Lion financial services case

How do the principles outlined in the " principles of redesign" relate to the changes suggested by Andy in the Call Center Design for Lion Financial Services? One of the process design principles is to enable workers to make decisions. Andy is assigning the decision-making authority to the agent, by providing the agents with clear-cut rules of thumb to guide them through resolving customer issues and by providing a call blueprint that details how to respond to specific calls. Should they encounter any issues after going through the script; the agent will have the option to escalate the call to a supervisor to address.

Another principle that is utilized is to perform the work where it makes sense. A Personal Identification Number will be used to identify the caller as a customer or broker; the IVR system will then adjust the touch-tone menus according to the identification. The create multiple versions of processes principle is also used by this process because with this redesign, LFS is first going to identify the type of caller and then route the call to the automated system, combined Quickline, Customer or Broker service areas.

Andy also plans to use the arrange the process steps in a natural order principle. LFS will route all calls thru the Automatic Call Distributor without any human intervention. Furthermore, Andy's proposal practices checks and controls are reduced by creating and managing personal identification number (PIN) that is unique to customers. By introducing the PIN system and allowing the customer to have the option of using their SSN the checks and controls are reduced from the caller.

You have identified some of the close matches. A critical one to debate on is ” Workers make decisions.” Andy’s recommendation seems to be counter to it due to the standardization he advocates. There are others that make less sense in this context such as, “ checks and controls are reduced,” and “ reconciliation is minimized.” Both these principles apply when there are multiple steps in the workflow. The same applies to the “ case manager provides a single point of contact.”

On page 11 there is a mention of “ economies of scale” that Andy expects to realize with the proposed configuration (see under the subheading: “ The Bottom Line”). What might these be?

Andy estimates the proposed call center design will save LFS $1. 5 million in operating costs annually, in addition to providing customers with better and more consistent service. The factors contributing to the savings include greater automation (e. g. the new IVR system projected to handle 20% of the calls), increased agent productivity (through the implementation of rules of thumb and detailed call blueprints), and modest lower average wage rates (by allowing attrition to reduce the percentage of “ overqualified” agents) in addition to economies of scale.

The savings attributable to economies of scale result from the ability to be more cost efficient as work input increases. For example, a firm should be able to perform twice the output at less than twice the input cost. As part of Andy’s proposal, there are economies of scale that will result from the consolidation of three call centers in Boston, New Jersey and Chicago into one center in Chicago where the company is headquartered. Specifically, the number of pools reduces from eight to four as a result of the call center consolidation. The four remaining pools will be able to take advantage of the economies of scale by increasing their output without a linear increase in input costs.

Another consolidation takes place in Andy’s proposal in that the two Quickline pools for customer and broker clients are combined into a single pool. Previously, all Quickline calls were routed to the Chicago call center, but two separate pools of agents handled the calls, depending on whether the caller was a customer or broker. An inspection of Exhibit 2 shows that the training requirement for a customer Quickline agent to a broker Quickline agent was only 2 hours. This indicates that the incremental knowledge required to “ move up” to the broker Quckline agent level was minimal. Consolidating these two pools results in the elimination of one of the remaining four pools. In the proposed call center configuration, the net reduction in pools from eight to three, which aside from overflow considerations operate fairly independently, allows for economies of scale to contribute to the total projected savings of $1. 5 million annually.