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BOTTOM-LINE

CALL CENTER MANAGEMENT

Creating a Culture of Accountability and Excellent Customer Service

David L. Butler, Ph.D.

Bottom-Line Call Center Management

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and Excellent Customer Service

**IMPROVING
HUMAN
PERFORMANCE
SERIES**

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Dedication

A toast to all people who have earned success and choose to risk that success in order to create something new, unique, and even more successful. Cheers to us entrepreneurs!

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Foreword

Imagine this…you walk into a huge room, that looks like a gutted retail store—no merchandise, no personality. The lighting is overly bright. At the front of this enormous room stands a big, burly man holding a vertical drum. You can tell he is anxious to get on with the drumming. There are hundreds of people sitting at desks and then you hear it…he begins to beat the drum; it is reminiscent of those Tyrone Power and Erroll Flynn swashbucklers. Only these people are not rowing in time with the drum beat, they are picking up their headsets, attaching them to their ears, and in sync with the drum saying "Good Morning. How may I help you?" The only thing missing is the familiar "Oh wee Ohhhh…" chanting.

When asked what a call center is like, the aforementioned may be the response from the uninitiated. Those of us who have spent a couple of decades working, learning, and growing in "the business" have different perceptions of a call center. We understand, or should understand, that a call center is a community. Many of these centers contain a population akin to a small town and as such represent all the issues and concerns that can occur in that small town. There are births, deaths, baby showers, birthday parties, disastrous failures, and incredible success stories. There are politics, popularity polls, and photo opportunities as well. It is, after all, a community.

Great managers understand this well, and know how to work within the boundaries of their corporate confines while still maintaining and creating a local flavor for their operation. Great managers also know that the industry has changed dramatically over the past 10 years and is continuing to change. The reality is that while we are still trying to find time for that concept of "balance," we also need to stay on top of

our game, continue our education about the industry, and proffer care to our associates.

While running large inbound and outbound shops at several outstanding Fortune 500 companies such as Citicorp, American Express, and Bank of America I scanned through industry publications, met with call center alliance members, and called and worked hard to locate great information to do my job more effectively. David Butler's book *Bottom-Line Call Center Management* can assist anyone working in the environment much more expeditiously because he has completed the research for us.

The requirement to stay up-to-date and share best practices quickly is tantamount to our success, and one read through Dr. Butler's book will open your eyes to opportunities you can implement to increase productivity, reduce turnover, and increase your "fun" factor at the place we have come to know as our home away from home. It covers everything from how to identify a location for a new call center, to running a profitable center, to keeping your employees happy. Please, save yourself 20 years…read this book!

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Preface

Forget everything you learned in school about management – we are starting fresh!

Reality

Businesses exist to make money. If they didn't, they'd go bankrupt. Therefore, this book focuses on both tactics and strategies for improving the bottom-line performance of call centers directly, and parent corporations' bottom line indirectly, while simultaneously improving the quality of service offered to clients/customers. A manager of a center within the United States and Britain would be wise to read this book thoroughly and then implement a strategy to improve the quality of customer service offered in his or her center while simultaneously decreasing the expensive high turnover rate that plagues the industry at present. The double punch of high labor costs and high turnover is a major push factor of outsourcing call centers to developing nations around the world. Which center is next?

Managers of call centers outside the United States and Britain, but serving these two large markets, would also be wise to read this book thoroughly to understand the American and British customer service marketplaces and corporate logic. Many companies have outsourced just a few of their total centers to developing markets, but not all of them. This means that outsourcing is still in its infancy and thus is still being tested. To be considered a success, these centers must deliver the service levels expected by customers and keep labor costs and turnover rates low as

required by corporations. Recent reports suggest that India is beginning to have similar problems of turnover rates and cannibalization of labor between centers that drive up labor costs. Though preliminary, reports such as these begin to question the future success of this experiment. If these outsourced centers fail to provide the expected benefits to both the customers and organizations, the companies will relocate the center to another region with a track record of excellence in customer service and lower labor costs or back to the United States or Britain to ensure oversight and management of the customer service function by headquarters staff. The next five years will determine whether the experiment is successful or not. This book crosses many national, cultural, and linguistic boundaries by mapping out success for all call center managers, no matter if the center is in Baltimore, Birmingham, or Bangalore.

Research

Since 1991, the author has extensively researched the relationship between information technology and organizations. Since 1996, the research narrowed to focus specifically on the international call center industry. This book is a manifestation of specific research on this unique industry, but in no way is this book intended to be exhaustive or the definitive text. The research and insights are ongoing and thus dynamic. The purpose of this book is to inform the reader of actions that can be taken to improve overall call center performance and thus increase the bottom line of the center based on solid research data and years of experience. Few, if any, books on the subject of call center management can make this claim. The intended structure of this book is to balance both the rigor of academic research, which underpins the information contained with these pages, with practical advice and examples, while making the book readable without lengthy endnotes, footnotes, and citations commonly found in academic publications.

Audience

There are multiple audiences for this book worldwide. The call center industry is not just based in the United States or Europe. The industry, like the information flow it supports, is global. The largest and most articulated audience for this book is the hundreds of thousands of call center managers in the United States, England, Wales, Scotland, Ireland, South Africa, Panama, India, China, the Philippines, Australia, Malaysia,

Canada, New Zealand, and countless other locations throughout the world where call centers are evolving. Many of the successful strategies and techniques outlined in this book will be most effective for call center managers if they receive "buy in" by executives in their organization. Therefore, executives in organizations with call centers are the second major audience for this book. In fact, ideally, this book should be read by both the upper management of a company and all their call center manager(s) simultaneously to ensure that the total organization fully understands how effective call center management directly impacts the whole organization's bottom line. Executives would be wise not only to read this book, but to buy a copy for each manager and supervisor in each of their centers to ensure that these managers understand that their actions and decisions directly affect the company's bottom line and that the level of performance and accountability are high.

Other audiences for this book include instructors and students in institutions of learning throughout the world, economic and community developers who wish to recruit a call center(s), or communities currently with call centers who desire to retain or expand their center over time. Furthermore, many of the thoroughly researched techniques outlined in this book are equally applicable to both back office industries and industries with a high labor cost structure and high turnover such as the food and beverage and entertainment industries. Managers in thee industries can easily replicate the programs outlined in this text to enable success. Finally, I would be remiss if I failed to mention that strongly motivated call center supervisors, who wish to be promoted to run their own call center, would be wise to read this book thoroughly and to map out a strategy of effective management techniques to use when they are given the green light to sit in the manager's seat at a center.

STATE OF THE INDUSTRY

The call center industry is a little over 40 years old, and its history parallels the development and implementation of advanced information technologies. At present there are approximately 4,500 call centers in Britain and between 90,000–140,000 (uncountable to date) call centers within the United States – the largest market for call centers in the world. However, Canada, Ireland, and other European, African, Asian, and American nations have established call centers serving both the large US and UK markets as well as their smaller but growing domestic markets.

CALL CENTER HISTORY

The author has created an overlapping multi-phase history of the call center industry from research.

Phase I: **Local phase 1960s–Mid 1980s**
Early call centers 1960s to 1984
Airlines reservation systems
Banking systems
Centralized computing and concentrated labor at point of computer processing and storage
Emerging new technologies

Phase II: **Regional phase Mid 1980s to early 1990s**
US Long-distance deregulation 1984–1990
New switching and routing technologies available
Increase use of call centers due to lower costs of long distance
Expansion of existing call centers
Growth of new call centers in information dependent industries

Phase III: **International Expansion Phase Early 1990s- to late 1990s**
Growth of IT in developed nations
Call center growth in developed nations
Higher levels of mobility for call centers within countries
Call centers as development policy
New industries using call centers

Phase IV: **Globalization Phase Late 1990s–present**
Outsourcing of call centers to developing nations
Expansion of call centers worldwide
Highly flexible location criteria for call centers
New industries developing call centers including professional services

Each of these phases is separated according to substantial changes, growth, and new developments of the call center industry. Phase I includes the birth of the call center where a handful of workers in these centers collected and disseminated information from fixed locations near a base of operations or in a corporate headquarters. These centers were found mostly in information dependent industries such as airlines and banking. As computers began to be used by corporations, these organizations were the first to purchase large main frames to handle the increasing volume of data collected, organized, and disseminated.

Phase II was ushered in by the deregulation of the United States long distance phone service and emerging technologies in switching and routing. With competition, cost to consumers and businesses for long distance dropped significantly, allowing for the first time a level of flexibility in the location of evolving call centers. Industries such as catalog sales, telemarketing, etc., could produce a business model that would earn a profit given the lowered costs of long distance. Therefore, during Phase II the call center industry matured and grew substantially.

Phase III of the call center industry indicates the rapid improvements of both computers and communication systems commonly known as information technology (IT) today. As IT advanced, more powerful and less expensive technology could be brought to bear on the large volume of information needed to be processed and evaluated within call centers. In Phase III call center growth continued in traditional industries, new industries began to open call centers or outsource them to third party companies, and the emergence of the overseas call center to serve the "English-speaking" world was just beginning.

In Phase IV, the call center industry still continued to expand. New businesses including professional services (doctors, lawyers, accountants, engineers, etc.) can now be reached nationally and internationally through call centers. A growing number of call centers have either been relocated from the United States and the UK to English-speaking India, the Philippines, Panama, and other locations, or new center growth has emerged in these countries. The end of Phase IV or the beginning of Phase V will be determined by the long-term success or failure of the overseas call centers, emerging inexpensive and flexible digital information technologies, and the desires of consumers in the developed world with ample disposable income and expected levels of service.

TODAY

There are two major trends in the global call center industry. The first trend is the movement of select call centers from more mature labor markets, such as the United States and Britain, to less mature and lower cost labor regions of the world to service the developed nation's markets. For example, many national or international companies will have multiple sites worldwide. They may have five in the states and two overseas. Such is the case for America Online and other similar companies. The trend of US and British-based call centers relocating or growing overseas centers is not without critics. Reports indicating that up to 97,000 jobs will be lost in the UK call center industry to India, increasing the level of

tension around this issue. Outsourcing of call centers overseas can be accomplished reliably and affordably through real-time global telecommunication infrastructure. The largest market growth is in regions that have a relatively high level of education, strong English-language skills, and those which have the necessary infrastructure and support networks to ensure consistent level of reliable service.

The second trend is the emerging new markets for call centers in professional services such as doctors, lawyers, pharmacist, accountants, and many more areas. As companies seek more efficiency, many find the ability of call centers to easily interact directly with the customer intriguing. This trend is expected to continue, and both new and old industries are expected to see opportunities for both revenue growth and cost saving with call centers in the near future.

DEFINITIONS

Words have meaning, and the same words mean different things to different people. Given this reality, this section will briefly review some key words that recur often in this book to ensure that both the author and the reader are working from the same definition.

Representative. A person in a call center who works the phones as his or her primary job responsibility. Other interchangeable words in this book include **employee**, **customer service representative**, **CSR**, and **rep**.

Call Center. This word is used generically throughout the book. This book does not specifically distinguish between inbound and outbound centers. Call centers are also referred to as **customer contact centers**, **customer support centers**, **helpdesks**, and derogatorily, as **cost centers**. The word "**center**" is used throughout this book as a shortened version of call center.

Organization. A group of people working toward a similar purpose or goal in an organization. Sometimes an organization is a call center itself, possibly groups of call centers, or maybe a large **company** with call centers as only a subset of one division. The organization can be government, public, private, for-profit, and non-profit. However, the word organization and **business** are frequently used interchangeably in the text because no matter the status of a center, for profit or non-profit, or government, the goal is to reduce costs and generate the highest return on investment possible.

Manager. This is the head person in a call center. Depending upon the call center size, function, and the type of organization it is embedded in, the head of the call center may be called a **director**, manager, or some

other title. Either way, the word manager in this book refers to the highest level of authority in a single center.

Outline of the Book

This book is divided into ten chapters, each with its own unique focus. This text intends to fill the large gap in the literature by providing a solid authoritative research base for call center managers that allows them to make incremental steps to improve the environment and culture of their center while lowering overall center costs.

Chapter 1 examines the role of culture within a call center, specifically suggesting that creating a positive work environment in a call center can lead to a decrease in turnover and a simultaneous increase in the return on investment.

Chapter 2 articulates that a call center manager must be accountable to both his or her upper management as well as to the reps in the center. With this burden of accountability comes the requirement to produce results and align goals to ensure success at all levels.

Chapter 3 examines the relationship between the location of a specific call center and the capacity to hire and retain employees in a center. This is a key relationship that all managers should be aware of because if a center is poorly located, it can have a difficult time attracting and retaining employees. However, there are specific tools and techniques a manager can use to determine the effective recruiting labor shed of their center, improving the performance of recruiting employees, and retaining them for a longer period of time.

Chapter 4 examines the specific hiring, skills, and training of employees. This chapter does not outline a training module, but instead suggest ways in which a manager should examine the skill sets, hiring parameters, and training regime of the employees to ensure both the most knowledgeable and productive workforce possible.

Who are all of these people who work for you? Do you actually know much about your representatives? **Chapter 5** examines this question in detail suggesting that many employees may have excellent talents that have so far gone unused by the center. The chapter suggests ways to utilize the full range of your representative's talents while simultaneously building a positive and productive work atmosphere. The chapter also examines the motivation of employees to work in a call center.

Is pay the problem or the solution? **Chapter 6** examines the pay structure and benefits of the call center industry and suggests that while pay is important, it is only one measure of employee satisfaction. In fact,

cases will be cited where people have opted for lower paying jobs just to work in a more positive and productive environment. Labor Unions. The name alone sends shivers down many managers' backs. **Chapter 6** continues by examining labor unions in call centers. It discusses when it is most advantageous for centers to avoid unions and also discusses how a manager faced with unionizing can enable the best return on investment possible.

Do you need to purchase that new technology system? Will new system really improve performance? **Chapter 7** examine the relationship between technology and your employees. The chapter suggests that instead of imposing new technologies on your representatives in the hopes that they will perform at a higher rate, managers should ask employees what they would like in a new technology to improve their own performance.

Chapter 8 takes a common return on investment model used by a successful consulting team and outlines the strategies on why ROI is important and gives examples of how ROI works within a call center.

Chapter 9 begins where Chapter 8 left off and applies the ROI model theorized in chapter 8 and applies it to a call center case study to demonstrate that even if a center does not generate revenue directly for an organization, it can show a strong (or weak) ROI in is programs. This ROI report is invaluable to a call center manager articulating the importance of the center to the full organization.

Chapter 10 concludes the book by examining recent trends in the global call center industry specifically examining the movement of call centers from the US and UK to various other countries and what this trend means and does not mean. Furthermore, the chapter examines the Call Center Life Cycle Model and suggests that managers need to keep their position in the model in mind when developing the best strategy for their center within their industry.

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CHAPTER 1

Culture

Culture, or more precisely business culture, is the environment in which the practice of business takes place. This environment includes both physical and psychological spaces. The culture of these spaces is initially set by a leader of an organization and is then reformed and replicated in daily work activities by people within the organization. The goal of any business should be to create the best and most productive culture possible to enable the highest possible bottom-line return on investment (profitability). How this culture is created and what it entails differs greatly from company to company, manager to manager, and organization to organization. This chapter examines specific approaches to creating a positive and profitable culture within a call center.

A positive business culture is not easy to create and, once created, can be undermined quickly in the early development stages of a business. With a concerted effort, however, a strong and positive work environment can be created for call center employees. Though building a positive work culture takes a large initial input of effort, time, and energy, especially from leaders of an organization, if initiated correctly, success will pay ample dividends in employee retention and recruitment, accountability, and, of course, productivity.

FROM BOOT CAMP TO TEAMWORK

Managers do not have to run their organizations like military drill sergeants to achieve employee loyalty and dedication to the company and product(s). Because the goal of business should be to have self-motivated and engaged employees with a dedication to the products and services produced by the company, managers need to move beyond the boot camp model of barking commands and move rapidly toward a culture of teamwork.

Unfortunately, much of what is practiced and called "management" has more in common with a 15th- and 16th-century overseer model of agricultural production than a modern understanding of human interaction within an information- and technology-dependent industry. Archaic management models still in place assume that employees, given the opportunity, will exploit the company they work for at every opportunity. This model takes as truth that to "keep an employee in line" requires the use of a heavy hand and someone looking over the employee's shoulders at all times (an overseer). Whether managers consciously choose to use the overseer model, replicate what they have witnessed/experienced in the past, or actually believe that the overseer model is effective, the reality is that managers who use such models commonly make statements such as:

"If I don't watch them, then they will. . . ."
"If I don't show up for work, nothing will get done."
"I have to watch over them constantly, if not, nothing will get done."
"You have to keep an eye on them or they will rob you blind."
"If I am not in the office today, I know they will take a long lunch
    and sneak out early."

Each of these statements, and countless others, all presume the employee to be lazy, shiftless, thieving, lacking intelligence, and without individual initiative—cornerstones of the overseer model. These phrases also suggest that one must be tough on employees or else they will act in their own interest, diametrically opposed to the interests of the company. This type of management sets up the employee and manager in an adversarial relationship. Managers who choose to develop and reinforce an adversarial model when relating to employees should ask themselves the following questions:

1. Why did I hire these employees if I think so little of them?
2. What is it about my management practices that makes my employees want to escape the confines of my establishment given the slightest opportunity?
3. If I am a hardworking and loyal employee, why do I think that my employees are so different from me?
4. Is my management model the most effective for the bottom line of the call center?

Too often, managers believe that through intimidation and pressure employees will perform at high levels, thus producing the desired results

of increased productivity. This is not the 15th century, and this is not the most effective model to use for profitability within an organization.

The globalizing economy is reinventing itself constantly as it continues to evolve. Creative destruction is common and requires companies to adapt or die. Companies who succeed in this dynamic environment are those that have the best capacity to identify and then to adapt to the changes as they occur. Ideally, if a company is well positioned within the market, it will be the initiator of change in its industry instead of responding to other companies' market movements.

Two necessary ingredients for a business to respond and adapt to rapidly changing market conditions are flexibility and the ability to think creatively (outside the box). The method to achieve this level of flexibility and creativity is the creation of a business culture (place and people) that not only allows, but actively encourages and fosters, employee development at all levels of business—from the janitorial broom closet to the boardroom. This means that old models of management, especially those related to the overseer type of model, must be discarded and new models that embrace a team approach must be adopted and used if an organization is to compete effectively in a dynamic market.

