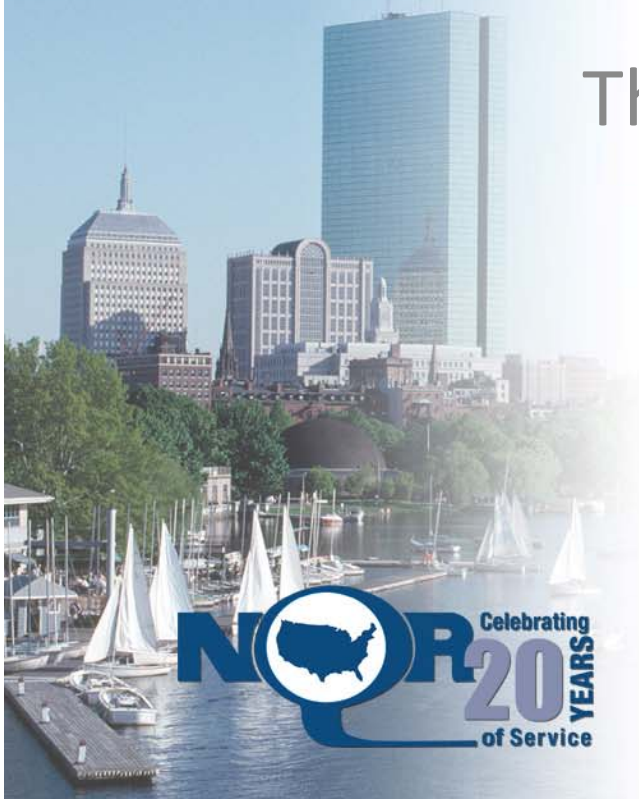


# The Cost of Doing It Wrong

The only real mistake is the one from  
which we learn nothing.

~John Powell





## One Example from the Insurance Industry

- Cost of processing each claim was \$1.
- Downstream cost due to errors was \$300.
- Downstream costs included manual exception handling costs, costs of customer support calls initiated due to errors in claims, and costs of reissuing corrected documents for any claims processed incorrectly the first time.
- The company also faced significant soft costs from regulatory risk, lost revenues due to low customer satisfaction, and overpayment on claims due to claims processing errors.
- These soft costs were not included in the \$300 number.



## Impact of FCR Failure

- 30 to 35% of calls to the average Call Center are repeat callers (Yankee Group)
- An inbound call can cost anywhere from \$10 to \$45
- Assume you take 10,000 calls per month

3,500 repeat calls x \$17.50 per call = \$61,250.



## Cost of Meetings

- On average, 7 to 15% of personnel budgets are spent on person/time in meetings.
- Mid-level business people spend in excess of 25% of their working hours in meetings.
- Senior executives spend in excess of 50% of their time in meetings.

**50% of the Time Spent in Meetings Is Unproductive.**



## Dialogue

- How does your firm measure FCR?
- How do you quantify the cost of an error?
- Do you measure or have any sense of downstream costs?
- Are you engaged in error correction, prevention, or both?