



Tool 6

Budgeting Tools

In a perfect world your organization would have a budget set aside for customer experience initiatives, but this is rarely the case. Most likely, you'll need to pull resources and associated costs from a number of existing budgets, which is best done when the goals of your customer experience program align with your organization's broader business goals (see CGAP's [Business Challenges Booklet](#)). You'll generally find that certain investments are easier to justify within your organization than others. It may be easier to justify

allocating dedicated time from an internal resource (marketing staff, for example) than to hire an external market research firm.

Customer experience requires being as resourceful as possible, which is why it's important to break down initiatives across a range of cost categories and based on type of activity or expense. This simple budgeting tool provides the basic structure to develop the right costing model in support of your customer experience efforts.

SUGGESTED TIME

2-8 hours

ROLES

2-4 collaborators

MATERIALS NEEDED

template, pages 42-50
pens
paper
sticky notes

STEPS

1

TIMEFRAME AND SCOPE

Refer to the project scoping guide for small, medium, and large projects to help determine a rough timeframe and the scope of your customer experience initiative.

2

CORE TEAM RESOURCING AND INTERNAL SUPPORT COSTS

Define core team and resource allocations, referring to the team guide, [Tool 7: Team Roles + Descriptions](#), on page 52.

3

EXTERNAL AGENCY / COSTS

Determine needs and availability of internal and external capabilities to fill team roles.

4

DIRECT EXPENSES

Use the budgeting tools template on pages 42-50 to estimate rough cost breakdowns, clearly separating "soft" internal costs from external vendor and hard costs.

5

TOTAL ESTIMATED BUDGET

Summarize costs and rationale against the key business driver you're trying to improve, estimating potential return on investment, if possible, for positively impacting key customer engagement metrics. (Refer to the [Business Value Matrix](#) on pages 42-43 of the CGAP [Business Challenges Booklet](#).)



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Budgeting Tools (1/5: core team resourcing)

ROLE ON TEAM	TYPICAL FUNCTION	RESPONSIBILITIES
Executive Sponsor	Senior Manager or Executive Sponsor	<ul style="list-style-type: none"> • Set business goals and vision • Drive organizational buy-in • Mobilize resources
Project Lead	Marketing Customer Research Product Development Digital Banking	<ul style="list-style-type: none"> • Bring strong customer mindset • Define strategy and approach to achieve business goals • Provide familiarity with customer-centric approaches
Operations	Product Management Operations	<ul style="list-style-type: none"> • Bring strong customer mindset • Define strategy and approach to achieve business goals • Provide familiarity with customer-centric approaches
Finance	Strategy Business Analyst Finance	<ul style="list-style-type: none"> • Align customer experience efforts with strategic and financial goals • Develop financial models and analysis to support business case for customer experience
Evangelists / Champions	Sales and Marketing Customer Support Engineering / IT Branding and Communications	<ul style="list-style-type: none"> • Tap broader knowledge base and customer data • Evangelize for customer experience across functions and departments • Anticipate dependencies in support functions like marketing, branch management, IT

PERCENT ALLOCATION	ESTIMATED COSTS
• [not applicable]	\$ costs
<ul style="list-style-type: none"> • 50 percent for small and medium projects • 100 percent for large projects or critical stages of smaller initiatives 	\$ costs
<ul style="list-style-type: none"> • 25 percent for small and medium projects • 50 percent for large projects or critical stages of smaller initiatives 	\$ costs
<ul style="list-style-type: none"> • 10 percent for small and medium projects • 25 percent for large projects or critical smaller initiatives 	\$ costs
<ul style="list-style-type: none"> • Minimal time allocation to track progress and provide input, typically 2-4 hours per week • Usually an extended team comprised of an additional 3-5 people 	\$ costs
	Total costs



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Budgeting Tools (2/5: internal support costs)

TYPICAL FUNCTION	DESCRIPTION
Marketing and Communications	<ul style="list-style-type: none"> • Provide baseline market research • Define target customer segments and value propositions • Define channel strategy • Drive customer awareness and engagement • Support branding, packaging, and promotion • Provide access to outside vendors related to market research and design
Data Collection and Analysis	<ul style="list-style-type: none"> • Provide baseline customer data to help benchmark existing customer experience • Support data collection strategy related to customer experience efforts, including designing surveys and other data collection mechanisms
Front-line Staff (Branch and Customer Support)	<ul style="list-style-type: none"> • Share insights on existing behaviors and preferences of customers • Provide direct access to customer-facing teams to support research and prototyping activities • Recruit representative customers and gather immediate feedback • Test new processes and interactions directly with customers
IT Support	<ul style="list-style-type: none"> • Support customer data collection, modify systems when required • Support digital prototyping • Identify and anticipate potential customer data security issues
Agents / Partners	<ul style="list-style-type: none"> • Share insights on existing behaviors and preferences of customers • Provide direct access to customer-facing teams to support research and prototyping activities • Recruit representative customers and gather immediate feedback
Compliance	<ul style="list-style-type: none"> • Ensure that customer research does not raise risk profile of internal and external regulators