Research indicates that most employees, given a reasonable level of responsibility, rise to the occasion and bring their varied talents to bear on the tasks at hand if the necessary business culture is set up to help enable success. Therefore, for an organization to prosper, managers must trust their employees with the success of their business. Conversely, to become an effective team with a set of clear objectives and goals, employees must trust their managers to lead them with experience through daily difficulties in achieving the team's goals. If this balance between management and employees is not achieved, the full relationship cannot be developed, and thus, the company will not be in a position to rapidly and effectively respond to market changes (i.e., it will lose market share and be supplanted by another business). If employees trust their managers, but managers do not trust the employees, the business model will break down. If managers trust their employees blindly, but do not give them a reason to trust the management, then employees collectively will walk all over management by exerting their own idea of an employee–management plan, which is also a recipe for disaster. The trust between management and the employees must be reciprocal for effective business operations to occur.

The goal of a manager is to have a team of employees that can produce successes with or without management's direct and daily presence. However, creating this type of teamwork, as well as individual and

collective responsibility, takes practice, patience, and time. When effective, the old math of productivity no longer works: $1 + 1$ does not $=$ 2. Instead, with an effective team of employees using their collective talents focused on a task, $1 + 1 = 2.5$ or even 3, since each person can build from the strengths of team members and increase his or her own abilities (a positive multiplier). If the unique skills of employees are not effectively utilized and poor management reigns, then the potential exists to have a high level of inefficiency in the system, making $1 + 1$ not even equal 2, since inefficiencies and conflicts within the system can reduce both individual and group performance.

Human Capital

Human capital is the total set of human assets that any business has at its command. In a small firm this may be 10–15 total employees; in a large corporation it may be 20,000 employees. Human capital, like physical capital, is an investment that should produce a return on investment for a business. This means that if an organization pays an employee $12 an hour, that employee should produce at least $12.01 per hour in tangible and intangibles for the company directly or indirectly. Like physical assets, the right human capital should be used for the particular need in the most efficient and effective means possible. Historically, businesses have thought of ways to use physical objects (usually identified as technologies) in a new mode, method, or manner to produce an efficiency yielding increased revenue generation. However, too often employers forget that they should use similar knowledge/technology when examining human capital. In fact, increasing the efficient use of both human and physical capital should be viewed as seamless, since human capital should not be examined without examining the necessary physical capital and vice versa. When employees are hired, no matter the level, they bring in certain sets of skills, abilities, and disabilities with them. The goal of the manager, in concert with other employees, is to maximize the use of every employee in the most effective, efficient, and flexible means possible.

In short, human capital, like physical capital, must be understood in all of its manifestations to fully utilize its potential for an organization's bottom line. Unlike most physical capital that depreciates in value over time and thus decreases in value as it is used, human capital should be developed to increase in value (through learned experiences and skills),

Human and Physical Capital Value Over Time
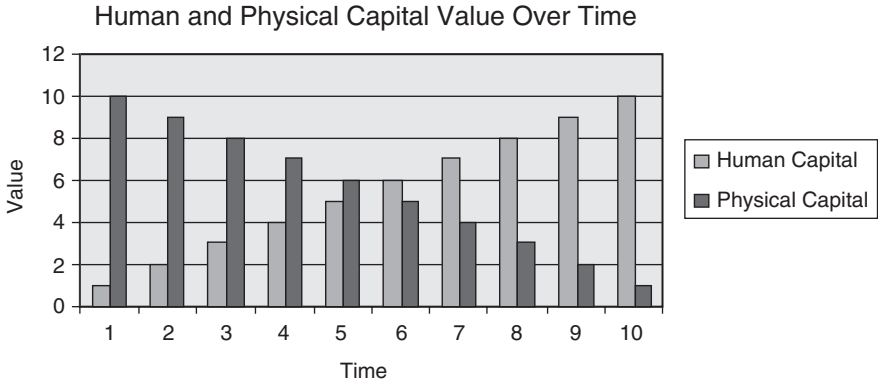
Figure 1-1. Human and physical capital value over time. (Source: David L. Butler.)

thus causing the employee to appreciate in value over time to the organization. Therefore, it is to a business's advantage to develop its human capital as early as possible to ensure that the business obtains the maximum value of its employees during their tenure with the company (see Figure 1-1).

From the Mountain to the Trenches

There are many ways to earn an employee's respect and trust. However, one sure way to earn it and to have the respect spread like a wildfire to all employees is to ensure that every employee knows that a manager is willing to get his or her hands "dirty." It is critically necessary to come down off the management mountain periodically and into the trenches with the rest of the employees. Usually, when peak call load occurs at a center, managers spend their time "managing" employees. This usually entails watching the performance screen to see the average time spent per call and the number of calls in queue or possibly passing out popsicles to the reps to keep them cool. Each one of these responses to peak call demand is understandable; however, managers should ask what type of dividend does each response pay. Sure, managers can spend time viewing the metrics on the screen; however, the chances of modifications to the numbers during this window of opportunity are minimal. In reality, the metrics will be reviewed and evaluated, and new procedures will be created only after the fact. What type of

dividends would it pay if once a week or maybe just once a month, during a peak call time, the manager sat down in a cubicle next to his/her employees and began answering calls or making calls for an out-bound center (of course, utilizing the best skills and techniques taught in training classes)? If the employees have enough training, experience, and knowledge, as well as flexibility and trust from management, the need to oversee each employee during this period will be substantially minimized. Supervisors can handle all routed problem calls. This allows the manager time to sit down with employees, at their level, and to do the job of the center, that is, to communicate with customers one-on-one. Imagine the talk in the break room the day after employees saw their manager answering calls. Getting down in the trenches is especially important for managers who may be new to call centers. No amount of reading and training will substitute for sitting in a cubicle, putting on the head phones, and answering (dialing) call after call after call with the highest level of customer service possible for several hours. Not only will the manager gain invaluable experience about how the center works (in reality, not in abstract terms), but he or she will also build an invaluable bridge between management and the call reps that will be hard to destroy.

Quite often, executives and managers object to the suggestions of "going down into the trenches" with their employees because they fear that their employees would lose respect for them. Others suggest that working one-on-one with the employees will appear to the employees as an attempt to curry favor and will damage the appropriate distance managers should keep. Both of these reactions are unfounded. Any employee who has been hired by a company knows the boss is the person who hires and fires. No matter the distance between the boss and the employee, the manager is in charge by definition and action. The willingness of the manager to take on the role of an employee during a peak time shows the manager's ability to do the tasks effectively and efficiently and also gives the manager more credibility from employees. The manager also increases his/her level of information and knowledge of daily activities in the center, which, in turn, strengthens the manager's statements about performance and productivity numbers for the center.

If a manager chooses to "get dirty" with the employees, the manager is not expected to "beat" the other employees in production numbers. Most managers are selected based on their potential to effectively manage people, not because they produced the best metrics as a rep. The goodwill earned by showing a willingness to do the tasks of employees

will pay substantial dividends later. This task will show the team that the supervisor is not only a leader, but a good leader and is empathetic to their needs and problems.

POSITIVE CULTURE COMPANIES

At leading cultural-friendly businesses, it is customary for almost all employees to work in various parts of the company and at all levels for a specific period of time. The purpose of this activity is not only an empathy-building exercise, but also a way to get everyone in the company acting in concert as a team. What better way to have a group of people come together to work toward the same larger goals than to literally "walk in each others' shoes" for miles and miles? This type of exercise ensures all employees that people from the top to the bottom know their job and know what they are doing for the company. Similarly, this allows people at the bottom of the pay ladder to see that management does work and works hard, quite often to the tune of 60–80 hours a week in most good companies. This type of interaction ensures that everyone is clear on what the others are doing and that everyone collectively is doing their best to pull their own weight and possibly a little more.

JetBlue is a relatively new airline within the United States led by its CEO David Neeleman. On his website, Neeleman states, "One of the most enjoyable parts of my job is meeting customers onboard when I fly JetBlue each week" (www.jetblue.com). Outside of Southwest Airlines, JetBlue is one of the most profitable airlines and is known to have a great business culture. As Neeleman said, he actively flies on his planes, meets and greets his customers, serves drinks and food, and listens. Imagine if you were a flight attendant for an airline and the CEO of the company decided to join you on your flight and acted in the capacity as a co-worker with you to serve the customers on the plane. What type of loyalty would this instill in you? Would the CEO seem aloof and not in touch with the average worker? How much extra effort would you put into your job knowing that the CEO of the company was willing to work with you at your level, doing your job? The situation is the same at a call center. Willingness to sit and work the phones at peak times will help instill employee loyalty to both the management team and the corporate organization.

Earning Their Respect

How do managers know their employees respect them? Should they ask? Does the employee's behavior exhibit respect for management? If managers do not know if their employees respect them, there is a good chance that the employees do not. The only way to be sure that employees respect their managers is to witness it through the actions of the employees and managers, that is, their collective behavior and performance, especially during busy times with increased performance stress. Proof is in the actions, not just the statements.

The goal of good managers is to be respected by their employees, whether or not the employees like them on a personal level. Respect is earned through actions over time. This respect can be transformed into higher levels of focused productivity. Therefore, earning the respect of the reps can bring a manager dividends which can positively influence the bottom line.

Humans and Human Nature

Human beings need specific substances to physically survive. Food, water, and shelter are cited most often as the three basic requirements of human survival. However, beyond these basic physical needs there are also psychological and social factors that humans desire and seek out as part of their nature. Humans are inherently social beings. We tend to live in families or groupings and seldom do we crave a full solitary existence. Clearly, some of us are more social than others, but we all seek some level of communication, companionship, and interaction with other humans to fulfill a basic human instinct. If it were not for this natural desire for closeness and proximity, none of us would be here right now. Managers need to fully understand this necessary social contact and the desire to communicate with and be positively reinforced in this social environment before they can fully understand how to create an ideal positive environment for their call centers. In call centers, more so than in most industries, people can be in very close proximity, but working thousands of miles away from each other. To help smooth this possible disconnect, employees should be allowed and encouraged to work in groups, some large, some small, and to work collaboratively. This usually results in some interesting and unique successes that would otherwise not be achieved if every person was working as a single and separate unit.

ARE YOU THE BOSS?

Managers usually answer "Yes" to this question, but how do they know that they are the boss? Is it because the sign on their doors says "manager?" Or is it because they are understood to be the respected leader of the call center? Where does a manager's power and influence within the center come from? Is the power granted only from the top, or is it supported by the reps from the bottom? Manager is not only a title, it is a state of being.

RESPECT AND DISTANCE

Too often, managers believe that an effective method of showing management skills is to distance themselves from their employees. In a call center, this could manifest itself in a separate and large office, in the form of a high-back leather chair, in a phone with too many buttons, and in other similar trappings. However, these are only symbols, and symbols often mean more to the person who has them than to the people who view them. This is not to say that having nice manager comforts makes someone a poor leader. What is does say is that these symbols do not make a person a good manager. It is not the objects; it is the employees, their performance on the job, and their respect for the manager that matters most and has the largest influence on profits.

To be effective as a manager, and for a company to be effective as an organization, a policy of equal respect for all employees must be in place and practiced. For example, the manager at one call center was speaking to a researcher in the employee break room during a shift change. In the middle of a sentence, the manager walked away from the researcher without saying a word and made a beeline to an employee coming through the door about to start a shift. He walked straight up to her, asked her a question, and then proceeded to give her a big hug. The researcher was shocked. His initial thought was "this manager is going to get sued." When the manager of the center came back to the researcher several minutes later, he apologized for leaving so abruptly and explained that this worker's mother was terminally ill in the hospital and he was checking up on her and her mother in her time of emotional turmoil.

There are several important management lessons in this one simple scenario. First, the manager of this center not only knew this employee by name and sight, but also knew that she had a seriously ill mother. This means that two important events occurred. One, the employee had

enough confidence in her manager to disclose something so personal, thus making herself vulnerable. Two, the manager listened to the employee, understood the needs of the employee, and actively sought the employee out—above a researcher to his facility—to ensure that the employee was okay that day. This indicates that this center had a culture where communication and respect flow freely throughout and that the employees come first in the eyes of the management.

The second lesson from this scenario is that when the manager hugged the employee, he indicated sympathy—a rational action given the circumstances. If the manager chose not to hug the employee, but indicated sympathy, that would have been fine as well. However, if the manager instinctively was about to hug the employee, then at last moment due to fear, perception, or litigious reasons backed away from the employee, he would have made the situation worse, not better. A negative signal would have been sent, indicating an element of distrust or fear of action between the manager and the employee. Instead, given the events and the circumstances, everyone in this call center understood the manager's reaction, which was correct for the occasion and fully within the character of the manager and the center, giving solitude and support to employees in need.

The manager in this example was genuine in his concern for his employees. However, this genuineness also benefits the center and will pay dividends. The employee with the ill family member knows she works in an environment where she did not have to appear at work with a false face hiding a painful event. She did not check her life at the door. If the work culture were not as positive, there would be a good chance that she would not have come to work or she possibly might have quit. If this happened, the center would be short a rep and thus performance would slow. However, knowing the manager knew of her grief and knowing that she could trust management enough to share her grief with them, she was able to come to work and perform the best that she could with the realization that any poor performance would not be held against her. Having the employee at work, doing the best job possible, with a sympathetic management team is the most efficient and productive scenario for the center in this situation. A distracted employee with a sympathetic management team is more effective than an unsympathetic management team that would cause an employee not to show up or possibly quit her job. Furthermore, the goodwill generated by the policy of mutual respect for every employee will pay dividends in the future when this employee promotes the great work environment and the support she received to potential hires.

Not all management decisions are as extreme as the one outlined above. A simple communication skill of walking around the center saying "hi" to reps, patting them on the back, telling them to keep up the good work, and verbally encouraging them to go for a record day goes a long way. Communicating to employees in this manner conveys that managers are human and not some distant people outside of their reach. E-mails are nice, especially when they are personalized, but nothing goes as far as someone taking the time to look at an employee, shake her hand, and tell her that she is doing a great job and it is good to have her as a member of the team. This type of positive feedback will actually increase productivity because the employees will know that the manager knows them and knows what they are capable of, and out of respect for the manager, they will want to perform well so that they can earn even more positive visits from that manager and satify their desire for success at the same time. It is human nature to desire positive reinforcement.

Dan Coen, in his book *Building Call Center Culture* (2001), outlines five approaches managers should use when agents enter the call center. These approaches include:

1. Condition your agents to expect something when they walk through the door.
2. Train agents to accept your objectives.
3. Consistently penalize agents who fail to meet initial company objectives.
4. Make it a point of communicating with each agent in the same way each time.
5. Be prepared to motivate early—it pays dividends.

In number 1, Coen is talking about communicating every day to agents. As they walk through the door and enter the center to begin their shift, new information from yesterday's production numbers to today's goals will be listed. If there is a training session occurring, the reps will report to their respective supervisors for their time, etc. By posting important information for the employees daily, they will begin to expect objectives to be set by the managers on a daily basis, which is the basis for approach number 2. Consistency for all employees is at the core of approach number 3. If one agent fails to show up for work on time or fails to meet performance measures everyone is expected to meet, then this agent needs to be penalized in such a way that all employees know that there is a punishment for not meeting the objectives. If the behavior

is not modified through disciplinary action, then the employee needs to be fired. Knowing that an agent can directly communicate with the manager often gives comfort to employees, thus Coen suggests in approach number 4 that the manager seek an opportunity each day to communicate with each employee through a variety of mediums. The final approach, number 5, outlined by Coen is employee motivation. Every employee from the highest performer to the lowest, needs to be motivated. Each needs reinforcement to improve their abilities and for the successful work done to date.

Interestingly, Coen's number one approach is reflected in the example of the call center with the grieving employee. The manager was at the door to greet all the reps as they walked through the door for their shift when he saw the employee with the ill mother. The other approach that requires expansion is number four.

Coen states that managers of call centers should realize that "agents desire to have an opportunity to communicate with management in non-telephone communication" (Coen, 2001, p. 17). To this Coen adds five specific ways to communicate to agents.

1. Go to an agent, say "hello," and ask them how they are doing.
2. Send a voice mail to each agent.
3. Send an e-mail to each agent.
4. Leave a message on the chair of each employee.
5. Leave a personalized note on the desk of each employee.

Coen continues, "[a] little communication when it is not required is always welcome. What you go out of your way to do in three to thirty minutes' time pays dividends in every way imaginable" (Coen, 2001, p. 17). Research for this book confirms Coen's idea that constant and effective communication from the call center manager to employees is an absolute necessity to build and sustain a positive culture. There is one caution, however, in Coen's five daily communication channels—keep it genuine. Agents in a call center, like all employees in an organization, talk, chat, and gossip. If a manager sets out to leave a voice mail, an e-mail, and a note on each agent's desk every day, it becomes routine, predictable, and trite. Agents will begin to expect the communication as a matter of course, not as something special or unique, and thus it will lose its positive effect. Therefore, a manager should communicate in person to select agents each week, giving each agent his/her time when appropriate. This way the attention will be neither rare nor continuous and thus trivial.

THE NAMES

Whether a manager employs a center of 10, 200, or 3000 representatives, he or she should know the first names of all of the employees from day one. Yes, day one! This is best done by taking a photo of new employees (either an immediate picture such as a Polaroid or a digital image). This picture becomes a flash card for the manager to memorize all employees' names. A manager should also know whether the employee goes by a nickname or shortened name to ensure that Jonathan is not called Jon or Elizabeth is not called Lizzy. Why is it so important to know the employees name so soon? Imagine the following two scenarios:

1. A new employee comes in the door for his shift. The manager walks up to the employee and welcomes him to work. He says, "Welcome…. what was your name again, Steve was it?" The employee retorts, "No, my name is Carlos, Mr. Van Horn."

2. A new employee comes in the door for her shift. The manager walks up to her and welcomes her to work. She states, "Welcome Sharon. I sure hope your first day is a rewarding challenge." Sharon replies, "Thank you Ms. Delillo. I am looking forward to working here."

In Scenario 1, the employee is nervous because it is his first day. He is afraid he will mess up and will not be able to make friends, and he is a bundle of nerves. In fact, the manager who just signed his papers to hire him could not even remember his name. Carlos thinks that maybe he was not as impressive in the interview as he thought and thus will be worried and less productive due to this worry all day.

