

White Paper

AnyHour SOLUTIONS

***Cost Comparison of
Insourcing vs
Outsourcing Contact
Center Operations***

**Develop life-long members
with AnyHour Solutions**



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Executive Summary

The recession has pressured many credit unions to reduce operational expenses and discard many capital-intensive projects. Even before the "Great Recession," credit unions were increasingly looking to outsource many aspects of their operations because it meant that they did not have to invest in or maintain costly internal resources.

Contact center operations are a prime candidate for outsourcing, whether it be to provide supplemental 24/7/365 service or as a complete outsourcing solution. According to a recent NAFCU Flash survey, 72 percent of NAFCU members have call centers with fewer than 20 MSRs (member service representatives). While large credit unions can also benefit from outsourcing options - regular business hours overflow or evenings, weekends and holidays or even 100% outsourced - this majority of smaller centers has a great deal to gain from working with a collaborative contact center partner.

Vendors Working Hard to Help

Fortunately, these vendors are making themselves more attractive to prospective credit unions by:

- * Offering flexibility in services & robust economies of scale;
- * Investing in organic growth by training their employees in required skill sets;
- * Providing dedicated client managers to existing and new clients, thereby enabling custom reporting, trend analysis;
- * Offering a host of solutions that can be customized to meet the unique needs of any credit union - large or small;
- * Demanding more from their employees thereby increasing work efficiency in these tough times.



Staffing Remains Top Issue

Without a doubt, the number one issue with in-house call centers revolves around staffing. According to a NAFCU survey, 39 percent of respondents say that their greatest operations challenge is staffing. Other challenges include quality of service (34 percent), training (13 percent), ability to staff 24/7 (7 percent) and technology (7 percent).

Numerous Costs to Consider

Credit union executives from CFOs to Board Members to Call Center Supervisors must realistically consider the complete cost structure of running an in-house contact center operation. Naturally, this overall number starts with the MSR's salary and benefits, but quickly sky-rockets when all of the hard and soft costs are factored in to the equation. Starting with the significant baseline of MSR wages and



benefits, the credit union must consider additional operational costs such as:

- * Supervision
- * Occupancy reduction
- * Attrition/turnover
- * Overhead



Any contact center with more than a handful of agents must have a supervisor. If you assume an agent to supervisor ratio of 10 - 1, and supervisors earn 10 percent more than agents, then the cost of supervising is equal to 11 percent of the MSR wage rate plus benefits.

Occupancy is defined as the actual amount of time that MSRs are taking member calls. Occupancy reduction can include breaks, lunches, training sessions, sick days, vacation time, and simply when an agent is not taking calls. Credit union executives may be surprised to learn that industry figures show that full time MSRs are actually engaged in member interactions on average about 30

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hours per week! In an outsourcing mode these occupancy reduction costs are essentially absorbed by the outsourcer since the credit union only pays when the outsourcer actually takes a member call.

No matter the industry, call centers are infamous for turnover. These attrition/turnover costs can be the single largest cost variable in the call center, and the one most often overlooked. A well run call center may enjoy a modest 10 percent turnover rate, while poorly run operations may actually see 100% rates! As the attrition rate rises, operational costs increase dramatically. That is because it costs anywhere from \$5,000 and \$20,000 to put an agent to work (i.e., recruiting, hiring, and training) This does not include additional intangible losses from lost productivity, lost institutional knowledge, and lost business, which can dwarf the other costs. Once again, these turnover costs are absorbed by the outsourcer.

Everyone is familiar with overhead that includes items such as rent, utilities, insurance, furniture, training, payroll, legal, etc. For contact centers, there are IT costs as well, which include specialized hardware (servers, headsets, phones, etc), software (ACD, IVR, call routing, CRM,

scheduling, call analysis, call recording, etc), and the network (VoIP integration, high speed Ethernet, WAN connectivity, etc). To cover these costs adequately, it is safe to assume an industry average of 25% of the MSR's total salary plus benefits.

Spreadsheet Accurately Calculates Costs

With so many variables to account for, it can be difficult for credit union managers to completely get



a handle on their in-sourced contact center expenditures. That is why AnyHour Solutions has developed a powerful, but easy to use, spreadsheet that automatically calculates and totals these diverse expenses. This is a completely customizable tool designed so a credit union can simply input a few operational variables (i.e. # of FTE MSR's, MSR average hourly wage, and total number of monthly member service calls) and the

model recalculates the cost comparison of in-sourcing vs. outsourcing. The credit union can change any of the variables/assumptions in the model and it will recalculate accordingly.

The bottom line result is that most all credit unions can realize a savings - and typically a very significant savings - from outsourcing all or a portion of their call/contact center operation.

For More Information

To learn more about AnyHour Solutions and why their many credit union clients have chosen them as their preferred collaborative contact center partner, please go to:

www.anyhoursolutions.com

Or call:

888.622.8696

For a free copy of the AnyHour Solutions insourcing vs. outsourcing cost analysis spreadsheet, please email your request to Steve Holmes at: sholmes@anyhoursolutions.com; please include your name/title and CU name.

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