-going recruiting and retention issues, while less than three percent tend to be stable and much easier to operate within. Given that labour is the single greatest expense in a call centre and the cost to recruit a single agent exceeds \$3,000, finding a stable and easily maintained environment is highly desirable.

Factors for general site consideration are listed in the accompanying table entitled 'Site Criteria.' Some of these suggested criteria are straight forward and others require some explanation.

### **Critical infrastructure**

Infrastructure is critical to call centre operations. We expect the call centre to operate regardless of external factors.

Of course, we can provision for business continuity through back up power, redundant telephony connectivity etc. But the single largest factor influencing operational survivability will be the location and its pre-disposition to floods, power outages, hurricanes, snow etc.

Of course, we must remember that some locations such as the Canadian Atlantic region may get a great deal of snow each winter season. They are used to this and have built buildings and infrastructure in expectation of these conditions. Businesses in the state of Virginia lose more work-days to snow than do businesses in Prince Edward Island.

Real estate in any considered location is also critical. If you have found a great market with no available real estate that is suitable, then your options become delaying the project in hopes that something suitable becomes available (unlikely in a small market) or to delay the project and build to suit. This is often a longer and more capital intense option, though it can have the lowest total cost of ownership/operation over a five to 10 year operating window.

The prevalent wages in the target market, associated level of education at that wage level, and prevalence of union activity are all valid considerations and ones you must assess and incorporate in building a budget.

### **U.S. site factors**

If you are considering a U.S. location, you will find some additional considerations: Right to work states ironically really reflect the opposite of the right to strike. Right to work states tend to be significantly more favourable to business than non-right to work states.

The second key factor can be one party versus two party states. This refers to the number of parties that need to be informed that a call is being monitored or recorded. Of course a two party consent state will require that the customers consent be secured; whereas in a one party state this is not required.

Incentives for job creation still exist though the salad days are over of governments handing out millions without any real basis for accountability or reconciliation. Today the available incentives are closely tied (where present) to long term employment and are generally available as tax credits in the U.S. and training grants within Canada. In both countries this is positioned as 'recoverable' meaning that the government can recover these dollars should the company fail to deliver the agreed employment levels.

### **Advisory organizations**

Finding a new call or contact centre facility or any back office function can be very challenging. That is why a number of organizations have come into existence to serve this market. They generally fall into two camps. One is real estate driven companies, often spun off from commercial real estate firms that see call and contact centres as desirable tenants for suitable



vacant space. The second type is consulting firms that approach this from a 'form and function' perspective. There are numerous excellent firms within each of these groups and your determination of which is better for you often comes down to the level of specialization and uniqueness your centre possesses. The more specialized in terms of staff, space requirements and the smaller the size the less interesting it will be to a real estate based firm.

Before you do anything to find a new location, assess what has worked well and what hasn't in your current location. Start to compile a wish list for your new location. Then you can begin either to contact potential jurisdictions you feel align well with your goals and objectives or interview an external firm that has the experience and capabilities to assist you in this endeavour. In my experience building, operating our own centres and assisting clients to source more than 40 centre locations I have employed all of the above approaches. No one approach is the best.

Your choice will be, as mine have been, based upon the specific goals, objectives, timelines and budgets of the project. So long as you do your homework you can succeed in creating a productive, efficient, and cost-effective location for your new call centre that will remain so for many years.

<b>Site Criteria</b>
Population local
Population 45 minute draw area
Workforce Local
Workforce 45 minute draw area
Unemployment %
Unemployed
Under-Employment %
Under-Employed
Participation Level
College/University
Military Base
Other Call Centres
# Type of Centres
Total Call Centre Seats
Call Centre Saturation
Proximity to airport
Available Real Estate
Estimated Operating Rent
Estimated Leasehold Improvements
Build to Suit' Options
Population Growth %
Average Income
Average house price
Level of Education (% of Pop)
Quality of Life
Public Transit
Infrastructure- Public
Infrastructure- Electricity
Infrastructure- Telecom
Severe Weather Occurrences



Available Incentives
Incentives
Right to Work State
History of Union activity
Starting Call Centre Wage
Median Wage Customer Service

Let us know what you think of this article. Do you agree or have a different point of view share your perspective by sending us an email at [info@thetaylorreachgroup.com](mailto:info@thetaylorreachgroup.com). 