In Scenario 2, the nervous new employee is greeted by name by the manager when she walks in the door. This tells Sharon that she is known and the expectations are high. Though the employee may be nervous, she will rise to the challenge put forth to her by the manager. Sharon realizes that the manager knows who she is and will be watching her progress. This gives her a reason to work hard because it is clear that the manager is fully in tune with the workings of the center since she knows every employee by name, even the brand new ones.

The sooner the names are remembered, the sooner the positive results will emerge from knowing the people who work to help make the center more productive. Simply stated, "attention is a strong aphrodesiac that makes people want to do for other people" (Coen, 2001, p. 83).

The Open Door

One of the most effective means of communicating a positive business culture is to have a stated, and literally, open door policy. Most open door policies indicate that any employee at any level has the right to come into the manager's office and talk confidentially about any issue without fear of punishment or disclosure. This is not to say that employees should not use the existing chain of command; however, having an open door policy allows the employees access to the top quickly when necessary, when going through the chain of command would be too burdensome and time consuming, or when the issue is so personal that they do not want it shared with every supervisor and assistant manager. It is best for the manager with an open door policy to have an office close enough for all employees in the center to see the open door and know that at any time when that door is open, they are free to access the manager without question. Interestingly, even if there is an open door policy, few people will take advantage of it, except when it is a real necessity. Most employees will not abuse the system, but the knowledge that they can have this access is often enough to ensure a level of confidence in the management and to invite a positive culture throughout the organization. Furthermore, a call center manager should encourage assistant managers and supervisors to adopt the same open door policy. This will achieve two specific goals. (1) Every employee will know that the full management team has an open door and thus respects them enough to give them free and full access all the way to the top in the center. (2) If a manager has an open door policy, but the assistants and supervisors do not, then the only place an employee will feel comfortable taking a special issue will be straight to the top, discounting the rest of the management team. This could lead to an inefficient use of the management team and a dual level of trust in the management. All employees should know that any and every manager and supervisor can be approached and talked to confidentially.

A follow-up issue to the open door policy is respect for privacy. This means that if an employee comes to a management team member with a specific issue, that employee should have the confidence that this information will remain with that person unless stated otherwise. All it takes is one success, and that employee will become a positive and productive employee as well as a great recruiting tool for the call center. Likewise, if only one employee confides something to a manager and the information is leaked to other employees in the center, then that employee will never trust the management again, will never be fully productive, and will probably leave the call center, eventually becoming an anti-recruiting tool for

the center. Therefore, a manager must absolutely ensure that all of the management team knows the policy of confidentiality and strictly abides by it, promoting a strong and productive work environment.

INCENTIVES

Many authors suggest that offering incentives is the ONLY way to get maximum performance from call center reps. However, experience shows that although there may be a rise in performance when the incentive is first offered, once the incentive is gone, so goes the performance. To sustain this level of performance, the manager would need to consistently offer not just incentives, but ever-increasing and more expensive incentives just to maintain the performance level. As Table 1-1 shows, the best approach for maximum performance is to ensure the right culture in the center where everyone is working their best to benefit both themselves and their center, simultaneously creating a win–win proposition.

Another problem with incentives is that they are temporally limited, meaning that employees work hard for a specific amount of time during the program, but not before or after. The effort is put forth, if at all, for the prize, not for improving individual or collective performance in the center. Changing the culture where each employee mutually reinforces each other in a positive manner to perform at their maximum does not have a limited shelf life as do incentive programs.

FINAL THOUGHTS

This chapter suggests that a key to an economically successful call center is to create a positive culture within an organization. Once created, this

Table 1-1. Effect on Performance of Incentive Program vs. Cultural Change

Single Incentives			
Old production	Incentive production	Post-incentive production	Total
8	10	7	25
Overall Cultural Change			
Overall production	Overall production	Overall production	Total
9	9	9	27

positive culture can begin to replicate itself through the employee's day-to-day experiences. The goal of each call center manager should be to have the most successful center possible. To accomplish this goal, this chapter outlines some key concepts a manager can implement within his/her center, such as knowing all reps by name, having an open door policy, working side-by-side with the reps on the phones each month, and more. These positive culture-building activities set the environment for success. Once a manager has enabled the creation of a positive and sustainable culture, both reps and customers will know its success.

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Accountability

ACCOUNTABILITY

The manager of a call center is accountable to two groups of people. First, the manager is accountable to the executives in the company or organization to meet goals, deadlines, and requirements set forth by the company. Second, the manager is accountable to his/her employees and staff. To be successful, a manager must ensure both groups' needs are accounted for to create a positive culture in the call center and ideally throughout the whole organization (a major theme of this book).

The *Oxford English Dictionary* (2003) defines the word accountable as the "quality of being accountable; liability to give account of, and answer for, discharge of duties or conduct; responsibility, amenableness" (www.OED.com). The key words a manager should pay attention to in the above definition are to give an account of, answer for, and responsibility. Many call centers are islands of power for a manager, away from a centralized headquarters location. Therefore, the manager must be accountable for all activities that occur within his or her center. This includes having the necessary information and data to account for his/her actions and the actions of the full call center vis-à-vis the goals, deadlines, and requirements set forth.

GOALS

If a manager is accountable for specific achievements in his/her center, the manager must set goals to ensure that accountability is ensured. Goals are an extremely critical tool for any manager, both for the center's performance standards and for the manager's personal achievement.

Setting goals accomplishes two things:

☐ Goals force people to identify what is important. If something is unimportant, then it should not be associated with a goal and possibly not be part of the mission of the center.
☐ Goals give people a mark to strive toward, to accomplish, and to measure success.

What do most employees in a company strive for or toward? If a goal is in place, then it will be clear when a person or people within an organization reach that goal. Similarly, if the goal is not reached within a particular time frame, it is fully necessary to ask "why was the goal not reached?" By fully examining this question (and answering it), new insights into an organization's efficiencies and inefficiencies will be illuminated, thus giving the manager the opportunity to turn a potential negative into a positive through necessary changes. The problems that may stop a manager from reaching a goal are possibly the same problems that have prevented the call center from being the top center in the organization to date.

The *Oxford English Dictionary* (2003) defines a "goal" as the "object to which effort or ambition is directed; the destination of a (more or less laborious) journey." This means that there is an endpoint somewhere in the future when a person perceives completion of a particular task—a goal (Figure 2-1). Without a clearly defined endpoint, goals will never be fully realized.

Another part of goal setting is laying out the strategy, the pathway, which will be traversed en route to the endpoint goal. What decisions have to be made? What people have to be in place? What events must transpire to continue movement toward the goal? All of these questions must be thoroughly explored and understood before a goal can be successfully achieved. While each of these questions are answered, the pathway to the goal is being set, and a type of road map is being created (Figure 2-2).
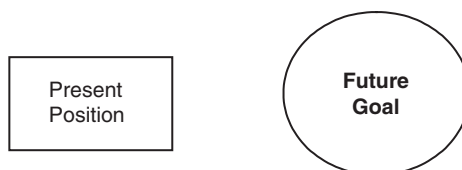
Figure 2-1. *Goals must have an endpoint. (Source: David L. Butler.)*
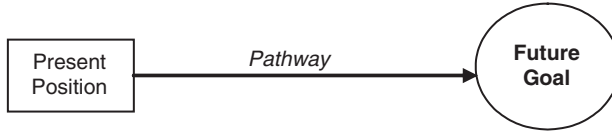
Figure 2-2. The pathway to a goal must be set. (Source: David L. Butler.)
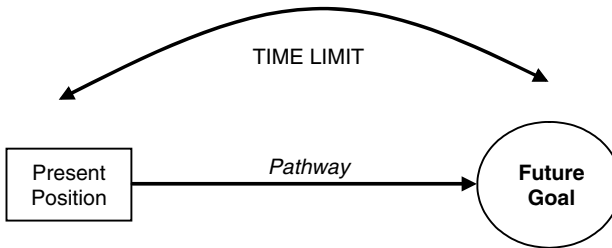
Figure 2-3. A time limit must be set to reach a goal. (Source: David L. Butler.)

The final piece of a goal is to set a temporal limit on when the goal should be achieved. Once a goal is defined and/or described and a map has been constructed to reach the goal, then a set time limit must be imposed to achieve this goal. Time frames can be as short as within the next hour or as long as within the next five years (Figure 2-3). No matter the duration, time must be a critical piece of the equation. If not, a goal may never be reached because there is no sense of urgency to accomplish the goal. Success for most people and organizations is measured by achievements. Without set goals, pathways to reach the goals, and a time frame to accomplish the tasks, success will be fleeting and the manager will have little or no level of accountability.

Levels

Goals are set at various levels for a multitude of reasons. A person may have personal goals for her/himself, for a relationship, for children, for a career, and for life. Likewise, a company can have a set of stated or unstated goals. These may include being the most successful company in a given market; increases in sales volume; increases in revenue; the ability to stay out of bankruptcy for another quarter, to hire more people, and to lower recurring costs; and many more. Similarly, a call center manager may set goals for a center. These may be to handle more calls faster with

a higher level of customer service, to retain more employees, to convince an executive that a new piece of equipment is needed, and many others. Within a call center, each rep will have a set of personal goals not directly related to the center and a set of goals related to work within the center. This means in any given call center there will be scores of goals at various levels sometimes overlapping in the same space and time. The critical management piece is to harness the potential of all of these goals at one time through the call center.

Alignment

What are the chances of success in a call center if the many and varied goals are neither spoken, written, nor aligned all at levels (Figure 2-4)? This would mean that each person could have goals that have no commonality in terms of success, pathway, or completion time. Imagine the force that could be brought to bear if the various levels of goals from the corporate to the rep's personal goals were all in alignment seeking to achieve the same goal with the same road map within the same time frame? If success for your call center is what you seek to achieve, then this type of goal alignment in your call center is absolutely necessary, as Figures 2-4 and 2-5 demonstrate.

GOAL MISALLIGNMENT
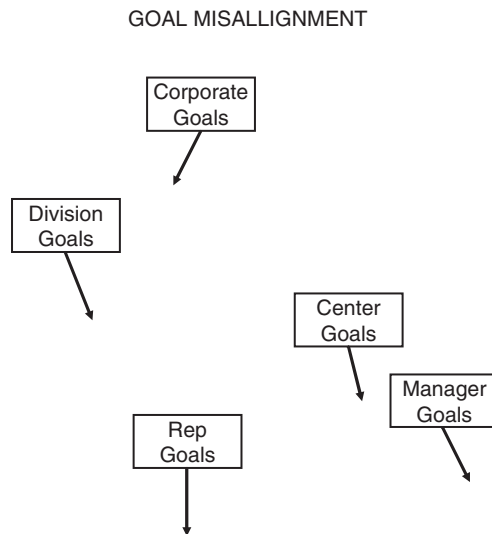
Figure 2-4. Goal misalignment. (Source: David L. Butler.)

GOAL ALLIGNMENT

```
                    ┌──────────┐
                    │Corporate │
                    │  Goals   │
                    └──────────┘
                         ↕
                    ┌──────────┐
                    │ Division │
                    │  Goals   │
                    └──────────┘
                         ↕
   ╭───────────╮    ┌──────────┐
   │Overarching│    │  Center  │
   │   Goals   │    │  Goals   │
   ╰───────────╯    └──────────┘
                         ↕
                    ┌──────────┐
                    │ Manager  │
                    │  Goals   │
                    └──────────┘
                         ↕
                    ┌──────────┐
                    │   Rep    │
                    │  Goals   │
                    └──────────┘
```
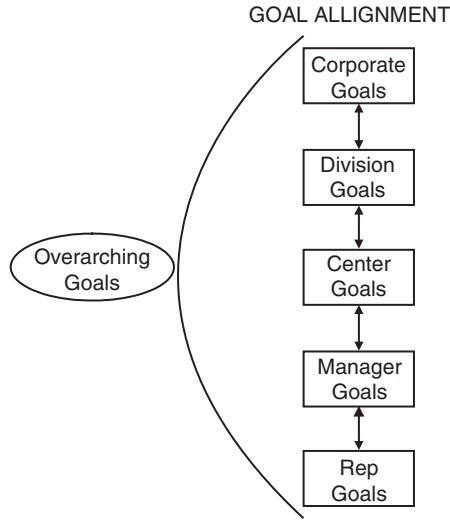
Figure 2-5. Goal alignment. (Source: David L. Butler.)

It is not enough just to have goals at various levels in an organization, these goals need to be aligned and parallel to ensure maximum chances of success in achieving the goals. For example, if a corporate goal is a 10% increase in revenue, a call center manager's goal is recruitment, and a rep's goal is a pay raise. Each of these disparate goals could pull the total expended labor effort in different, and sometimes opposing, directions. Imagine how disheartening it could be for a rep who has set a personal work goal for achieving success only to find out that another rep's goals runs counter to theirs, thus eliminating any potential gains the one person was hoping to achieve for the center. Instead of the potential for no goals or scattered goals, a manager needs to be fully cognizant of a corporation's or organization's stated and implied goals and to ensure alignment throughout. This requires the manager to be savvy enough to fully understand his or her total organization, the *motus operendi*, and their center's unique position within the total structure.

A call center manager should have a set of 3–5 clearly defined and articulated goals for his/her center. Most of these goals should parallel (be in alignment with) the goals of the parent company. For example, if a clearly defined goal of the parent company is a 10% growth rate in the next 2 years, the call center should have as its goal to bring to bear its ability to help in the 10% growth. Depending upon the type and

focus of the center, this could be accomplished in a number of ways, including:

1. Revenue growth.
2. Decreases in spending.
3. Increases in productivity per unit input of labor.
4. Some mix of the three above.

Moreover, the manager may choose to increase the level of customer service by at least 10% in the same period, demonstrating that increasing customer service to this level directly adds to the growth rate of the company through customer loyalty to the company and/or products.

However, as Bruton notes, "business goals are a stumbling block; it is here that so many support departments come unstuck, and not necessarily by their own fault. Too often, the problem starts higher up the chain, where the business goals should be defined. Business goals are often unclear; either the company, its businesses, or in these acquisitive days its management is changing too quickly, so the goals move too fast. Another reason might be poor communication channels, rendered that way by accident or deliberately in some misguided attempt to control the workforce as opposed to involving them" (Bruton, 2002, p. 7). If a manager of a call center has some of the problems described by Bruton, then it is even more critical that the manager penetrate the veil of the upper management to discern what the actual goals of the business are so that he or she can strategically place the center on the path for success within the organization.

An effective manager should operate with a written set of solid, well thought out, and clearly articulated goals that specify what must be achieved in the next month, the next year, and the next 5 years. Operating without goals will leave the center without direction and thus at the mercy of others' agendas.

Ellis and Hawk (2002, p. 11) suggest that it is critical for the manager to effectively communicate to all employees the purpose and role the specific call center plays. The authors argue that "if you want your call center to be competitive, your agents need to fully understand the mission they're being asked to undertake. For call center leadership, this means clearly stating why their unit exists, what it contributes to the larger business and what appropriate measures will be used to assess its success."

A possible goal for the parent company may be to acquire similar companies over the next 5 years (mergers and acquisitions). This means that one goal for a call center manager should be to create an environment of

flexibility that allows potential absorption of other call centers or similar divisions into the organization as new acquisitions occur, or, through acquisitions, as the parent company takes on new products and services. The manager should ensure that the environment in place allows his or her center to rapidly and successfully take on new functions of customer service to ensure a quick road to profitability for the parent company, reducing the transition time associated with mergers and acquisitions.

If the parent company has as a short-term goal to reduce operational costs, then the manager must do his or her utmost to increase the return on investment (see Chapter 8 on ROI) for the center and, if possible, to demonstrate that the center can be linked to the profitability of the parent company either directly or indirectly.

Employees at all levels should be encouraged to set personal performance goals that align directly with those of the center, the headquarters, and the center manager. Other goals can also be set for the rep, but it must be understood and communicated to the reps that these goals are secondary to the main alignment goals. Coaching, training, and mentoring on goal setting, mapping, and achievement may be necessary for any reps who are unfamiliar with goal setting and accomplishment.

In his chapter entitled "Tips to Make Agents Successful," Dan Coen (2001) summarized the full concept of goal setting from both the manager and the employee's perspective. One of the seven tips is "Make Goals Simple." Specifically, Coen states, "Agents can meet and exceed simple goals. They can't meet or exceed goals they cannot understand. In the telesales and customer service environments, management must simplify exactly what they want from their agents. Then, they must communicate those goals to their agents, and support those goals by managing around them" (Coen, 2001, p. 84). Building upon Coen's statements, not only should the goals of the organization, center, and manager be communicated to the reps, but the rep's point of view on their own goals and center goals should be taken into consideration. A self-set goal is more appealing and motivating than a goal set by someone else. Therefore, ensure that the reps are fully engaged in the goal setting process for themselves and the center.

Achievement

If a manager has walked through the goal setting for accountability standards logically, the goals of the company, the center, the manager, and the reps will be put in place. Likewise, a map of how to get to the goal has been delimited, as has the required time frame to meet the goals.

The critical question then becomes how does a manager or a rep know when the goal is achieved? If the date set for meeting the goal comes, how can a group of people know immediately whether or not the goal was reached or missed and by how much? The answer to the question is measurement. A goal, and mile markers along the path to the goal, must be set in a way that is measurable. Both quantitative and qualitative data/information can be turned into numerical measurements. For example, if a goal for the center, manager, and reps is to decrease the time callers are in queue, then this is easily measured with existing technology. If, at present, the average is 5 minutes, then the goal may be to reduce it to 2 minutes. Each day, week, and month the data will exist and can be seen by all. However, if a more qualitative goal is set, such as improved customer service, a different measure must be created. The manager must ask how customer service is measured? Is it through call backs? Satisfaction surveys? Time in queue? Repeat customers? Whatever is chosen as the surrogate measure, data must be collected to represent the improvement or non-improvement of customer service.

Not only do goals need to be measurable, they also need to be fully transparent to all. This means that if a goal is to increase the number of calls per minute for each rep, then a scoreboard must be set up in a location in the center that allows the reps to view the measurable improvements of their efforts on a daily basis. This means that pieces of reports will need to be displayed, and possibly explained, to the reps. Daily, weekly, and monthly data can be shown as well as trend lines, indicating potential success or non-success on the pathway to the goal. This way when a goal is achieved, it is a success for everyone collectively and individually.

