THE CALL CENTER'S

NUMBER ONE DILEMMA -

Profit Erosion:

Is Workforce Attrition Eating Away at

Your Profitability?

A WHITE PAPER FROM

TELECORP PRODUCTS, INC.
a Mettoni Group Company

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Is workforce attrition eating away at <u>your</u> profitability?

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Each agent is an investment

Staffing costs are one of the largest expenses regularly charged to the budget of a Call Center or Contact Center. When you count salaries, benefits, bonuses, training and other personnel costs, companies invest a great deal of resources in their employees.

Let's look at a typical agent who has just completed your company's training program and list the resources your call center has invested in getting the agent to this point. First of all, there are the hard costs:

- the agent's salary and benefits during the training process
- the cost of advertising for the position (in the newspaper, or via the Web, for example)
- the cost of recruiting the new agent (time spent interviewing all applicants, checking references, etc.)
- the cost of training the agent to an acceptable level (trainer's salary, for example)

New agent training times typically range from two to six weeks. Training time dedicated to developing customer service skills is about four to seven days. Industry studies predict that agent-training times will be increasing in the future, due to increasing complexity of products and services. A tight labor market means that managers will have a harder time finding agents with prior customer service experience or support skills. The desire to meet increasing levels of customer service will also increase the need to provide additional training. Therefore, it will take longer before a new agent can provide an acceptable level of customer service.

Secondly, there are the soft costs, or the intangible and opportunity costs associated with hiring a new agent:

- the revenue that might have been generated by an experienced agent
- the revenue that might have been generated if another experienced agent did not spend any time mentoring the new agent
- the additional managerial expense needed to coach the new agent (as opposed to an experienced agent)

All of these are costs that your company invests in each new agent. And if an agent leaves the call center for other employment, these expenses walk out the door with that agent. These costs are even more inflated when the agent is an experienced one, rather than someone who has just completed the company's training program.

There would not be any need to emphasize the staffing investment in agents if the workforce turnover rate for the call or contact center industry was not dramatically high. Estimated attrition rates range from 25% to 35% of the workforce. With a turnover rate of this magnitude, you can count on at least a quarter of your annual staffing expenses going right down the drain, without any return.

The reasons that agents leave

What are the reasons behind the high turnover rate? Like most situations, the answer cannot be reduced to a single factor, but is instead a combination of workplace environmental influences.

- **Incomplete or minimal training -** Everybody knows the story. Due to increasing customer service demands and decreasing numbers of agents, cuts must be made somewhere, and training time is often where the axe falls. While companies who invest less in agent training do not lose as much investment when an agent leaves the company, they suffer indirect losses in other ways. Customer service levels, for instance, are directly affected by the skills of the agent. Those skills must be developed and nurtured to deliver superior customer service.

- **Overwork and burnout**- In a workforce experiencing high turnover, the burden of maintaining customer service levels falls to the more experienced agents. This increases the stress level of the seasoned agent, and reduces the motivation for an agent to increase his or her customer service skills. Placed into a position of high expectations with little or no relief or reward in sight can depress the morale of the most buoyant agent.

- **Lack of positive direction** - According to a recent ProSci study, 12% of call centers surveyed had no formal training program in place for new supervisors. A managerial staff that lacks personal management skills or coaching abilities cannot direct the progress of the call center toward superior customer service levels. Poorly prepared management staff communicate an undesirable message of apathy and frustration to the call center staff.

- **Poor analysis of call center statistics** – (Otherwise known as the Salt Mine scenario.) The Salt Mine is a call/contact center where the agents are rigorously measured against a variety of call statistics, and punished when those statistics are not met. While call statistics are an incredibly helpful tool in analyzing the performance of a call center, the ultimate goal should be to provide quality customer service, not to decrease call handling time at the expense of both the agents and the customer. Unrealistic expectations are de-motivators, not incentives.