ESTIMATED HOURS	ESTIMATED COSTS
# hours	\$ costs
# hours	\$ costs
# hours	\$ costs
# hours	\$ costs
# hours	\$ costs
# hours	\$ costs
Total hours	Total cost



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Budgeting Tools (3/5: external agency / vendor costs)

TYPICAL FUNCTION	DESCRIPTION
Customer Experience Design (if end-to-end partner is required)	<ul style="list-style-type: none"> • Outsource partner with end-to-end capabilities to support customer experience initiatives through research, prototyping, design, and implementation • Pair with an internal resource for knowledge transfer and training
Market Research	<ul style="list-style-type: none"> • Gather market and customer research through various qualitative and quantitative methods • Provide access to market and consumer trends • Help identify key market and customer requirements
Marketing and Branding	<ul style="list-style-type: none"> • Provide design, branding, and marketing support to help launch new offerings • Competency across multiple channels – digital, print, and retail
External IT / Digital Development	<ul style="list-style-type: none"> • Provide support for prototyping and piloting digital solutions • May also have data analytics / metrics capabilities to optimize digital channels

TRADEOFFS	DURATION	ESTIMATED COSTS
<ul style="list-style-type: none"> • Qualified partners may be hard to identify, resource intensive, and may not have deep sector expertise or familiarity with serving poor customers • May be the best option if you need to move quickly and lack internal resources • Potential for significant knowledge transfer to internal teams • Local options may be difficult to source 		\$ costs
<ul style="list-style-type: none"> • Ability to tap a broader range of qualitative and quantitative research skills that may not be present in your organization • Ability to source customers and collect data more rapidly than internal teams • Typically does not offer capability to translate research findings into product concepts 		\$ costs
<ul style="list-style-type: none"> • In most markets, capability may be locally available to fill gaps in internal design capabilities • Some firms specialize in one particular channel, such as digital • Generally less familiar with working on solutions for poor customers 		\$ costs
<ul style="list-style-type: none"> • Generally able to work in a more rapid and agile manner than internal IT teams • Need to ensure work is completed with existing IT infrastructure • May not be familiar with compliance issues / risks related to customer data 		\$ costs
		Total cost



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Budgeting Tools (4/5: direct expenses)

CATEGORY	DESCRIPTION
Materials and Prototype Production	<ul style="list-style-type: none"> Material costs to produce prototypes and other artifacts to test and pilot with customers May include mock-ups of digital screens, mobile services, posters, advertisements, kiosks, or printed statements
Recruiting and Incentives	<ul style="list-style-type: none"> It can be difficult to conduct direct customer outreach, so you may incur costs related to recruiting research participants through an agency. Costs depend on how narrow a recruitment base on demographic and psychographic criteria you need Small incentives to individuals to participate in customer research activities such as focus groups, interviews, diary studies, participatory design, and user testing Incentives generally increase with the amount of time and effort you expect from participants (with focus groups requiring the least effort and diary studies being the most intensive) Do not typically compensate for participating in simple surveys Mobile minutes may be offered in lieu of money (if more acceptable)
Travel and Entertainment	<ul style="list-style-type: none"> Travel, food, and accomodation for teams conducting user research
Guides / Fixers	<ul style="list-style-type: none"> Costs of guides or fixers to help recruit research participants in communities in which your team does not have existing customer relationships to build on
Physical Space	<ul style="list-style-type: none"> Some research activities may be conducted in local branches or out in the community, but it's often better to engage customers in a neutral space. This may incur additional costs but is generally worthwhile
Cloud Services	<ul style="list-style-type: none"> A number of cloud-based software options may help coordinate, plan, and execute customer research. Some are free and others utilize subscription or "freemium" models

COST PER UNIT	ESTIMATED COSTS
\$ cost/unit	\$ costs
\$ cost/unit	\$ costs
\$ cost/unit	\$ costs
\$ cost/unit	\$ costs
\$ cost/unit	\$ costs
\$ cost/unit	\$ costs
	Total cost



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Budgeting Tools (5/5: total estimated budget)

CATEGORY	DURATION	ESTIMATED COSTS
1. Core Team	Estimated start / end dates	\$ costs
2. Internal Support	Estimated start / end dates	\$ costs
3. External Vendors	Estimated start / end dates	\$ costs
4. Direct Expenses	Estimated start / end dates	\$ costs
		Total cost