Assets to Achieve Goals

Whether a manager is new to a call center or has been there for years, he or she should immediately take an accounting of the assets of the center and compare those against the short- and long-term goals for the center. To make an assessment, first the manager should write down all of the capital at his or her disposal, making a list of the physical capital including building size, number of stations, software, routers and switches, furniture, etc. He or she should also make a reckoning of human capital at his or her disposal. How many people work at the center? Who comprises the management team, and what are their strongest skills and abilities? This will determine what is in the center's arsenal and aid

in making the center the best call center in the region and within the organization.

Once a manager has established that the goals of the center are linked with the goals of the parent company, the manager needs the human capital necessary to achieve these goals. If the goals are articulated clearly, with specific numerical benchmarks to be met within a specific time frame, the human capital needed will be hired to meet and hopefully exceed these goals. In this manner, the goals become the defining factor for hiring the right people. For example, if the goal is to expand service on a particular product by 35%, then a manager must hire aggressive reps who can understand the goal and reach it within the time allotted. If the goal is to reestablish relationships with 10,000 customers who left or who may leave the organization, then it is necessary to hire people with skills who can articulate the "feelings" that the company would like to see customers come back. So instead of hiring just "any representative," now human resources can be tapped to hire specific people for the specific tasks that need to be achieved, reaffirming alignment within the full center.

CURRENT STATUS

Besides taking an account of the physical and human assets, an effective manager must know the center's current status. What is happening in the center at present, what occurred yesterday, and what is on the schedule for tomorrow? As important as "what" is occurring is knowing "why" it is occurring. Why are the events from yesterday, today, and tomorrow going on? Who set them in motion? Do they fit into the goal of being the best center in the region and within the organization? If a manager cannot answer these questions, then it is necessary for him or her to take some specified amount of time to fully understand the workings of the center from the bottom up and the top down. Only then can a manager fully maximize the performance of the center and create the highest return on investment for the company.

SWOT ANALYSIS

A SWOT analysis is an effective means to make a quick assessment of a person or organization's current position and avenues of potential strategic action. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. A SWOT analysis, like goals, can be completed and examined at many scales from the individual to the group

AN ORGANIZATION'S STRENGTHS

dedicated workforce

excellent management

location of facilities

Figure 2-6. A sample SWOT analysis. (Source: David L. Butler.)

or organizational level. Often, groups hire a neutral person to facilitate SWOT analyses to ensure maximum participation by all members of the organization. Within a center, this means that they would either need to bring in a neutral party (consultant) or, if the manager feels confident, he/she can lead the session. The key to most SWOTs is to allow all the brainstorming up front and to enable all voices to be heard.

During a SWOT analysis, most facilitators write down group decisions in each category: "What is the organization's strengths?" "What is the organization's weaknesses?" etc. (see Figure 2-6 as an example). Strengths and weaknesses are listed as internal factors, and threats and opportunities are considered external factors. With these concepts written down, a person or organization can then list action steps to enable forward movement and eventual success. After completing a traditional SWOT analysis, a slight addition to the existing analysis can bring a more complete picture of an organization's current position and can help determine its position and strategy for action (Lassen, 2003).

To create this added piece of a SWOT analysis, a 3×3 matrix needs to be created (see Figure 2-7).

After the matrix is created, the words "strengths" and "weaknesses" need to be printed across the top middle and right boxes. Next, the words "opportunities" and "threats" need to be placed on the left middle and bottom boxes with the summary list of items from the traditional SWOT analysis (Figure 2-7).

Once this table template is created, each of the four internal boxes need to be labeled 1 through 4. Each of these boxes will represent the intersection of the box directly above and to the far left. For example, box 1 will represent the summary list of strengths and opportunities, box two will represent the summary list of weaknesses and opportunities, and so on (see Figure 2-8).

Answers to boxes 1–4 need to be completed. Each box will more than likely include at least one item, and several boxes will be filled with many items, potentially overflowing the available space of the box.

SWOT MATRIX

	STRENGTHS 1. _____ 2. _____ 3. _____	WEAKNESSES 1. _____ 2. _____ 3. _____
OPPORTUNITIES 1. _____ 2. _____ 3. _____		
THREATS 1. _____ 2. _____ 3. _____		

Figure 2-7. A SWOT matrix. (Source: David L. Butler.)

Once complete, take a break, come back, and examine the full box. Does your organization have a dominant box? Does your organization have a box with little or no writing? Each box and the information contained within is a message about your organization, its current position, and the abilities or disabilities it has in a manager's road to success.

Box 1 represents an aggressive posture with many opportunities and strengths, and thus, you are in a position to move your center forward rapidly. This is the ideal position for most businesses. Box 4, weaknesses and threats, is a defensive posture. External threats are high, and your organization is riddled with weaknesses. Quite often, the best strategy for a business in this category for an extended period is to sell the business and start anew. If your organization fits into either box 1 or 4, the options are clear: keep an aggressive stance and reform or close, respectively. However, if a call center is dominant in box 2 or 3, options are less clear. In box 2, weaknesses exist, but so do opportunities. The ideal

SWOT MATRIX

	STRENGTHS 1. _____ 2. _____ 3. _____	WEAKNESSES 1. _____ 2. _____ 3. _____
OPPORTUNITIES 1. _____ 2. _____ 3. _____	1 strengths-opportunities 1. _____ 2. _____ 3. _____	2 weaknesses-opportunities 1. _____ 2. _____ 3. _____
THREATS 1. _____ 2. _____ 3. _____	3 strengths-threats 1. _____ 2. _____ 3. _____	4 weaknesses-threats 1. _____ 2. _____ 3. _____

Figure 2-8. A SWOT matrix with strengths and weaknesses. (Source: David L. Butler.)

goal here is to determine how to overcome the weaknesses that allow the organization to take advantage of the opportunities at hand. On the flip side, a dominant box 3 suggests that the external threats are high, but so are the internal strengths. The goal for a manager in this box would be to use the internal strengths to mitigate the threats as much as possible. Often, the external threats are high levels of competition, thus creating a niche market would be one of the action steps to move from box 3 to box 1. Sometimes an organization in box 2 or 3, when examining the assets required to move into box 1, realizes that the costs associated with this transformation are prohibitively high. Given this situation, and the expected slide into box 4 status, a organization will choose to sell while the negatives are not too strong to allow a decent return on the investment (Lassen, 2003).

A manager must remember that the SWOT analysis accomplishes two items. One, it helps to clarify the position of the center in the mind of

the manager and gives the manager some information to communicate up the chain of command. Two, by allowing employees to engage in the processes, the employees can see the position of the center and what needs to be accentuated and strengthened to place the center in the best business position possible. Allowing the employees to participate will increase the likelihood that they will actively help to initiate the changes necessary for success and accountability in the center.

Scenarios of Success

Every company has the same *motis opperendi*: to make a profit, and ideally, the highest profit possible. Though qualitative measures are good and legitimate, in the end the quantitative measures are what count, literally, as the return on investment for the company. Therefore, it is absolutely imperative that a manager measure as much as possible within the organization, including how goals will be achieved. Ellis and Hawk (2002) suggest that if goals are set and clearly articulated to all workers, then success from these goals should be measured. "Developing a wider range of success measures allows call centers to reap dual benefits: 1) top management views them as a more critical part of the business; and 2) they are able to motivate their staff with much more engaging missions and goals" (Ellis and Hawk, 2002, p. 11).

Quite often, managers put in place numeric goals, for example, 100 calls per employee per shift. Numeric goals are good, but they need a philosophical underpinning that illuminates the purpose. For example, if a manager said the call center was doing well, that manager should be able to explain why the center is doing so well, how he knows it is doing well, and what he is comparing the center's performance to. The manager should have some form of metric to measure the center's success. To fully make an argument, to achieve a goal, or to fully perform at the maximum ability and achieve the largest return on investment (ROI) for an organization, it is necessary for a manager to have numerous measures throughout the organization. Many managers have at their disposal some form of evaluation and scheduling software for their center. This is a start, but there is much more data that can be collected that will positively influence the decision-making process within the center. A manager should fully measure the cost of training, the return on investment (ROI) per employee, the turnover rate, the cost of turnover, and employee satisfaction. It is imperative to accurately and regularly track specific data in the center that are related to specific goals. If this data is not collected and goals are not tracked, there will be no mechanism

in place to determine when goals are achieved and success is established or, if the goal is not reached, what variable(s) hampered the successful completion of the goal.

Imagine the following scenarios in which an executive from the company headquarters arrives to asses the status of the call center.

Scenario 1

The executive asks the center manager, "How are things?" The manager says they are fine for the most part. He shows energy and enthusiasm, but gives no specifics. Following up, the manager suggests that there are some problems to overcome, but once again gives no specifics. A portrait of a center manager emerges that shows he is enthusiastic, but without vision.

The outcome of the visit is that the manager will never be promoted beyond his current position in the center.

Scenario 2

The executive asks the center manager, "How are things?" The manager says that she set three goals for the center to achieve by midyear, with each of them paralleling the larger goals of the organization. These goals were set two months ago and the center has accomplished goal 1 during the first month, is striving to achieve goal 2 this month, but goal 3 does not seem to be achievable by midyear because of four major obstacles that she is attempting to overcome. She (the manager) asks the executive if he has any suggestions or can offer any help in removing some of the obstacles to achieve goal 3. The manager shares with the executive that as soon as goal 3 is achieved, her plan is to initiate a new set of goals with a particular focus to achieve an even more customer-friendly call center, a high level of accountability, and, of course, the largest ROI possible for the center. As a result of this conversation, the executive places her on his "person to watch" list and will monitor the center's success more closely and potentially target the manager for future promotions within the company.

The outcome of the visit is that the manager has just distanced herself from the competition and is on the fast track for promotion.

Clearly, articulated goals and objectives are important not only for the executives in the organization, but also for the rank-and-file employees in a call center. Imagine the following two scenarios as they relate to call center goals.

SCENARIO 1

The goal set by the manager for the employees in the center is an average number of calls completed per employee and achieved with a specific level of customer service. Each employee individually works toward his/her goal. Once achieved, the employee can then rest comfortably on his/her laurels for a while before a new goal is set next month. Those that have not reached their goal must work more diligently near the end of the month to ensure they meet the goal by the deadline. As long as they meet their goal, their job is secure.

SCENARIO 2

The manager sets three goals for the center. This has been communicated to everyone in the center in four mediums: memo, e-mail, posted displays, and announcements during an employee meeting. The goals are clear, reasonable, and achievable. It will take the concerted effort of everyone individually and collectively to reach the goals. Posters in prominent locations throughout the building have the goals listed for all to view daily. There is a thermometer next to each goal on the posters that is filled in as the center nears its goal. Similarly, there is a sheet next to the thermometer to insert a date when each goal is met. Each representative is assigned a responsibility to achieve his/her respective portion of the goal. This means that the center's success rests on everyone's shoulders collectively and that every person needs to fulfill his/her duties to achieve both personal and center goals. Instead of reaching a goal and stopping, the reps will over-achieve to ensure that the center meets its goals.

In Scenario 1, there is no collective vision or goal. Each person is looking out for themselves, but not the total center. This can be productive, but only in a limited scope and limited time, just like the incentive program. In Scenario 2, the goals are achieved as a team. Though the team is composed of individuals, it is the collective team effort that enables the success to occur. As the team continues to meet its goals, higher goals and standards are set.

FINAL THOUGHTS

This chapter has articulated that a call center manager has two groups he/she is accountable to and for: executives in the headquarters and reps in the center. To be accountable, a manager must have a clearly defined set of goals that are achievable, a road map to get to the goals, benchmarks

along the way, a set time to reach the goals, and the ability to measure when the goals have been achieved. The goals being achieved should be in full alignment throughout the organization from the CEO all the way down. If not, then maximum efficiency cannot be found. Understanding what assets are available and how to bring them to work on a problem is needed in each center. However, before taking action, a manager should spend the necessary time and money to bring in an outside expert to run a SWOT analysis for the center with full employee participation. Once the manager is clear on the current status of the center, then he/she can use the available assets to set the goals and move forward to success.

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Location, Location, Location

This chapter examines a common issue faced in business: What is the best location for a particular facility that will help maximize profitability? Since call centers require a large input of labor, critical factors in site location are the size and type of labor available. The right mix of labor helps managers hire successfully, thus meeting the objectives of the center. The location of a call center will by default determine the number and type of employees it can hire and retain. Conversely, the number and type of employees sought to fill the center should strongly influence the location of the call center.

WHERE TO LOCATE A CALL CENTER

There is an art and science to locating business activities. Site selection is a major industry because where a business is placed can help influence its success or failure, no matter how well the business is managed (see the Site Selection box).

SITE SELECTION

According to author Brendan Read (2000, p. 203) and site selection consultants, there are many factors to consider when locating a call center. These factors fall into three major categories: labor, legislation, and community.

LABOR

    Availability
    Wage structures

Local fringe benefits
Education
Language skills
Labor force participation

LEGISLATION

Telemarketing laws
Taxation policies and rates
Unemployment insurance and workers' compensation rates and
   rules
Right-to-work laws
Incentives, such as training grants and tax credits

COMMUNITY

Time zones
Climate
Telecom and electrical infrastructure
Transportation (roads, mass transit, and inter-city air and rail
   access)
Cost of living, including housing
Public safety
Property and site availability
Local business attitudes (e.g., whether the community is pro-
   business)

Though Read is correct that these factors, and many others, help one location to succeed over another in site selection of call centers, what is not clear is how to weigh each of these factors against one another. In other words, is the climate of a community as important as the educational level of the labor pool? Clearly, legislation and community are important elements in call center site selection. However, are they the most important? This researcher's interviews with executives in companies with multiple call centers as well as interviews with call center directors have delineated a top three list of variables that strongly influence call center location decisions. These include:

1. Labor costs/labor pool
2. Tax incentives
3. Labor skills

Without an available and affordable labor pool that has the necessary skills, the call center will not be able to function, no matter the community or legislative environment. Therefore, Read suggests that many factors help influence call center site selection decisions, and each center has unique requirements; however, three major site selection factors consistently rise to the top, suggesting that not all site selection variables are weighted equally.

Call center managers do not have to worry about a storefront to attract walk-in customers to sell a service or product. Thus, there is a fundamentally different set of location requirements for a Wal-Mart than for a call center. Most call centers are back offices, and thus, the products/services are sold/acquired over the phone or by e-mail. The only reason to have a large and highly visible class-A office building would be for public relations, advertising, and/or company policy. However, even though call centers will not attract walk-in customers, the location of a call center is still extremely important and will help determine the success or failure of the center.

COMMUTING

Most people dislike a long commute to work; some actually despise it. Even if a commuter leaves his/her car at home because access to an effective and efficient public transit system exists, there are still crowds, delays, and time spent in commuting to contend with. Despite the pain associated with commuting, people traverse long distances all the time in all of the large- and medium-sized cities over the world. Even though people do commute and realize this is just a cost associated with "doing business," there is a threshold distance where they will choose not to commute—an invisible line where a location is too far to commute to given the particular job and pay. It is this threshold that determines the labor shed of each call center. The labor shed for each center is unique (see the Labor Shed box).

LABOR SHED

What is a labor shed? A labor shed is usually represented in the form of a map that delimits a given distance or time from a point that people are willing to commute to and from. For example, imagine a red dot on

a map representing a call center. Now imagine driving 5 minutes in one direction from the call center. Stop. Mark a white dot on the map. Go back to the red centroid call center dot. Drive 5 minutes in the opposite direction. Stop. Mark a white dot on the map. Repeat this exercise along major and minor roads leading from the center. Now connect the white dots together in a circle-like figure. This is a crude labor shed map representing a 5-minute commute to/from the call center. This process can be repeated for 10, 20, or 30 minutes, and so on. Eventually, the labor shed will become elongated along interstates and major thoroughfares and less elongated on small roads in neighborhoods. This labor shed, if used correctly, can help a manager effectively recruit and retain employees and market his/her center toward a specific demographic profile as well.

Commuting, especially non-productive commuting, makes people feel that they are wasting time, money, energy, and patience. Likewise, most employees in a call centers are paid when they clock in and cease being paid when they clock out. Thus, reps are not paid to commute to and from work, and so the time and money spent on the commute is lost. Furthermore, commuting costs money. There are real costs, such as fuel, oil, parking permits, tires, and bus and metro passes, and opportunity costs, such as time spent on other activities. Therefore, each person has a maximum distance and/or time they are willing to commute for a particular job before they believe they are losing more from the commute than they are gaining from the job. It is at this threshold when many employees choose either not to take a job or soon find themselves seeking other job opportunities in locations nearer their homes. The long and difficult commute will lead to an unwanted turnover rate in the call center, especially if there is a negative business culture or a manager who is not respected by the employees.

The maximum commuting distance someone is willing to travel differs from person to person. Some people choose to use a formula to make their decisions. For example, a person can calculate the price of fuel, wear and tear on the vehicle, parking, etc. per day, per week, and per month to determine the commuting cost as a percentage of his/her total take-home pay. If the ratio of commuting cost to take-home pay grows, then the likelihood of attracting this type of employee to a center that is far away decreases (see Table 3-1).

The best opportunity for the employee in Table 3-1 would be to take the job closer to home which pays less because the cost of commuting would eat into any potential gains from an additional 50¢ an hour.

Table 3-1. Ratio of Commuting Cost to Take-Home Pay

Job 1—$8 Per Hour Pay and 30-Mile Commute

Cost of travel per week:
    Travel costs = 30 cents per mile
    30 miles each way, 60 miles roundtrip per day
    6 days per week × 30 cents per mile = $108 per week
Weekly pay:
    40 hours per week × $8 an hour = $320 per week
Take-home pay:
    $320 per week − commute cost ($108) = $212 per week

Job 2—$7.50 Per Hour Pay and 20-Mile Commute

Cost of travel per week:
    Travel costs = 30 cents per mile
    20 miles each way, 40 miles roundtrip per day
    6 days per week × 30 cents per mile = $72 per week
Weekly pay:
    40 hours per week × $7.50 an hour = $300 per week
Take-home pay:
    $300 per week − commute cost ($72) = $228 per week

Source: David L. Butler.