## Career Opportunity

From time to time, TRG gets asked by clients to assist them in recruiting senior members of their call center and management team. Below is such a job posting. If you are interested or know someone who maybe interested in this role, please email a resume and salary expectations to [gsmith@vereduscorp.com](mailto:gsmith@vereduscorp.com)

Title: Director of Operations

Location: Alpharetta, GA

Terms: Permanent

### MINIMUM QUALIFICATIONS:

\*\*\*Must have extensive experience with front end bill generation and processing.

Related Bachelor's degree required

5 or more years of experience in increasingly responsible management position.

Experience in a high-volume transaction oriented environment.

Excellent oral and written communication skills.

Possess the ability to motivate and maintain effective working relationships with staff and partners.

Ability to rely on experience and judgment to plan and accomplish goals.

Ability to successfully work to reach company goals in an environment in which a wide degree of creativity and latitude is required of this position.

Responsible for overall management to achieve customer satisfaction. Must interpret policies, purposes, and goals of the organization for subordinates.

Responsible for subordinate employees' performance reviews

Ability to travel 30% of the time including international travel

### ESSENTIAL DUTIES / PRIMARY RESPONSIBILITIES:

Manages organization operations by directing and coordinating activities consistent with established goals, objectives, and policies.

Implements programs to ensure attainment of business plan for growth and profit.

Provides direction and structure for operating unit.

Implements improved processes and management methods to generate higher ROI and workflow optimization.

Develop and create strategies and policies aligned with organizational goals.

Provide mentoring and guidance to subordinates and other employees.



Please email your resume, experience, compensation requirements, to Gene Smith [gsmith@vereduscorp.com](mailto:gsmith@vereduscorp.com)

## Newsworthy

In this regular column we review the latest news, predictions and trends impacting on the Call Center / Customer Interaction Industry.

### **eBay closing Burnaby call centre; 700 jobs lost**

The local economy is taking a hit, as eBay says it will close its call centre in Burnaby. The company says 700 local jobs will be lost as the online marketplace consolidates its operations.

eBay says it will increase the number of workers at its Salt Lake City call centre--which has more than 900 customer service agents--and at other offices around the globe. eBay says the Burnaby call centre will close at the end of September.

News1130

### **Phone firm Vonage shutting Toronto call centre**

Internet phone company Vonage Holdings Corp. is shutting down its Toronto customer service centre, putting 194 people out of work as of July 30. The closing is part of a company-wide rationalization of call centres designed to cut costs. The Canadian operation, which opened in 2004, mainly handled calls from British customers, a spokesman said. Canadian customers will still be able to buy a full range of Vonage products and services and "Canada remains an important marketplace," he said. Vonage has about 2.6 million subscriber lines in the U.S., Britain and Canada.

**The Globe & Mail**

*Editors Note: With the closing of the eBay and Vonage centers by September 30, 2009 there will a number of talented and skilled contact center professions available. If you would be interested in looking at hiring some of these folks please send an email to Colin Taylor [ctaylor@thetaylorreachgroup.com](mailto:ctaylor@thetaylorreachgroup.com) and we will put you in touch with the appropriate contacts.*

### **Call-centre company Sitel says it's closing its Sudbury office affecting 350 jobs**

SUDBURY, Ont. — Call-centre company Sitel says it's closing its office in Sudbury, putting 350 people out of work.

Stephanie Leclair, vice president of operations for the Sudbury facility, says the decision was a difficult one but reflects changing business needs. Employees were notified this month of the office's permanent closure on Sept. 15. Andrew Kokes, a spokesman based at the company's headquarters in Nashville, wasn't aware if the employees would be receiving a severance package.

The 45,000-square-foot office opened in 2007 and had been called the "jewel in the crown" of call centres, outfitted with the latest technology.

