

CGMA® CASE STUDY

COST
TRANSFORMATION

Andy Wells
Cost Transformation Director
BT



*Save money while achieving better
business and service outcomes*

Case study:

ANDY WELLS

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BT

At a glance

Company	BT plc
Current role	Cost Transformation Director
Industry	Telecoms
Market	UK
Website	btplc.com

In his role as Cost Transformation Director at BT, Andy Wells led a programme to return call centre jobs back to the UK. The initiative has led to huge financial savings and improved service levels while delivering valuable career progression opportunities for a new generation of employees in India as well as the UK.

When UK telecoms giant BT decided to cut costs in its call centres, it did something that ran counter to what most organisations have been doing. It brought jobs back to Britain.

For many years, organisations have outsourced operational roles such as call centre jobs to countries with lower costs of employment.

But Andy Wells, Cost Transformation Director at BT, made the decision to move thousands of jobs back to the UK after working out that doing so would deliver significant cost benefits. His rationale was based on the benefits delivered by more effective handling of calls by UK staff (meaning fewer wasted calls or fines) and the more efficient siting of staff.

Addressing inefficiencies

The decision to 'on-shore' was made after CFO Tony Chanmugam FCMA, CGMA (who subsequently retired from the group in September 2016) gave Wells the opportunity to address inefficiencies across BT's contact centres and customer-service activities.

It was part of a wider set of initiatives overseen by Chanmugam to cut costs across BT, which serves 10 million customers in the UK.

A group-wide perspective

This major opportunity came Wells' way after he delivered on several cost transformation projects in different parts of the group after being hired as a consultant in 2009. Optimising call centres across the Openreach network and improving costs at the group's fleet marked him out as a person who could lead on the biggest projects.

'This work resulted in my being named head of cost transformation, running a team to look at problems right across BT rather than just in silos,' he says.

‘We started by applying a cost transformation methodology across processes in the group, and we found a huge amount of inefficiency across the silos. For example, broadband for home customers was provided by BT Wholesale, but engineering was delivered by Openreach. We undertook a project looking at broadband efficiency, which delivered £100 million in savings in a single year.’

Big wins

With those big wins behind him, Wells was handed the mandate to run the group’s contact centre efficiency programme, his most ambitious project to date. Once he and his team got to grips with the centres’ working practices, they came to some startling conclusions.

Applying metrics such as ‘cost per successful outcome of customer call’, the team discovered extraordinary levels of inefficiency. ‘We found the relationships with our third parties in India were quite ineffective,’ he says. ‘This was because the overall cost of failure meant that having a low unit price wasn’t driving a lower-cost result.

‘The final cost is not the cost per call but the total cost of what you need to do for a successful outcome. It’s about whether call centre operatives are booking engineer appointments appropriately, repeating the call or transferring the call elsewhere. It’s easy to cut a cost and just move the work to another place, but that doesn’t necessarily give you a lower cost per successful outcome if your processes aren’t joined up and aren’t efficient.’

The importance of cultural affinity

The new approach meant relying less on standard scripts. ‘The problem [with scripts] is that the customer will often offer the information up front, and then be asked to repeat the same information 15 minutes into the call,’ says Wells. ‘Part of the issue is that customers often know a lot more than the standard script gives them credit for.’

By hiring more UK workers, Wells could see better results from calls, especially from repair requests. ‘It’s about the value of cultural affinity and being able to deal with ambiguity through talking to people,’ he stresses.

There is a lot to play for, Wells believes, particularly given that failure to achieve the right outcome may ultimately result in having to pay customers compensation.

As well as challenging inefficiencies, Wells also addressed the negative impact of siting call centre workers in disparate locations. ‘We’ve consolidated many of our call centres, giving us more efficient locations,’ he adds.

£300 million in benefits

The results have been impressive. After three years, Wells has already delivered benefits worth £300 million and is in the process of creating 2,500 UK-based new jobs each year. ‘I am very proud of having led the cost transformation programme that has led to jobs being transferred back to the UK. We’ve managed to save money by making the right investments and achieving a better outcome,’ he says.

Having reduced BT’s exposure to third parties in India, Wells has also been instrumental in setting up a back office function that employs 6,000 people in that country.

He says the decision to make them all BT employees is paying off. ‘Running it ourselves means we typically achieve 15-20% greater efficiency in terms of the outcome within a year. By eliminating the supplier’s margin of 10-15%, we are achieving an overall gain of 35-40%,’ he says.

This approach is also providing opportunities for BT’s new employees in India. ‘In the back office centres in India, we have been able to offer people real career progression,’ says Wells. ‘From joining as a contact centre agent, they can end up working on a global services account or even progressing to become qualified accountants.’