In fact, the employee would earn an extra $16 a week, plus the benefit of a shorter commute, taking the closer job.

Other people evaluate commuting in terms of lost opportunities. For example, some people want to work very close to home so they can be home as much as possible with children, be near a daycare, or be able to reach someone at home quickly if there is an emergency. As Table 3-2 shows, once again the best opportunity for a potential rep is to take the position at the location only 10 miles from home, even though it pays $2 less per hour. The reason is that by commuting 25 miles to work, there is a high likelihood that traffic will cause this person to be late picking up his/her child(ren) from daycare. The costs associated with those delays are not worth the increased costs of the more distant job. In fact, what should become clear is that, traditionally, to attract people from farther away, a business must pay more, making the commute and costs associated with the commute negligible. However, there are exceptions to this rule, such as a great work environment, that can influence people to commute very long distances.

Other employees like a short commute distance because they want to be able to get home to attend various functions or activities. The activity

Table 3-2. Ratio of Commuting Time to Lost Opportunities

Job 1—$9 Per Hour and 25-Mile Commute

Cost of travel per week:
    Travel costs = 30 cents per mile
    30 miles each way, 60 miles roundtrip per day
    5 days per week × 30 cents per mile = $90 per week
Weekly pay:
    40 hour per week × $9 per hour = $360 per week
Other costs:
    Daycare late fee = $35 per hour
Take-home pay:
    $360 per week − commute cost ($90) − daycare late fee ($35) = $235
    per week
    Chances of being late increases with distance

Job 2—$7 Per Hour Pay and 10-Mile Commute

Cost of travel per week:
    Travel costs = 30 cents a mile
    10 miles each way, 20 miles roundtrip per day
    5 days per week × 30 cents a mile = $30 per week
Weekly pay:
    40 hour per week × $7 per hour = $280 per week
Other costs:
    No daycare late fee due to proximity
Take-home pay:
    $280 per week − commute cost ($30) = $250 per week
    Chances of being late decreases with proximity.

Source: David L. Butler.

may be a soccer game, a church or reading group, or to just sit down, rest, and watch their favorite television show. People who dislike being in a car for an extended period of time usually hate sitting in traffic. Many of these people will take a route to or from work that may take 10–15% more time, just to keep the vehicle moving forward. This type of person would likely not seek a job too far from work along a congested thoroughfare. Others, however, are not bothered by a long commute. As long as the commute is not eating into a large percentage of their income, some employees do not mind traveling to earn an advanced income. These people usually consider commuting as a productive activity.

Table 3-3 shows the ratio between distance and costs of commuting. In Scenario 1, the commuter takes roads and pathways that are less

Table 3-3. Ratio of Distance to Costs of Commuting

	Travel Time	Travel Distance	Cost per mile	Total Costs
Scenario 1—Longer distance, less time (roundtrip)	1.5 hours	70 miles	$0.30	$21
Scenario 2—Shorter distance, more time (roundtrip)	2 hours	50 miles	$0.30	$15

Source: David L. Butler.

direct, but likewise not as filled with traffic. This commuter hates to sit in stop-and-go traffic and would rather trade off time over distance just to ensure that he/she is in continual motion and seems to be making progress. Though a bit farther, this commuter can usually shave off time from the more direct route, but at a cost of more money to travel the longer distance.

In Scenario 2, the commuter takes the most traditional and direct route to work. This also happens to be the same route that most other commuters take. Therefore, traffic is heavy and quite often he/she hits bottlenecks on the road that lead to stop-and-go traffic. The distance is shorter, though, and thus he/she burns less fuel, even including idling, and spends less direct money on commuting costs, an average of $15 per day.

Though these scenarios are hypothetical in nature, they do illuminate differences in commuter patterns. An effective call center manager should know not only the commuter distance of his/her employees, but also which type of commuter scenario each fits into. The reason this knowledge is important is that if some employees travel at the farthest extent of the center's labor shed and the manager assumes they do not mind the commute, when in reality they do, the chances of retaining those employee decreases significantly. Why? There are three main reasons. One, these employees hate to sit in traffic and therefore will go out of their way to avoid traffic, suggesting they will become tired of the commute quickly. Two, this avoidance increases the cost of their commute to the center. Since a center's labor shed is based partially on the economics of travel to and from the center, these employees' circuitous routes increase their costs of traveling, disabling the labor shed model. Thus, if these representatives live at the edge of the center's established labor shed, there is a high likelihood that the costs associated with taking the longer route will cut into their earnings, pushing them to find employment closer to home.

Three, if these employees notice that they are paying too high a percentage of their wages for commuting, they are left with two options: they can either take the more direct route, which will decrease their commute costs, increase their commute time, and put them in the traffic situation they wished to avoid or they can seek employment closer to home or move closer to the employment.

Buildings

Call centers are found almost everywhere and in every type of building imaginable, from downtown skyscrapers to strip shopping centers to malls, to old Wal-Marts. Call centers can even be found in homes and in aircraft hangers above maintenance bays. Call center buildings come in all sorts of sizes, shapes, and locations. Whether a center is above an airline hanger in Chicago or in an old abandoned church, the important consideration is whether a center's size, layout, and location help in effectively managing the center.

Read (2000) presents a list of items to examine when looking at a particular property. These items include:

1. Access
2. Competition
3. Security
4. A healthy building
5. The shape of the building
6. Voice/data/power reliability
7. Expansion and contraction rights

By access, Read means the ability for workers to find the center within a reasonable commute time. Too much competition in a market will naturally lead to cannibalization of centers and will drive up labor costs. To avoid this problem, the center should not be too close to other centers and overlap multiple labor sheds, but at the same time, it should not lose the vital access variable. Security, especially after 9–11, is a necessary requirement of doing business. It is important to find a building that is healthy and in good shape. The appropriate building should allow for effective management with its current layout/configuration. If the building's design inhibits an open and communicative atmosphere that would leave reps feeling isolated, then it is not a good choice. Voice/data/power reliability, or to state it another way, redundancy, is critical to operations of a call center. Most organizations with more than one center will have built into their call centers' architecture the concept of redundancy,

allowing one center to go offline with an automatic switching of calls to another center without losing a call. If there is only one center in an organization, the idea of redundancy takes on more important challenges.

EXAMPLE 1

A hotel reservation center in the South was receiving the standard allocation of calls during a normal mid-week day. Suddenly an alarm sounded from the manager's computer. The manager went to the computer and saw the problem. The Midwestern sister call center of their organization was now under a tornado warning. A tornado had been spotted near their center, a tornado warning had sounded, and all employees of the Midwestern center were heading for the basement for protection. Before the Midwestern manager left for the basement, all operations were suspended in the center and calls were routed to the nearest center, the one the South. Call volume peaked at the Southern center. Within 30 minutes, the threat of the tornado passed, the Midwestern center was back online, and calls were declining at the Southern center as the network was routing calls back to Midwestern center. Tornadoes are not predictable, and therefore, redundancy is necessary, ideally through multiple centers in multiple locations.

EXAMPLE 2

A call center in the West was experiencing unusual weather, a lightening storm. This was the only center open for this organization since it was late in the day. As the electrical storm strengthened, lightening began striking nearby, testified by the increased volume and frequency of thunder. A few minutes later, a loud boom was heard and the lights of the center dimmed, but operations continued. One glance outside indicated that the nearby blocks had gone black; the lightning strike hit a nearby transformer. Having foreseen this type of emergency, this center was equipped with two backup diesel generators, which could be heard humming through the back walls outside the center. These generators enabled the center to remain online through the power outage, saving all calls in queue and all data in the system. After approximately 40 minutes, the power company had the power back on and the sound of the generators faded as the lights came back up to full illumination. Though the center staff was a bit shaken, customer service continued uninterrupted.

The final item on Read's list of finding property for a call center is expansion contraction rights. Remember, any number of opportunities and challenges face call center managers on a daily basis.

Organizations are always in a state of flux, which includes mergers, divestments, acquisitions, restructuring, consolidation, expansion, and more. This means that each call center should be in a position to maximize on the opportunities presented. Ideally, this should enable the expansion of an already successful center. Thus, it is vital to fully understand the full constraints, both physical and contractual, to expansion.

An additional item to add to Read's list would be parking. Many managers forget that if they have a 250-seat center, at any given time they would need a parking lot that accommodates at least 250 spaces. This is a lot of concrete and asphalt. Consider the following equation:

$$250 \text{ employees} = 250 \text{ parking spaces}$$

Each parking space is 10 feet wide and 22 feet long (to accommodate backing out of the parking spot)

$$10 \text{ feet} \times 22 \text{ feet} = 220 \text{ square feet per parking space}$$

$$220 \text{ square feet} \times 250 \text{ needed space} = 55,000 \text{ square feet of space at}$$
$$\text{minimum for parking}$$

$$55,000 \text{ square feet} = 1.26 \text{ acres}$$

It becomes obvious then that proposed location for a center should ensure ample parking nearby and in a safe location. If not, the center might end up like a cell phone call center in a city on the Gulf Coast. This center chose a scenic location due the availability of labor (and a little politics). Once the center was opened and then quickly expanded, it became apparent that there were not enough parking spaces to accommodate the employees' vehicles. Because of this bottleneck, the call center had to lease land for parking. The local economic developer was finally brought in and an agreement was worked out between the cellular service call center and nearby establishments with parking. Unless a call center is located in a major metropolitan area with an advanced, reliable, and safe public transportation system with a stop nearby, expect at least 95% of employees to drive to work with one person per vehicle. Research on call center reps indicates that the majority drive themselves to work, as Table 3-4 indicates.

CLUSTERS

When locating a call center, it is important to determine what types of services are available and where these services are located. For example, will the center need copying services? Will it need regular maintenance of

Table 3-4. Survey of Employee Transportation to Work

How do you get to work?	Percent
Drive	95
Dropped off	1.95
Public transport	1.10
Carpool	1.95
Total	*100*
$n = 359$	

Source: David L. Butler

equipment? What would happen if some of the computer systems went down or the backup generators did not function? Is a list of the service providers available? Are they on the same side of town as the center or in another town? The good news is that the services that a center needs are probably in most medium-sized metropolitan areas. The bad news is that that these service companies like to locate near a large cluster of call centers since they are major clients. Therefore, to get close to the service providers a center has to get closer to other centers, potentially encroaching into their labor sheds. This means that a manager will have to balance the proximity to service providers for fast and easy access if a problem occurs with being too close and possibly overlapping several other centers' labor shed. "Many locations are already saturated with too many positions for the available labor supply, both in total and in different fields, such as call center work" (Read, 2001, p. 170). Balance wisely.

INCENTIVES

Almost any new call center can take advantage of incentives from the local community and/or the state. Common incentives include free land, low-interest loans, tax breaks on large equipment purchases, free training for reps, and more. The question is not whether to take advantage of the incentives, but what mix of incentives a manager should choose to take advantage of? Instead of having the incentives drive the center, the wisest course of action is to have the center's strategy outlined first and then chose the specific incentives from the buffet of options offered by the state or local municipality. It is not wise to have the incentives drive the

center, since the goals of the center may not be parallel to those of the state or community. A manager should keep the center's priorities front and center. Most local economic developers/chambers of commerce can help a new center take advantage of these opportunities.

Technologies

What technological infrastructure is necessary for a call center? What type of bandwidth does it need? Depending upon the location, the options may be many or few. For example, in large- and medium-sized cities within the United States, a center should have multiple options of long distance, data, and voice carriers. Furthermore, there is a good chance that there are multiple redundancies within each system, so if one fiber line is cut, the other part of the loop continues transmitting without a loss of contact or bandwidth. In more rural states, the options and choices may be few. In developed nations, the level of technology will be similar to that of the United States; however, you may have only one provider—the national carrier. Developing nations provide some challenges. Locations such as India, the Philippines, China, South Africa, Panama, and others have fewer data and voice lines and even fewer redundancies. However, specific locations within these nations have been targeted as "technology centers," such as Bangalore in India, where the necessary information technology infrastructure has been placed to ensure connectivity. However, as more centers locate in these lower labor cost areas, more pressures will be placed on the existing infrastructure and bandwidth, necessitating the need for continued investment by both private and public entities if this growth trend is to continue. There are a number of books that address call center technology in superb detail, including Bocklund and Bengston's *Call Center Technology Demystified* (2002) and Waites' *A Practical Guide to Call Center Technology* (2001). The purpose of this section is to inform managers that there are multiple trade-offs in call center location, including the availability, accessibility, and redundancy in the information technology infrastructure. It is wiser to choose the conservative side of too much bandwidth and voice capacity because chances are in the near future the center will need to draw on these reserves.

Community Colleges

Community colleges can be one of the greatest assets to a call center. Community colleges, as their name implies, were created for and focused

upon the development of a local community. This includes the economic development of the community and the personal development of people within the community. These two foci of community colleges can be used in a positive and productive manner to develop a call center. First, the community college brings expertise to the particular problems centers may be having. Just one look at the roster of faculty and administrators at the local community college should indicate the wealth of information and expertise that is usually available to the center with just a phone call to the community college. Most of this expertise can be accessed very inexpensively (if not for free) and can offer solutions or troubleshooting for any of the myriad of problems a center might be experiencing.

Many community colleges also have centers for workforce development. This may be in the form of job placement, retraining, research, and/or ongoing classes. Often, call centers can outsource their training, or at least the initial stages of training, to the local community college. "Placing a center in an area that has one or more colleges or even a single large university can give you ongoing flow of admittedly transient workers. They won't stay around long, but they are often available on short notice, and they can work odd shifts" (Dawson, 2001, p. 19). These colleges offer at least one filtering layer for potential employees to work in the call center, saving the center both time and money in recruitment and training.

Besides the workforce component and expertise, community colleges are also a reserve of labor in the form of students. Students often make excellent call center employees for the following reasons:

1. They are intelligent.
2. They come with skills.
3. They have flexible schedules.
4. They are not seeking full-time employment.
5. They usually have insurance with their parents.
6. They are trainable.
7. They are motivated with excitement and energy.
8. They are not likely to unionize.

Most call centers managers seek trained (or trainable) and motivated people who can learn, show up to work, and are not likely to cause serious concerns with performance or union activity. Because students are transient and often have very flexible schedules and extra time on their hands, they are often sought after by many call centers. Furthermore, since most

students have some level of skills and training already, Levin (2001, p. 48) suggests that this can lead to substantial savings for call centers in reduced training.

The same reasons that make students attractive to call centers as a source of labor makes them eventually leave the center. Because students are transient, they work at the center because it is near the college. Thus, when they leave the college or university, they leave employment at the center. Levin (2001) and others have articulated that call centers should be viewed not as "just a job," but as a career. If this philosophy was implemented, it would cause a disruption of the flow of students into the centers. For example, imagine that a call center recruits from a local college or university for part of its labor force. These students show up to work, do their job well, earn their paycheck, and enjoy their classes at the college and time spent with their peers. Now interject the idea of the call center as a career. If the manager told one of these students working at the center that this is not just a job, it is a career, the manager would get two possible responses. Response one would be, "If this is a career, why am I going to college if I am performing these functions as required very well with my current level of education? I am wasting time and money on college." Response two is, "I am going to school to be able to avoid just this type of job. I can do this job now; there is little possibility of promotion that I can see. I would rather be a manager of a company, not make a career as a customer service representative."

Herein lies the problem. The skills required and pay level offered at call centers are ideal for someone beyond high school with some college. However, with a full college degree, too often the employee becomes bored with little chance for challenge or promotion (i.e., pay raise and responsibility) and thus seeks employment more in line with their degree. Therefore, if call centers truly want to make call center employment a career path for educated and degreed people, they will by necessity have to raise wages, entrance requirements, and transparency of promotion throughout the full corporate organization. If customer service rep positions were viewed as entry-level management, sales, or marketing tracks within an organization, then the possibility of making a call center rep position a career would begin to take on new light. However, this would entail recreating the job description of most call center reps to include a higher level of autonomy for employees to utilize their skills. Considering the level of automation in the industry, it appears that, in fact, the industry is going in just the opposite direction, where the technology takes on the major skills so that reps can come in with fewer skills and less training time.

Labor—The Recurring Cost

The single most important variable for most call centers is labor. Labor costs, over a short period of time, easily eclipse costs associated with new equipment, a new building, and land. Controlling labor costs means controlling the success of a center and, by association, the success of the manager of the center. Table 3-5 demonstrates the awesome power of labor costs.

Using the scenario in Table 3-5, recurring labor costs per month are more than the full cost of equipment and the recurring cost of the long distance contract per month combined. If you compare only recurring costs such as labor and services, labor then becomes an even greater percentage of total call center costs.

Alternatively, imagine if the cost of labor per quarter in the previous example exceeded $1.3 million and the cost of the land and facility was $1.5 million. This would mean that the amount spent on labor cost in one year could allow the building of approximately four new call centers, of course with no employees. Therefore, managers with the focus on the highest ROI possible for their call centers must be able to control and manage labor costs, at all costs. If a manager cannot effectively control labor costs, the call center will not have an effective ROI for the parent organization. In fact, given the limited time available to managers, most of their time should be spent managing their labor, not on the other service costs,

Table 3-5. Call Center Labor Costs

300-Seat Center	
Infrastructure	
Cost of land and building (one time cost)	$1,500,000
Equipment and services	
Cost of long distance per month	$135,000
Cost of equipment (one time cost)	$250,000
Labor[a]	
Cost of labor per hour per rep	$9
Cost of labor per day per rep (8-hour day)	$72
Cost of labor for all reps per day	$21,600
Cost of labor for all reps per week (40-hour week)	$108,000
Cost of labor for all reps per month	$432,000
Cost of labor for all reps per quarter	$1,296,000

[a]Excludes taxes and benefits which often contribute an additional 25% to labor costs.

because in the end the stability or instability of the labor force, and thus labor prices, will either make the center a success or failure.