Suggested courses of action

Measure the quality of customer service you provide

Customer satisfaction should be the most important yardstick you use in measuring your call center's performance, not call statistics. You can measure the quality of customer service you provide through customer call monitoring, customer satisfaction surveys, and the number of customer complaints. You can measure productivity of agents (and the call/contact center) by call statistics, such as average number of calls answered, average customer talk time, and average post-call work time.

According to the ProSci report, enhanced training programs have the greatest impact on customer service levels, followed by increased staffing (to meet increased call volumes or reduce average speed of answer) and improved call monitoring processes and tools.

The primary use of call statistics should be to identify customer-calling trends, and adjust your staffing levels accordingly. You can also use the call statistics to make call routing decisions (such as hours of operation) and increase the efficiency of your call center.

Measure and reward the performance of your agents

Evaluating the performance of your agents, and rewarding the high performers, is the one managerial task that is critical to the success or failure of your call/contact center. While call statistics can give you a numerical basis for an agent's performance, numbers cannot convey all of the levels of customer service an agent provides.

Most call/contact centers (over 75%) perform some sort of quality monitoring, according to the researchers at ProSci. Quality monitoring usually refers to some sort of arrangement where a person (usually a supervisor or manager) listens to an agent's conversation with a customer, and evaluates the customer service the agent provides during the call. The two main goals of quality monitoring are to assess the performance of the agent in providing customer service, and to identify possible areas of improvement or professional development for that agent (or all agents).

Most call/contact centers monitor customer calls, and almost 70% of call/contact centers perform quality monitoring of each agent at least once a week. Most agents see the monitoring as a necessary part of the job, and not as an unnecessary intrusion. Agents need to perceive the monitoring as an aid to helping perform better customer service, and not as a 'Big Brother' type of supervision. Managers also need to vary the monitored times, listen to conversations at both high and low traffic periods, in order to capture each agent's service skills in times of stress and times when things are slow.

The most important element of a successful quality monitoring program is providing timely and precise feedback to the agent on his or her customer service skills. Feedback delivered several weeks after the event is dated information. Vague suggestions for improvement (such as 'ask more questions') do not direct the agent in any meaningful way. Most call/contact centers offer feedback to the agents within 24 hours of the monitored conversation. A large percentage use monitored conversations in discussion groups, where agents can critique each other and offer suggestions on methods of resolving customer issues.

Quality monitoring is an important tool for the call center /contact center manager. The manager can make quality monitoring an opportunity for training and development, and an incentive to reinforce good performance. Almost all managers who perform quality monitoring use a standard evaluation form that is revised every six months, and plan to increase both the level of monitoring and the feedback delivered to his or her team of agents. Managers can also involve the agents in the design of the evaluation form, and solicit agent input when revising evaluation criteria.

Measure the performance of your supervisors

In hiring call center/contact center managers, the most highly valued skill was people management ability and coaching skills, according to the ProSci report. People management far outweighed the other areas in evaluating possible managerial candidates.

The top measures for evaluating the performance of call center/contact center managers are:

- staff productivity (as seen in service levels, average wait time, customer talk time, abandon rate and number of call handled),

- employee satisfaction (as seen in the turnover rate and employee surveys),

- and customer service (as seen in the number of complaints, quality monitoring results and customer satisfaction surveys).

If a manager can maintain (or increase) customer service levels, while reducing the attrition or turnover rate of the agents, then the call/contact center is well managed.

Conclusion

The staff attrition or turnover rate is the best measure of the success of a call center or contact center. Every agent who leaves the center takes with him or her all of the expenses incurred in training the agent to that point. Even for a center that spends little on training or professional development, the soft costs of workforce attrition can still be significant.

The most effective way of enhancing customer service while reducing workforce attrition is by an improvement cycle of professional development followed by performance measurement (quality monitoring and call statistics) and subsequently followed by precise and immediate feedback to agents. Reducing workforce attrition will directly affect the bottom line of any call center's profitability.