The company hoped it would grow to employ from 800 to 1,000 staff, spread over several shifts. Sitel is a global company with operations in 27 countries, and 10 locations in Canada. Kokes says the Sudbury office is the only Canadian office designated for closure this year

**THE CANADIAN PRESS**



At TRG, we believe in happy endings.



# Ask the Experts

## *Distributed Call Centers*

**Question:** "I currently manage a Wireless Voice support team for a Telecom company. Under a recent re-org I will now also manage a Wireless Data support team as well. Both are call center environments. My challenge is the Voice team is in eastern US, and the Data team is in Central US. No possibility of consolidating in one state.

I'd like to cross train the two teams to create two regional teams proficient in both Data and Voice support. This includes using a centralized knowledge base tool, cross training forum, and issue tracking tool for statistical trending and analysis.

Any suggestions on "best practices", different approaches, and/or tools to help in my new charge? I'm open to almost anything except off the shelf products (budget constraints). All tool development would have to be in house.

B"

### **Expert Response:**

This is a big task you have before you. My thoughts are as follows;

- 1-First you will need to map the skills/competencies, required for both of these functions,
- 2-Then map the transactional processes that are completed by each group,
- 3-Map the education/knowledge required for each group,
- 4-Develop assessment and testing tools to identify proficiency of each group in each of the above areas,
- 5-Identify agent 'gaps' and develop up-training curriculum to bring the agents up to speed over a relevant period of time.
- 6-Test again to confirm the training has 'taken'
- 7-Start swapping calls.

A few other points to think about;

- 1-You will need to invest resource time to develop the systems (knowledgebase etc.), training and mapping. Remember to budget it appropriately over your year,
- 2- factor in the lost handling time for training/testing in your forecasts and schedules,
- 3- Remember that this type of cross-training or universality can reduce you overall labor expenses (through queue efficiency), but you won't see this for 60-90 days after you have completed the implementation.
- 4-Once you are directing calls to the 'non-native' centers you must continue to deliver these. Skills and training that is not kept current will atrophy and die...losing this capability to handle these calls.
- 5-The agents will expect additional compensation based upon additional skills. I would recommend that you assess not only the 'if they can do it' in the assessments but also the 'how well they can do it' and use an "Adequacy, Competency, Mastery' model to determine compensation or performance pay.Let us know what you think of this response. How would you have answered this question? Let us know at [feedback@thetaylorreachgroup.com](mailto:feedback@thetaylorreachgroup.com) 

## Case Study

*In this regular column we review the successes that TRG is part of. TRG Model Drives Service Level Improvement*

*TRG helped an established services organization dramatically improve their service through an integrated approach to service delivery.*

### **The Challenge:**

This very successful services organization faced a number of challenges; high turnover, low agent productivity, incomplete and inadequate training materials. All of these deficiencies lead to continued poor service performance. The company's service level was very unsatisfactory with very few calls being answered in 20 seconds, and more than 35% of all calls abandoning. They sought out the



guidance of TRG to improve the service performance of their call center.

**The Process:**

TRG conducted a complete end to end assessment of the call center, its processes and those processes that impacted on the call center. TRG developed a call center operational model and worked with the center management and staff to implement a model that incorporated new approaches for;

-  Hiring,
-  Training,
-  Monitoring,
-  Coaching,
-  Staffing,
-  Forecasting,
-  Quality assurance,
-  Call routing,
-  Staff Budgeting,

**The Solution:**

New hiring practices were implemented to recruit for the desired skill sets. The process mapping resulted in revision to many of the processes to align them better with the objectives of the business. A number of these processes involved groups outside of the call center operation. The result of including these non call center processes was a significantly better alignment between the company objectives and those of the call center. Workforce management was introduced to support more accurate forecasting and scheduling.

**The Result:**

By implementing the TRG Model, the company improved the service level more than 1200%, reduced abandoned calls by more than 75%, Improved First Call Resolution by more than 50%, Reduced Average Handle Time by 25%, increased customer Satisfaction and Loyalty by more than 10%. All of this was achieved in less than 4 months! 



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