Because labor is the driving force of investment in call centers, employee recruitment and retention should be at the very top of the list of concerns for a call center manager. To illustrate this point, consider the following example. A particular call center had a manager who was both bright and experienced in the call center industry; however, his relationship with his employees was one of distance. The major project this manager was working on was a concept for reducing long distance calls for his center. Though the approach this manager created was interesting and innovative, the chances of success were slim due to the changing nature of long distance and key information technologies. However, this manager, who clearly put time and effort into this project, was not aware of the severity of his labor problems. This particular call center was unionized. Management was about to initiate longer hours (at night) in the center, unbeknown to the employees and labor reps at the time. The mixture of the manager's dislike of the union (and unionized employees), plotting for increased shift hours, and the union's problems with management all pointed to one distinct conclusion: the manager should have been spending more time communicating with his employees directly instead of working on a plan to possibly save a percentage of their long distance cost. The potential costs savings of his project were minute compared to the costs associated with the labor union demanding an increase in pay and benefits if the company was going to require the employees to work longer shifts. Table 3-6 demonstrates the projected costs of overtime labor in this situation.

Table 3-6. Comparison of Current Labor Costs with Projected Costs for Overtime Labor

100-Seat Center
Current labor costs at $10 per hour for 30 hours per rep
$10 \times 100 \times 30 = \$30,000$ per week for labor
If employees worked 39 hours per week per rep
$10 \times 100 \times 39 = \$39,000$ or an increase of $9,000 or almost 30% per week
If the union demanded high wages to accommodate this need for extended hours at $11.50 an hour the total cost would be
$11.50 \times 100 \times 39 = \$44,850$ or an increase of $14,850 per week.

The difference in labor costs per week between the manager's ideal and the union's demands are $14,850 - $9,000 = $5,850$ per week or $23,400 per month. The manager's plan for long distance savings would have to save the center at least $23,400 per month just to break even and to justify his attention on issues other than his employees. Furthermore, factor in the likelihood of success of his project, which was small, and it is possible to state that the cost of this inattentive manager could cost his center $23,400 per month, since this was what he was not saving through effective communication as a manager.

How to Find a Labor Shed

The beginning of this chapter defined a labor shed and offered some basic descriptions on how a labor shed is constructed. This part of the chapter examines how a labor shed is created for a center and examines what benefits a manager can glean from knowing the labor shed for his/her organization.

Location = Employees, Employees = Location

The bottom line is that no matter the call center's location, the size of the building, or the marketing used to recruit employees to the center, a manager will be limited by both time and space (labor shed) to a finite number of people they can potentially employ in their center. To maximize resources, recruitment, and retention, all focused on the bottom line, the manager needs to be aware of the labor shed in all of its nuances and should know how to maximize labor participation in the center within this area.

First, the manager must have quality data to work with. This is best accessed through a research consulting firm that will offer the best value for money spent on obtaining quality data. Once the data is acquired, tables and graphs such as those in Tables 3-7 and 3-8 and Figure 3-1 can be constructed.

Tables 3-7 and 3-8 and Figure 3-1 indicate the existing labor shed of multiple call centers in a Southwestern city. It is very clear from both tables and the figure that the majority of the employees of these centers drive under 40 minutes and 25 miles to work. Beyond these limits, the number drops off dramatically. This means that the chance of recruiting and retaining an employee from 50 miles and/or 50 minutes from the center is slim.

Table 3-7. Distance Traveled to Call Center in Miles

Distance	Number of Commuters
0–5	85
6–10	110
11–15	71
16–20	32
21–25	25
26–30	14
31–35	4
36–40	8
41–45	4
46–50	3

$n = 356$
Average miles traveled 12.86

Source: David L. Butler

Table 3-8. Commute Time to Call Center in Minutes

Time	Number of Commuters
0–5	16
6–10	52
11–15	81
16–20	88
21–25	51
26–30	26
31–35	15
36–40	15
41–45	13
46–50	1
51–55	0
56–60	2
61–65	1

$n = 361$
Average commute time 20.41

Source: David L. Butler

Just as the location of the center helps define the employee base of a call center, where potential employees live helps to define the call center as well. For example, imagine that each person at home held up a powerful flashlight pointing directly up into the night sky. The manager then gets into an airplane and flies over the area with a camera and takes
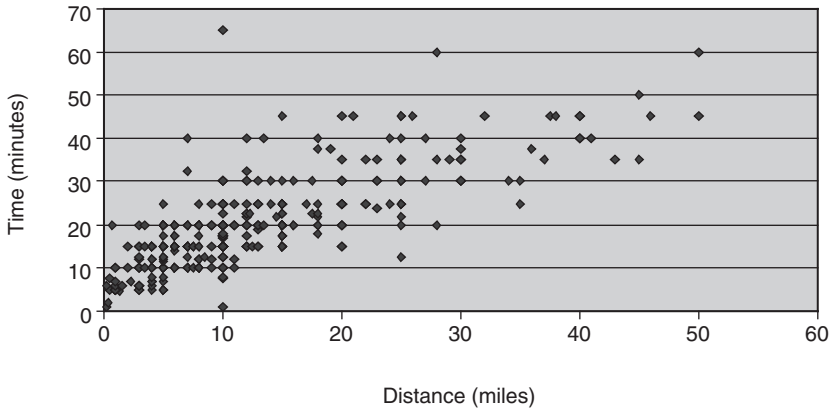
Figure 3-1. Commute time and distance to call center. (Source: David L. Butler.)

a picture. When the picture is developed, thousands of little dots of light will appear representing potential employees at their homes. Some areas of the town or city would have many people closely clustered together if they lived in apartments, condos, dormitories, or similar areas of high-density residencies. Other parts of the map would represent more exclusive neighborhoods with fewer dots in an area, representing larger houses and associated acreage. Farther out of the city, into more rural areas, the map would indicate areas with no dots, just complete blackness.

Using this map with the points of light, it becomes easier to narrow potential locations for call centers based on labor availability. Even though the most inexpensive land would probably be found in the black area where there was no light, of what use is a call center on inexpensive land if there are no people nearby to work in it? A light map showing a highly concentrated urban area like New York City would indicate that that city would be an ideal location for labor. However, prices for building space and business operations can be prohibitively expensive, even if millions of people live within a close distance to the center. This is the balance that is negotiated, with each call center trying to determine an optimal location based on labor availability.

LABOR SHEDS AND GEOGRAPHICAL INFORMATION SYSTEMS

Since the mapping project outlined above is a fantasy, how can managers find their labor shed and make the best use of this knowledge?

First, managers must create a realistic labor shed for their centers. This can be done any number of ways; however, the most efficient way to provide the best information and graphic interface is to use a Geographical Information System (GIS).

Geographical Information Systems, commonly referred to GIS, are tools that allow data and data analysis to be used in a powerful spatial medium, usually through overlaying multiple maps with different sets of data and analysis. These tools can be invaluable to a call center manager when utilized correctly with good data.

Example

To create the labor shed, good data must be collected first. Though many local development agencies may have data and charts on labor patterns available, for purposes of accuracy and unbiased results, it is suggested that the data either be collected anew or be the current U.S. census data. These data come in different spatial areas including census tracks and zip codes. Since most people know their zip code, quite often this is the easiest unit to collect data from. The next step is to determine concentric zones of time/distance from the call center. This can be accomplished easily by traveling along major and minor roads that radiate out from the center at peak drive time (rush hour). Determine how long it is possible to drive for 5 minutes/miles, 10 minutes/miles, and so on up to 30 or 45 minutes/miles. Record the location, for example, a crossroad, where you were at each time frame or mileage point. With this information, a GIS, and existing data, call center managers can begin using a powerful tool for their centers.

GIS software contains a variety of base maps based on different geographical units. For purpose of example, this book will use a zip code boundary map of Lafayette, LA (Figure 3-2). If a center is located in Lafayette, the manager of the center must first discern how many people are within the greater Lafayette area. By clicking on various zip codes surrounding the center and sorting them by higher and lower populated zip codes, a general map of the population of Lafayette is created.

Adding another map layer will offer a view of major roads, enabling the manager to see overlap areas of high population and transportation access (see Figure 3-3). Next, the manager can use the buffer function of a GIS to set up time and distance zones around an existing center or a potential site to place a new call center. These zones can be in different increments. Figure 3-4 demonstrates five concentric circles of 5 miles each.

× Major Cities
Population per Square Mile for Each Zip Code

☐ 0 – 62
☐ 62 – 151
☐ 151 – 282
☐ 282 – 496
☐ 492 – 816
☐ 816 – 1586
☐ 1586 – 2799
☐ 2799 – 4239
☐ 4239 – 7932
☐ 7932 – 13114

Population Density
(Person/sq. mi)
Classified by Zip Codes
Based on 2001 Census
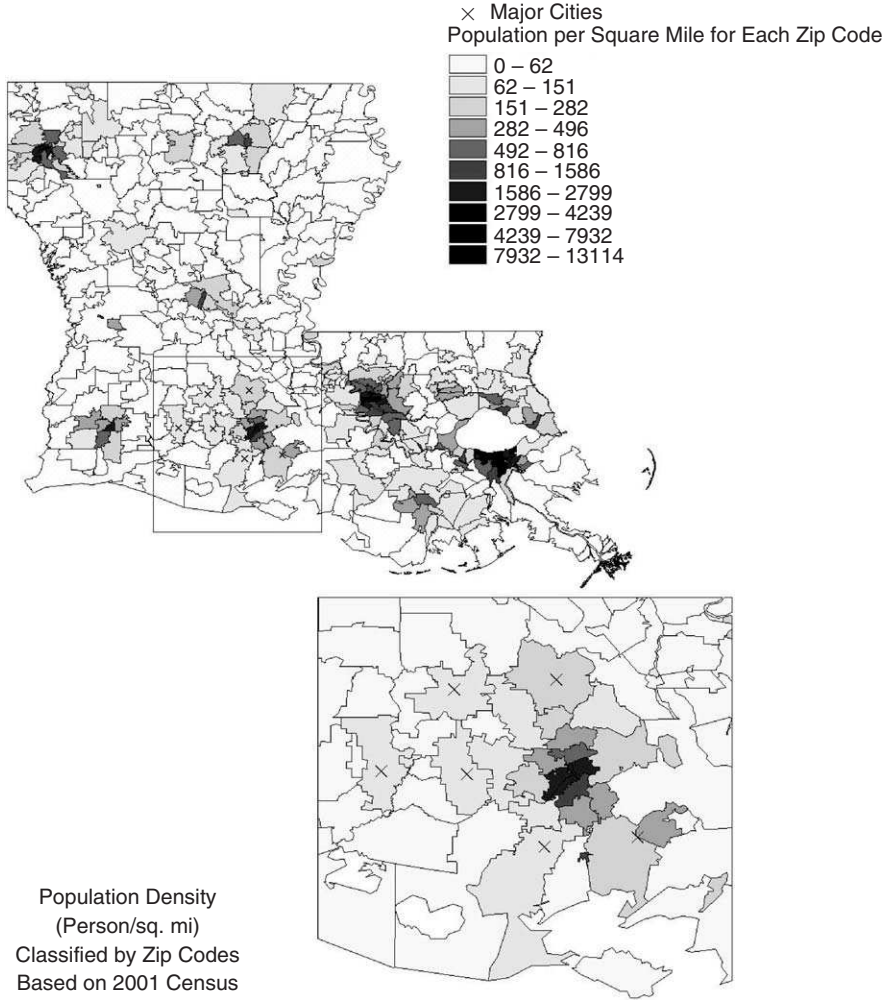
Figure 3-2. Population density of Lafayette classified by zip codes.

Once these zones are created, it is possible to query the census database for the type(s) of employees you are seeking. For example, if you are interested in unemployed people, you can choose that option. If you are seeking students, that can be chosen as well. What about women? Men? Married? Single? Within a specific age range or household income? All of these individually or grouped can be queried and placed on the map, enabling the manager to determine the potential labor pool within a given commute distance/time from the existing or future site of a call center (see Figure 3-5).
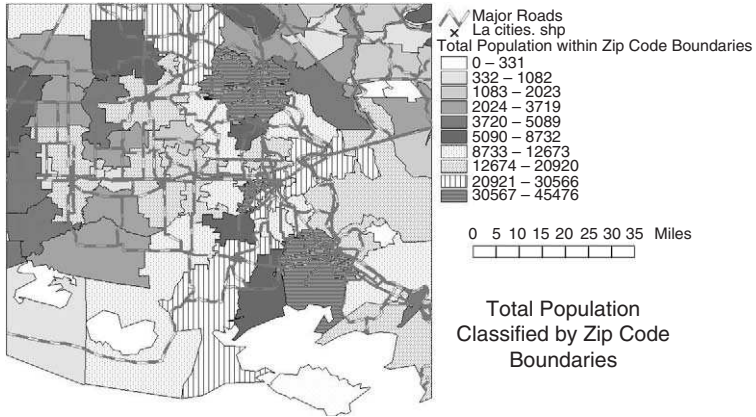
Figure 3-3. Major roads and corresponding population areas in Lafayette. (Courtesy of George Roedl, The University of Southern Mississippi, Hattiesburg, MS.)

Figure 3-4. Five-mile buffer zone around Lafayette. (Courtesy of George Roedl, The University of Southern Mississippi, Hattiesburg, MS.)

GIS technology, when used expertly with good data, offers a powerful tool to help managers determine what exists within a delimited labor shed. Since most call center managers are strapped for time, it is recommend that the GIS labor shed project be outsourced to an expert, consulting
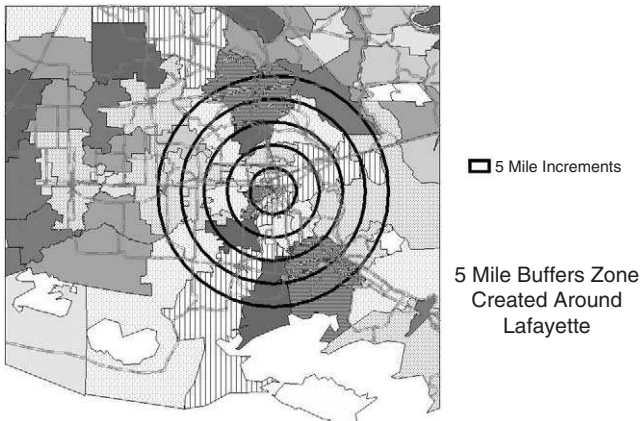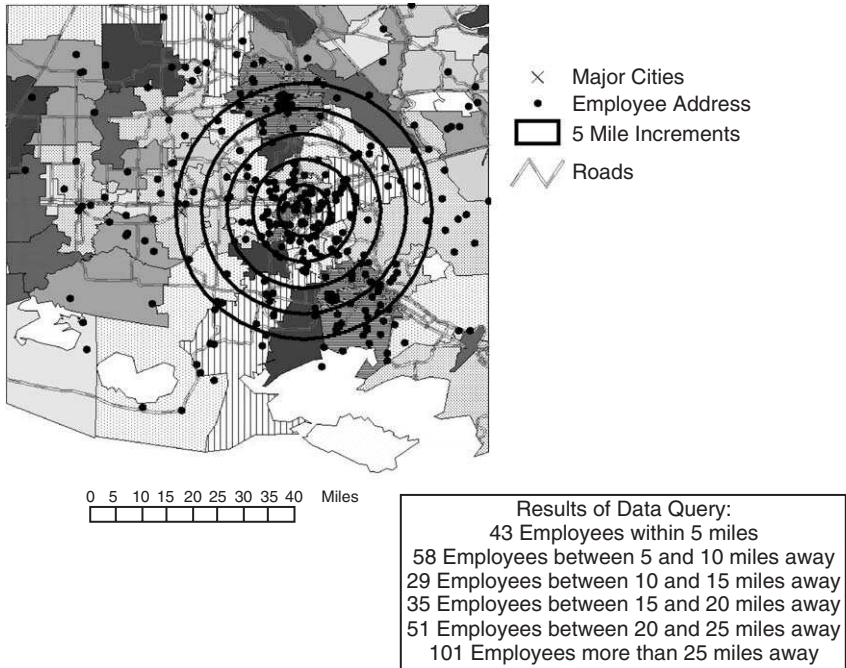
Figure 3-5. Location of potential employees in Lafayette. (Courtesy of George Roedl, The University of Southern Mississippi, Hattiesburg, MS.)

company, university, or organization that specializes in GIS technologies and data for analysis and model building.

FINAL THOUGHTS

This chapter demonstrates that the labor and location of call centers are intricately interwoven. Because of this direct connection, any and all decisions of managers of calls center in terms of hiring practices, recruitment, retention, change of location, expansion prospects, and a host of other decisions must take both the labor and the location processes into account. Furthermore, research and logic indicate that the manager with the largest amount of reliable data on his/her call center and labor shed has the opportunity to make the most informed decisions possible in the pursuit of a high ROI for the call center and continued advancement within the organization. Given this reality, every manager should have an effective and frequently updated database of the center's labor shed and

should examine it frequently before making tactical or strategic decisions for the call center.

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CHAPTER 4

Hiring

"To know exactly whom you should hire, you must first understand the skills, attitudes, interests and motivations that make an agent successful in your center. This involves more than just writing a job description with job requirements. It includes understanding the type of work that is done, the skills and motivations it takes to complete this work, the expectations that are set for agents and the cultural aspects of the company that are critical for success"
(Cline, 2002, pp. 27–30).

What are the basic and essential skills required of reps which would enable a manager to successfully operate a call center? How does a manager determine if he/she has the right mix of people in his/her center? Are all of the sub-managers, supervisors, and front-line reps the right people for the jobs given the focus of the center? Every manager should be able to answer these simple questions with easy and quantifiable answers. If a manager cannot answer these questions easily, then he/she needs to step back, reflect on the goals and missions of the call center, and begin to rebuild the employees of the center based on a set of clearly defined goals and associated attitudes, skills, and level of training for the representatives for the center. Let's begin this process.

HIRING

There is an abundance of advice in books and articles on how to hire and/or train the "best" or "right" employee for a call center. A key reason this is such an important and seemingly ubiquitous topic is that

1. Call centers use a large input of labor.
2. Turnover rates at call centers have been very high.
3. Competition for call center-type labor is increasing.

4. Call centers pay a lot of money to hire and train employees only to lose most of these reps to other employers within 2 years.

In short, lists on how to select the right person to work at a call center are all motivated by the same factors: to save money and/or increase revenue for the center. If you can hire the right person for the center with the necessary skills already in hand, then potential training costs will be less for this person; thus, the center will be able to recoup the money spent on hiring and training this employee in a shorter period of time. Likewise, since training time will be less, the center can reap the benefits of this employee's production faster.

