



Process-based Operations Budgeting: Linking Contact Center Processes to Corporate Goals

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For many contact centers, late summer/early fall means the angst-filled annual budget cycle. Senior managers have to make a lot of tough calls under pressure to reduce costs. Operating managers face demanding performance expectations with too few resources to meet them. In tight economic periods, it's a challenge to sustain the current budget much less pursue a percentage increase based on rather vague projections of staffing requirements. Contact center managers needn't settle for "mission impossible." With process-based budgeting, they can determine *exactly* what it takes to address their anticipated work load *and* give senior management a clear picture of what happens to corporate service and revenue goals if their budgetary needs cannot be met.

Process-based budgeting establishes a strategic linkage between the contact center's operation and the organization's ability to generate and maintain revenue. It starts with the top-down revenue forecast and determines *precisely* what the center must do to support that target. For a process-based budgeting approach, you must:

- Link Operations to Business Strategy – define the strategic planning parameters (the source of revenue) and determine how the contact center supports the ability to generate and maintain revenue
- Define Operations Processes – identify all of the work conducted in support of the business strategy
- Determine Process Volume – establish a relationship between the volume of each process and the strategic planning parameter, project the relationship forward considering how the future will differ from the past, and create credible volume projections
- Describe Process Steps – break each process into process steps, determine the relationship of the process step volume to the overall process volume, and assign a duration to each process step
- Assign Resources – define resources by linking people with cost drivers, define productivity and annual cost of the personnel categories, and assign a resource to each process step
- Produce the Operations Budget – project the required resources and budgets

Process-based budgeting allows contact center managers to defend budget requests based on the work required to achieve strategic goals. The rich detail embedded in the budget supports the requested departmental allocation and provides the means to quantify the performance impact of a budgetary shortfall. Given the link to corporate revenue, it lets all parties know what's at stake if the center is ill-equipped to achieve its mandate.

Beyond its role in the annual funding cycle, process-based budgeting can provide valuable insights that inform a center's operations strategy:

- It enhances one's understanding of what processes drive the need for resources.
- It evaluates productivity improvement projects and shows which initiatives have the greatest potential for delivering attractive returns.
- It quantifies cost per contact by customer type, product type, media, etc.
- It supports inter- and intra-departmental cost allocations based on technology Total Cost of Ownership data contained within the call center budget.



- It facilitates sensitivity analysis around changes to key performance indicators.
- It provides an essential means to generate “mid-course corrections” should corporate revenue projections deviate significantly from forecasts.

Implementing process-based budgeting in your contact center can range from refining an effective, pre-existing budgeting process to using a model specifically tailored to process-based analysis. If your budgeting tool does not lend itself to a process-based approach, you can use a simple spreadsheet to accomplish the steps listed earlier. The critical success factor is linking the work accomplished in the contact center to corporate revenue generation and support. Think of it this way – marketing and sales plan for product sales growth, or membership growth, or account growth to drive revenue growth. Your contact center plays a direct or indirect role in that revenue growth by directly causing or indirectly supporting the sales, membership, or account growth. That role – or link – is how you tie your budget to the corporate strategy.