An examination of the many lists of qualities, skills, attributes, etc. in hiring and training a call center employee shows that each list is as diverse as the people who create them. As stated previously, Cline (2002, p. 27) suggests that you must first understand the skills, attitudes, interests, and motivations that make an agent successful in your call center before hiring a new agent. She argues that there are four success factors in the call center environment. The factors and associated categories are:

1. Cognitive ability (can do)
   Apply information = productivity
   Examples: problem solving, learning, and applying information

2. Planning (can do)
   Organizing ability = efficiency
   Examples: planning ability, organizing ability, adherence to policies, following rules, accuracy

3. Interpersonal (can do)
   Persuasion = upselling
   Examples: customer service, persuasion, getting along with others, teamwork, coaching ability

4. Motivation (will do)
   Attitude toward work = turnover
   Examples: attitude toward work, attendance, flexibility, going above and beyond, energy

Anita O'Hara (2001, p. 21) states that there are six fundamental steps in the recruitment and selection process that a manager should consider before making a hire for a center. These include:

1. Analyze job tasks.
2. Identify specific skills and competencies required.

3. Describe the performance required by the job.
4. Develop a job description.
5. Identify source pools and a recruitment plan.
6. Define and implement your selection process (O'Hara, 2001, p. 21).

Ann Smith (2001), taking a different approach than the previous two authors, has delimited a full list of skills/knowledge analysis for potential supervisors in a call center. The skills/knowledge consist of the following:

1. Call center mission, vision, values
2. Call center objectives
3. Supervisor's role in meeting objectives
4. Team as a business unit
5. Time management
6. Delegation
7. Managing meetings
8. Conflict management
9. Performance evaluation
10. Applicant interviewing and selection
11. Diversity training
12. Career development (their own/employees)
13. Analytical skills
14. Customer service skills
15. Sales skills
16. Leadership skills
17. Negotiation skills
18. Listening skills
19. Presentation skills
20. Employee management skills
21. Quality monitoring
22. Coaching and feedback
23. Product knowledge
24. ACD report analysis

Brendan Read (2000, p. 251) recommends that each manager of a center have a set of parameters or profiles of what type of agent would fit each type of position available. Furthermore, Read argues that there are some common characteristics that call center agents must have and that should be in all profiles when seeking employees. Read uses Kathryn Jackson's list of "What Makes a Good Agent" as the set of competencies

for successful agents working in a medical services call center. The list includes:

1. Oral communication
2. Customer service orientation
3. Tolerance for stress
4. Sensitivity. Agents must be advocates for the customer.
5. Teamwork/cooperation. Agents must be able to cooperate with their team members and understand internal customers.
6. Analysis. Agents must be able to analyze the patient information and identify the type of problem the customer is facing to provide a quick solution. Agents must also be able to analyze customer billing statements and understand the best way for customers to use their prescription benefits.
7. High work standards/work ethic
8. Motivational fit
9. Ability to learn. The insurance business is complicated and agents must understand its nuances.
10. Resilience. If agents are discouraged by an interaction with a customer, they must recover quickly and go on.

There are also skills and attitudes that separate the senior-level reps and specialists, according to Susan Hash (2002, p. 78). Hash articulates that these skills are:

1. Change management
2. Problem identification and resolution
3. Interaction with peers
4. Conflict resolution
5. Group leadership abilities

Noel Bruton (2002, pp. 309–310), examining call centers from a technical help desk point of view, conveys that many managers find a specific set of attributes and skills in ideal support reps. The skills include:

1. Patience—the ability to be able to listen to a user describe a situation you have encountered many times before, yet still be able to patiently explain the solution and to painstakingly go through the diagnostic process in search of the cause of a problem.
2. Assertiveness—the ability to give the user confidence in your ability to solve the problem; to be able to deal with a user whose expectations are unrealistic.

3. Thoroughness—the ability to make sure the job is complete, that the problem is truly solved, the user is satisfied, and the paperwork is filled out.

4. Enthusiasm—the ability to enjoy the job and stay motivated; to remain positive in a challenging situation.

5. Responsibility—the ability to be able to take on the burden of a task, set oneself an objective, and maturely follow it through to a successful conclusion without unnecessarily involving others.

6. Technical knowledge—the ability to have acquired and to continue to acquire naturally the sort of technical knowledge the job requires.

7. Empathy—the ability to put oneself in the user's position so as to understand the real nature of the difficulties.

8. Communication—the ability to use language well enough to convey confidence, to ask the right sort of questions to solicit information about the nature of the user's problem.

9. Ability to work well under pressure—this can range all the way from staying amusing and positive when the office gets noisy to being able to handle quite dangerous levels of stress.

Each of these authors makes abundantly clear the specific skills, attitudes, behaviors, and motivations centers would ideally like to see in applicants that would enable both the employee and the center to be successful. Furthermore, each of these authors suggests that these are the core skills and attributes; however, few researchers quantify or rank the importance of each item on the list. Is patience as important as empathy to a center? Is problem identification as important as problem resolution? Furthermore, most lists such as these just outlined highlight the skills and abilities of a person as the most important aspect of a rep, often overlooking deeper characteristics about employees such as outlook on life, work ethic, motivation, and attitude, which help determine the success or failure of a person no matter the existing skill set.

Skills

Given the goals of the call center, what skill should employees have before applying for a job? The skills for each center should be abundantly clear to the manager. Furthermore, the manager should also be able to discern the importance/weight of each of the skills desired and have these in priority order. Likewise, the manger should know how much he/she is willing to train a particular employee. If a center has an intensive training program, it is sometimes more desirable to have a person that is teachable with

few or none of the skills necessary to perform the job than it is to hire someone who has worked in a similar center in the past with a specific set of skills designed for another center. This way the "blank slate" employee will learn the processes of the center the "correct" way, while employees with call center experience may have to unlearn before they can relearn the processes in the new center.

COMPETENCY MODEL

Each manager, in association with his/her staff, should create a working competency model uniquely designed for the culture and operations of his/her center. This model should be dynamic, allowing flexibility over time to meet the demands of the center (growth, expansion, contraction, new products, etc.). According to Gaudet, Annulis, and Carr (2002), competency modeling "is an attempt to describe work and jobs in a broader, more comprehensive way." Traditional job and task analyses are not flexible enough and often become obsolete quickly due to the nature of maturing information technologies. The most effective approach to develop the workforce for your center is to focus more on identifying work-related competencies and less on specific tasks and duties. Competencies include behaviors, beliefs, and values and generally represent the tasks and activities needed to accomplish a specific job. Besides an effective means of performance measurement, competency models are also great because they can be easily translated into training and development programs (Gaudet, Annulis, and Carr, 2002). Until the call center industry is recognized as a leading industry, a competency model for reps will most likely not be developed on a national or international scale. With this in mind, it is up to each call center manager to create his/her own competency model which can be used for hiring, evaluation, and training.

ATTITUDE

Attitude is critical in helping to determine the success or failure of a call center and should be an integral part of any competency model. Attitude refers not only to that of the employees of a center, but also to that of the company and upper management as well. Both of these groups, the upper management who represents the face and decision-making process of a company and the employees who ensure that the company continues to produce on a daily basis, must have a positive and mutually reinforcing attitude. If either of these groups is not aligned, then the benefits will

not accrue. If one of these groups has a "bad attitude," then this will bleed into the other group and vice versa. For example, if a company has a great attitude in the headquarters and believes in their mission, goals, and success, but has a poor call center manager who has created an environment that is producing low morale in a center, no matter how much of a positive attitude exists at headquarters, if it does not trickle down and is seen and reinforced through the manager to the employees then the excitement over a good attitude is never manifested in work at the center. Similarly, a call center manager may be great at having created a positive culture where employees are loyal, happy, and with good attitudes that can field great feedback from customers. Even in this center of nirvana, bad attitudes and bad policies from headquarters cannot be stayed and will trickle in. Obvious questions that will emerge in the heads of the reps are, "Why am I busting my butt to deliver a great attitude to our customers when the big shots in headquarters seem to hate everything and cause us to work harder because of their attitudes?" In order for success to be real and lasting, both the upper management in headquarters and the manager of the call center must have a positive attitude. This alignment, like with goals, can have a positive amplification effect for the whole organization. It is a manager's duty to ensure that each is aligned with a positive attitude, outlook, and focus.

How important is attitude to a call center's productivity on a scale of 1–10, with 1 being the lowest and 10 being the highest? The answer is somewhere between a 9 and a 10.

Attitude is an essential element; in fact, attitude is so important to an organization in recruiting and retaining employees that attitudes are built into the cultural fabric of most organizations. It is quite common for people in one organization to be able to identify the culture, positive or negative, of other organizations based on personal experience or from their network of associates. Some of these businesses are known to be aggressive and savvy, and others are known for their laziness and lack of trust. Hiring for attitude is not to suggest that employees with critical skills are not important; they are, but an employee with a poor attitude and skills will become a net negative drain on an organization, where a positive employee who is trainable will stay with an organization for years to come and will become a positive value-added asset. Another example can be found in Wal-Mart. Many communities have multiple Wal-Mart stores, and each store carries mostly the same goods all at the same price and in a similar environment. However, one Wal-Mart can "feel" significantly different from another one. These differences are usually reflections of the particular store manager's style. One may be

friendlier since the employees say "hi" and smile all the time. The other may have dirty restrooms, unhelpful reps, and clusters of employees chatting while customers are seeking assistance to find an item. In one store, the manager hired a specific attitude and expected the attitude to be positively reflected on a daily basis by the employees at the store. The attitude emerges in a positive manner, not only in customer–employee interactions, but in the cleanliness of the store and the willingness of all of the employees to actively seek out customers to help. The other store feels dark, dingy, and actively discourages people to shop there due to the unfriendly environment. The same example can be used for call centers.

Many call centers contain a similar basic setup, including technology and location in a city, and they serve a common customer service function; however, each center can have a positive or negative environment depending upon the tone set by the manager.

Employee attitude and call center culture go hand-in-hand; however, most employees do not enter a call center with an existing culture, but all enter with a specific attitude toward work. If the culture of the center is sufficiently positive, chances are that the center will hire the correct employees for the job. However, if by accident, an employee with a bad attitude is hired, the employee will either have to change his/her attitude to conform to the existing culture or will choose to leave quickly with the realization that he/she does not fit in.

Southwest Airlines, a company known for having a positive and unique culture, has a long waiting list of people wanting to become a member of the company. Once someone is hired at Southwest, that person seldom leaves, thus vacancies are rare and cherished. In the book *NUTS! Southwest Airlines' Crazy Recipe for Business and Personal Success,* Kevin Freiberg and Jackie Freiberg (1996) explore the unique culture of Southwest Airlines and the reasons this company has remained successful and profitable over time. The authors suggest that much of the success of Southwest is due to the culture initiated early on by Herb Kelleher and his management team. However, the culture of Southwest has been developed for many years, and it no longer requires the leadership of the company to maintain the great culture. The employees police themselves and the company to ensure that the basic principles are in place that makes their job so enjoyable. The Freibergs summarize the cultural philosophy of Southwest Airlines in charts, called "Success in a Nutshell," at the end of sections in their book. Two such tables, combined into the following list, hold specific values that should ring true to call center managers.

"Success in a Nutshell

- ☐ Hire people with a sense of humor.
- ☐ Quit pretending. Give yourself the freedom to be yourself.
- ☐ Train for skill. Hire for spirit, spunk, and enthusiasm.
- ☐ Be religious about hiring the right people. If you make the wrong hiring decision, within the first 90 days make the tough decision to say goodbye.
- ☐ Treat family members as best friends; do not take them for granted.
- ☐ Do whatever it takes. Remember, there is very little traffic in the extra mile.
- ☐ Define your own standard of professionalism.
- ☐ Treat everyone with kindness and equal respect; you never know to whom you are talking to.
- ☐ Do what you ask others to do.
- ☐ Inform your people. It teaches them to care.
- ☐ Make living legends out of your service heroes. Real examples may inspire others to offer legendary service too.
- ☐ Show people what legendary service looks like, then trust them to do the right thing.
- ☐ Publish stories of extraordinary service in your newsletter. If you do not have one, write them up in a letter to employees.
- ☐ Make it a practice to give everyone—customers, co-workers, friends, family—more than they expect."

Though at first this list may seem both unrealistic and impractical, it is neither. If you are still not convinced, then go online and look up the history of the New York Stock Exchange ticker symbol LUV. Read the financial history of the company. Not only is this culture real, active, and self-perpetuating, it is by its very nature profitable. Remember, Southwest not only talks a good game, it walks the walk as well. For example, post-September 11, 2001, most airlines laid off large percentages of their workforce. Southwest Airlines chose not to lay off employees and instead tightened the company's purse strings as much as possible. It is difficult to imagine the loyalty that the company created by refusing to get rid of what it considers its most important asset—its employees. However, they were able to not only prove that they mean what they say about culture, but a few years later as airline traffic volume is increasing, Southwest has retained its experienced and extremely loyal workforce, giving it a competitive advantage in experience and loyalty, as well as an intact workforce for expansion as air travel increases.

A positive culture and work environment not only make good values sense, it makes economic sense as well. The question of every call center manager should not be, "Should I try to adopt a positive culture in my center?" The question all managers should be asked is, "How can you not have a positive culture in place since it benefits everyone and the bottom line?"

Recommendations for Filtering

To ensure that the people hired have the correct attitude for the center, managers should initiate two layers of filters. Layer one is pretesting, and layer two is to create an interesting and unexpected interview atmosphere.

Pretesting is an effective means to filter out of the existing applicant pool a new, more concentrated pool of candidates. Do not forget that the goal of pretesting and an interview is to find a person that best matches the culture, vision, and goals of your call center. Pretesting should not ask only the basic questions of

1. How many words per minute can you type?
2. Do you consider yourself a follower or a leader?
3. Why do you want to work for this call center?

These types of questions, like letters of recommendation, are expected to be answered in a positive and uplifting manner. Anyone answering them any other way is naturally selecting themselves out of most employment pools. Because most rational people will answer all questions in the affirmative, most pretests will not help to allow specific uniquely qualified people to rise to the level of an interview. Instead, a manager should create an interesting pretest that will bring out personality, attitude, work ethic, and other characteristics. This can come in many forms. You can ask a person to write out a reality television show about a call center, to place themselves as the lead character in their favorite book, to write out a manual for interviewing and pretesting candidates for call center jobs, or even to write their own obituary. Ask existing employees for suggestions on scenarios, you will be surprised at the level of creativity you already have on staff. These types of questions allow the more creative, bright, and effective communicators in the applicant pool to rise above the others. Depending upon the quality of the essays, the manager and staff can then select out potential interviewees.

It is vitally important to create interesting interview questions for potential employees. Ask questions other than the old and predictable questions of

1. What is your strongest point?
2. What is your weakest point?
3. Why did you apply for this job?
4. Who do you consider to be a role model?

These questions, and many others, are considered to be classic or standard interview questions. Managers should break the mold and try something new. They should ask candidates what their favorite words are or ask them to pick from a set of five words to best describe their working style. Put the employees in a scenario and have them walk you through their resolution to the problem. Ask them to act out a scene in their favorite television show or to impersonate a famous person and have the interviewer guess who the impersonation is of. Maybe ask them to be a call center manager who has to fire an employee who is not performing. These types of questions do not have a correct and incorrect answer schema; instead, they give insight into the employee's personality and attitude. Furthermore, this innovative interviewing style will broadcast to potential employees that this is an interesting place to work, especially since the management has taken the time to carefully select the right people for the job as indicated by the interesting questions asked during the interview process. Besides attitude, skills are also an important process of interviewing and hiring decisions.

Southwest Airlines has a policy to make interviews interesting. During one interview, recounted in Freiberg and Freiberg (1996), a group of applicants for pilot positions showed up for interviews in the classic dark suit and tie. Each was offered Bermuda shorts and a tropical shirt to change into for the remainder of the interview to reflect Southwest Airline's casual working atmosphere. Most of the candidates chose to change clothes, but a few insisted on staying in suits. Can you guess which group of pilots got the job? This does not mean that a call center manager must have a closet with 100 sets of casual wear for group interviews and pretesting, but each manager can come up with unique and insightful ideas on how to reflect their image and center during the interview processes.

Bruton (2002, p. 317) states that "let us not forget that the attitude comes first. The key . . . is the attitude of the staff—not just your efforts to motivate, but to do anything the company, the job, the weather, or

the users may throw at them. Do they shrug off the pressures, even enjoy them, or do they let the pressures add to one another? And, what do you do as a manager to help them to survive those pressures? For only if your support staff can automatically and subconsciously survive the pressure of the user support job can they hope to retain a positive attitude to both the good and bad of the job they do and who they do it for."

There are certain essential technical skills necessary for all call center employees, all of which can be trained into a new hire. In fact, most call centers are not highly technical anyway. As software continues to develop, the level of skill required for the rep is declining. Given this reality, most hires (and thus interviews) should be based on the attitude of the employee given the goals of the company. This is especially true since most people are trainable, even if they enter with few or no skills.

Employees Come First

Yes, this statement is phrased correctly. The old adage "customers come first" is both trite and incorrect. "When systems, structure, policies, procedures, and practices of an organization are designed and lived out so that employees genuinely feel they come first, trust is the result" (Freiberg and Freiberg, 1996, p. 282). If the customer comes first, then by default if there is a potential disagreement between a rep and a customer, the employee will always be wrong. If the employee is always wrong, inherently a conflicting environment will be set up between not only the customer and the employee, but also the employee and the manager. If, however, the employee comes first, then the employee, feeling loyalty and trust from the management, can act in a way that he/she believes to be in the best interest of the company and feels a sense of empowerment, ownership, and control of his/her decisions. This is a powerful tool and should be implemented and fully understood by all in each call center.

While Freiberg and Freiberg (1996) insist that employees come first, Bruton suggests that hiring the right people for the job will influence a company's relationship with its customers. He states that "because they are customers, they are consuming something we produce. They may not be consuming what we want them to, or they may have a distorted impression of our output, but it is still our output. Customers will always form an impression of the product they receive. If we do nothing to influence that impression, it will be formed by default—and it may or may not be accurate, indeed it may or may not be rational. This is why we must always strive to manage our relationships with our customer, so that the impressions they have is a favourable one" (Bruton, 2002, p. 74).

Therefore, it becomes essential that the right people are hired to manage the customers, to set the tone, the image, and the culture of the center. The impression that the customer shall leave the phone call with is not hard data, but instead is a feeling of a customer-driven company who made the call enjoyable for them.

FINAL THOUGHTS

There are a plethora of published ideas concerning who to hire for a call center and the expected skills, talents, and abilities the ideal or best employee will have. Though all of these authors have insights as to why their lists are correct, it appears as if the focus is in the wrong place. A call center should not be hiring for skills. Skills are acquired over time with experience. Managers in a center should create the right environment of positive culture, great work environment, and superior service. With this environment and necessary expectations in place, the manager should then hire the people with the correct attitude and outlook on life to fit this culture. Once employees have been hired, they will be trained to the tasks and technologies required to complete the job successfully. However, training attitude is nearly impossible; thus without the right attitude to help build and reinforce a productive employee-first environment, it does not matter much what skills someone comes to an interview with. Colleen Barrett, the current CEO of Southwest Airlines, summarizes thoroughly in Freiberg and Freiberg when she said, "We are not an airline with great customer service. We are a great customer service organization that happens to be in the airline business" (1996, p. 295). The same should hold true for all call centers.

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CHAPTER 5

Your Reps

"The immense responsibility of improving customer satisfaction and loyalty as well as increasing profits must come from employee empowerment. Customers want empowered reps capable of making important decisions and resolving problems quickly. You want empowered reps capable of building customer relationships and/or upselling or cross-selling products and services"

(Call Center Operations, 2000, p. 30).

As the statement above illustrates, for an organization to offer superb service, it is fully dependent on the call center reps. Therefore, for employees to deliver the highest quality service possible, they must be empowered to make decisions and serve the customer to the best of their ability.

The focus of this chapter is to build upon the concepts examined in Chapter 4 on hiring, training, and creating the best culture possible for a center to ensure low turnover and high profitability. Chapter 4 stated the employee comes first! This chapter examines how managers can focus directly on the call center's best asset—its employees, the customer service representative.

WHY DO YOUR REPS WORK AT YOUR CENTER?

In order to fully understand and empower employees of an organization, it is necessary to examine in detail what they expect to get from their employment. In this way, both the manager and the employee will be clear about what they desire from the workplace and they can then agree upon expectations. Only with this understanding can both parties work to move the organization in a positive direction.

This researcher asked reps in numerous centers what their motivation was for working at their present job in a call center and whether they

Table 5-1. Do You Find Your Work Challenging?

Answer	Number	Percentage
Yes	267	76.3
No	83	23.7
	n = 350	

Source: David L. Butler

found their job challenging. Table 5-1 shows that most of the reps found that working in a call center environment was challenging, which is not too surprising considering the call volume, expected level of service, and minimum time for calls in queue at most centers. Since three of every four employees at a call center considered their job challenging, what does this say about the employee?

Employees who are challenged in their jobs can follow one of two paths. On path one, an employee feels challenged, has difficulty meeting expectations in the center, and becomes increasingly frustrated, which leads to high levels of stress, thus driving down the productivity of this employee. An employee following this path will within a few months leave the center after he/she finds alternative employment.

On path two, the employee feels challenged. The manager recognizes through efficient communication that an employee feels challenged and spends time helping that employee through the challenges, rewarding positive work done well, and assisting when the rep does not do well. The manager will also help set the tone, keeping the level of stress low and fun and keeping excitement and active engagement with the customers at the forefront of the employee. Remember, employees come first. Only when this concept is fully absorbed by the employees (believed) can they then act to give the customers the best service possible. Putting employees first produces the best customer service possible. If an employee is having difficulties in an area and knows that he/she can approach management, that employee will actively seek out help to overcome the difficulty because

☐ The environment of employees first allows it.
☐ The employee is interested in serving the customer and realizes that the difficulty he/she is having is hampering this service.

In summary, employees who find their work challenging can be either a positive or a negative factor, depending upon the culture in place and the

Table 5-2. Why Did You Choose to Work at This Call Center?

Answer	Number	Percentage	Total Respondants
Good benefits	267	76.3	350
Good pay	217	62.0	350
Job hours	172	49.3	349
Possibilities for advancement	160	45.7	350
The type of work	138	39.5	349
Close to home	102	29.3	348
Fit with partner's schedule	36	10.3	350
Close to children's school or daycare	9	2.6	350
Access to public transportation	3	0.9	350

Source: David L. Butler

active nature of the manager to assist the employees to improve themselves in their customer service function.

A recent survey conducted by this author asked customer service reps why they chose to work at their particular call center. The findings from this question were quite interesting. Table 5-2 presents the answers to all of the answers (except answer "J. Other").

The top two reasons for working at their particular call centers were good benefits and good pay. Number three was job hours, and number four was possibilities for advancement. The bottom five factors listed on the table, "type of work," "close to home," "fit with partner's schedule," "close to children's school or daycare," and "access to public transportation," represent less than 40% of the total respondents and so will not be explored in detail in this chapter.

Good benefits and good pay make rational sense as a response. Most people do not work because they love to sell their time to a company. Instead, most people work to pay bills and have the ability to earn enough money to live a particular lifestyle, which includes specific benefits associated with employment explained in Chapter 9. Number three, job hours, is very interesting, with almost 50% of the people responding with this answer. What should a manager learn from this response?

If over one-half of the employees state that part of the attraction of their job at the call center is flexible hours, this means that the manager should sit up and take note. Flexible hours mean different things to different people. Some common desires for flexible hours include:

1. Time to take care of school-age children without the need for daycare.

2. Time to work with or on alternating schedules with a spouse/partner.
3. Maximize the time allowed to take care of a family member.
4. To have flexibility to complete projects outside of a 8/9 am to 5 pm job.

What this list indicates is that people's personal life and work life intersect and strongly influence each other. This means that any alterations in the flexibility of scheduling at a center need to be examined thoroughly before implementation. If a less flexible work schedule is introduced, it is likely that a significant number of the 50% of the employees who answered this question as a motivation for working at the center would seek employment where they could still have the flexible schedule. On the flip side, a call center manager could potentially alter the work schedule of a center to make it more flexible and thus attract a larger segment of employees that were not attracted in the past due to the more rigid schedule of the center.

The easiest and simplest way to alter a work schedule framework is to close the office door, get out a blank sheet of paper and a pen, and begin writing and diagramming or better yet, use a scheduling software package. The problem with this approach is that it allows zero input from the employees who the work schedule that will be imposed upon. Empowerment of the employees is zero, and clearly, the employees are not coming first in the mind of the center manager. Instead, a slower, less easy, but solid method that will pay dividends for years is to constitute a committee of reps to draw up a workable and flexible work plan for the center. The committee should include not more than eight and no fewer than three reps. These reps will be charged with soliciting feedback from all center reps, ensuring that EVERY employee has a voice. The committee then draws up a plan of the new work schedule that is centered on flexibility, simplicity, and profitability. The committee will then present its proposal to the manager for discussion and evaluation. The full processes will be transparent throughout so that each employee can follow the full deliberation, creation processes, and eventual implementation if they wish, ensuring that the processes is not biased toward a particular person or group.

Table 5-2 clearly indicates that almost 46% of the reps surveyed stated that they worked at this call center because of the chance for promotion. This means that nearly 50% of the center's total customer service reps are interested in promotion at some time in the future. What is the likelihood that even 5% of the employees will be promoted from within to a

supervisor role? What about promotion to manager or director? What is the likelihood that a center manager or director will be promoted within the organization to another division or will become an executive of the company for that matter? What about from call center rep to CEO?

Choosing a Call Center Manager

Ann Smith (2001, pp. 109–110), in her chapter "Developing Super Reps into Supervisors," outlines problems of filling a supervisory role with a great agent, but one with little or no leadership or management experience. Smith suggests that the center manager should determine needs before jumping to fill an empty position too fast. The needs assessment should include:

1. Prior to filling the position, review the supervisory position summary. Assure that the expectations are clear. Include specific duties and responsibilities.
2. Define the position requirements. Include skills, traits, attitude, competencies, abilities, etc.
3. Translate the job requirements into a specific needs analysis.
4. Assess the new supervisor's capabilities. Determine the gap between the job requirements and the new supervisor's skills and knowledge.
5. Design a training program to fill the gap. The plan should be specific with goals and time tables and a method for determining proficiency.

Dan Lowe (2001, p. 115) also cautions call center managers to avoid filling a supervisory position too quickly with a good rep. Instead, Lowe suggests that a training program modeled after the training program for front-line reps should be used for training supervisors. These phases include:

1. Orientation. New supervisors should be given some kind of introduction to the position. This can be formatted in different ways, but the main objective is to clearly identify the roles and responsibilities of the front-line supervisor.
2. Training. The actual training process for supervisors should be conducted using a variety of methods (i.e., classroom, seminars, self-paced, mentors, etc.). The focus of the training should be to identify knowledge and skill areas that are outside of the front-line agents' knowledge and skill set.

3. Nesting/shadowing. Many call centers find that providing new supervisors with a "nesting" opportunity by having the person shadow or "co-manage" a team for a period of time can help to ensure the individual's success as a leader. Nesting gives new supervisors a chance to observe an experienced supervisor's work flow.

4. Coaching and/or mentoring. Every new supervisor should be assigned a mentor. This may be his/her immediate manager, but it does not need to be. The role of the mentor is to meet with new supervisors on a regular basis for the first several months in the position, as well as to make themselves available on an as-needed basis.

Though the first two authors examined supervisors in call centers, Mark Craig (2001, p. 117) highlights hiring call center managers. He argues that manager positions "can often be filled by in-house employees, but not always. Sometimes it is necessary to look beyond the walls of your company to find the person best suited to maximize the potential of your center." The author brings up an interesting point of looking for new perspectives from outside the center. This is common practice in business, to reorganize periodically to shake things up, create new teams, and get rid of some old blood and bring in some new blood. If this is the path a company chooses, and a call center adopts, is this communicated to the employees of the center? Remember that almost 50% of the employees in the centers examined expected to have a chance of promotion within the organization. If the company adopts a policy of recruiting and hiring from outside, then avenues of promotion for these reps and supervisors are closed. If this is the case, the following actions should be considered.

☐ The fact that the path to leadership is closed to the employees at the center must be made abundantly clear to everyone from the initial stages of hiring.

☐ If there is a promising rep that has management potential, then the center needs to communicate to this employee that they cannot be promoted from within, and thus, if they are interested in a leadership position in the organization, they must go to another center and work for a while to gain both more experience and new experiences that can then be brought back into the organization when the time is right.

If, however, the center chooses to promote from within, then the process of choosing supervisors and management must be made clear to

all employees. Once again, do not forget that about 50% of the employees indicated that one of the reasons they work at this center is the opportunities for promotion. Even at a high turnover rate for supervisors and managers in a call center, a 500-seat center could not promote 250 of the reps in a reasonable time period. This means that a selection process must occur to determine who is most qualified for promotion. This process must be transparent for everyone in the center for two main reasons. One, employees wishing to promote know that there is a clear set of requirements necessary to be considered for promotion, allowing them to seek to meet these expectations. Two, since not every employee will be promoted, hurt feelings will emerge. To prevent the hurt feelings which can cause a stir and potentially a bad culture in a center, the process of promotion needs to be clear at each stage. In this way, when an employee complains about being overlooked for a promotion, this person's colleagues in the center will know full well that he/she was not selected because the person was not the best person for the position, truncating any potential problems and rumblings in the call center that could emerge. Everyone must play by the same set of rules—no exceptions!

Cleveland and Mayben (1997) examine what a call center manager should convey to their managers or executives about his/her center. "A prerequisite to getting good support from senior management, and from managers in other key areas, such as marketing, information systems, telecommunications, and human resources, is that they have a basic working knowledge of how incoming call centers tick." They list ten items that all of the upper support management should know about a center:

1. Calls bunch up. Calls arrive randomly. Senior management needs to know that planning for a workload that arrives randomly is different from planning for working in other parts of the organization.
2. There is a direct link between resources and results. You may need 36 people on the phones to achieve a service level of 90% answers in 20 seconds, given your call load. But if you have 25 people and are told to hit 90/20, that is not going to work.
3. Staffing on the cheap is expensive. If you provide toll-free service for callers, you are paying for the time they spend in queue. Further, average handling time will increase as more callers comment about the long wait and as reps need more "breather" breaks because there is no time between calls.
4. There is generally no industry standard for service level. No one service level makes sense for every call center.

Different organizations place different values on customer service, and each will have different staffing costs, network costs, and numbers and types of callers.

5. When service level improves, productivity declines. Senior management should understand that the better the service level you provide, the more time your reps will spend waiting for calls to arrive.

6. You will need to schedule more staff than base staff required. Senior management needs to recognize that schedules should realistically reflect the many things that can keep reps from taking calls.

7. Staffing and telecommunications budgets should be integrated. Staffing and trunking issues are inextricably associated. Call center budgets should consider both staffing and telecommunications costs and their impact on one another.

8. Buy the best systems you can afford. Senior managers should be aware that equipment and software generally make up less than 15% of a call center's budget over time. These are valuable tools, and it makes sense to buy the system that has more capacity, better reports, and more advanced features.

9. Telecom and Information Systems (IS) people should support call centers, not manage them. When they wield too much control, it usually stems from the assumption that call centers are "technology operations." Indeed, call centers are laden with systems, but senior management should understand that the systems must be managed from within, with the support of telecommunications and IS.

10. Summary Automatic Call Distribution (ACD) reports do not give the real picture. Interpret summary ACD reports with caution. They can be very misleading.

Though Cleveland and Mayben bring up some interesting points, their list and focus strike at the core of a central issue with call centers in larger organizations—their value and place in the organization. The fact that there has to be a top ten list to explain call center operations to senior managers/executives in a company suggests that most senior-level people in an organization have no understanding of call center operations. The reasons for this are too numerous to list, but one item stands out clearly: too few call center managers promote into executive-level positions.

Traditionally, if a person wants to promote within an organization, he/she joins a company with a degree in hand and starts out as a researcher or something similar in a specific unit, department, or division. If this

person performs well, he/she will be promoted a few times within his/her unit. After a few years in that unit, if he/she is pegged as someone with potential for a top executive position, he/she will be encouraged to apply for a lateral move or promotion from his/her current unit to another unit or division, for example, from operations to marketing. In this way, the future executive is cross trained on as many functions of the business as possible, making for a well rounded and very knowledgeable executive of the company in the future. If managers have to go out of their way to educate senior management or executives on call center operations, the impression is left that a call center manager is not a slot that people are promoted into or out of in business. This means that managers of call centers may have little promotion potential to upper management. Likewise, it also means that call center managers must fight an uphill battle to educate upper management and executives about call centers without the executive having any experience in a center to draw upon.

This dilemma for some call centers necessitates action. Action must come from both the top levels of businesses as well as from the call center managers. Business leaders must not exclude call center operations from their full understanding. What better way to understand a call center than to work in one? Call centers, because they are often the only conduit to customers, must be a part of the flow of education of future leaders of companies. Call center managers, likewise, not only need to educate senior management about call center operations, but they need to learn more about other divisions, units, and departments in the organization as well. Instead of just explaining to an executive that call centers are unique and thus should not be responsible for fluctuating labor costs and little or no revenue generation, call center managers need to learn the tools of the various units to be able to deliver reports in a manner that upper management, who may have never set foot in a call center, can fully understand. This is why regular data collection is critical to a call center. Managers of call centers will likely find many similarities and possibly some good ideas to implement in their center from other managers of the other units and vice versa.

Another interesting set of data emerged from the survey of the call center reps when they were asked to write in other reasons why they choose to work in this particular call center. Approximately 21% that answered the question responded that the company's good reputation was a motivating factor (Table 5-3).

What exactly does this mean to the employee, and what is the expectation of the call center manager to ensure that this continues? Many companies are considered great places to work; some of these are

Table 5-3. What Other Reasons Do You Have for Working in Your Call Center?

Answer	Number	Percent
The company's reputation	14	21.2
Benefits of the company	13	19.7
Other	12	18.2
Money/needed a job	10	15.2
Flexible schedule	8	12.1
Fun/friends/co-workers	4	6.1
Relocation	2	3.0
Working with people	2	3.0
Find work challenging	1	1.5
Total	66	*100.0*

Source: David L. Butler

highlighted in this book. What makes these companies great places to work? In three words: a great culture! Notice it is not as easy to list the top 12 best-paying companies or the top companies for the fastest promotion. What is remembered is the culture of the company as a great place to work, which is something to look forward to when the alarm goes off at 6:30 am. A place that allows people to be themselves, that utilizes their best assets toward a collective goal, and where everyone in an organization is working hard for the same reason is a place people want to be.

Empowering Employees

A manager needs to empower his/her employees not because it sounds like a nice thing to do, but because it can generate a strong financial return. Empowerment begins with "a respect for employees and an organization-wide understanding of the value of the call center rep's critical role within the context of your business strategy. This must be reflected in your organization's culture—most often starting with senior-level commitment. It begins with educating employees on their role in the business and entrusting them with the power and the knowledge to make a difference" (*Call Center Operations*, 2000, p. 31).

As the quote above suggests, employees in an organization must be educated in the workings of the business and be trusted with making

decisions, both individually and collectively, to move the business into the future. Empowerment serves the company positively in two ways. One, it utilizes the existing workforce, who are already a labor cost, to generate new ideas and solve existing problems in a center without having to hire a new person or outsource the job, which would increase costs to the center. Two, empowered employees who see that their decisions are implemented start connecting their own success to that of the organization. This connection means that the reps know that by doing the best job possible, they are positively influencing the center's business operations, which is good for their employment—a positive feedback loop.

For example, flexibility in scheduling was a major attraction to over 50% of the call center reps examined (Tables 5-2 and 5-3). If a center did not currently have a flexible scheduling system, the manager or director could appoint a team of employees to draft a plan. This is exactly what occurred at one call center. The solution was an exchange board. Each rep was assigned their work schedule every two weeks. If a rep needed a day off for vacation, a birthday party, or some other event, the rep posted a specific colored card with that time slot on the board. If there was a rep in the center that was not working that particular shift, he/she could take those hours and work them. If the employee did not get any takers to work his/her shift, he/she could attach $1, $5, or $10 to the card as an incentive for someone to work the shift. Once a taker was found, both signed the card as an agreement.

On the flip side, if an employee was seeking to work more hours because he/she needed to earn more money for a vacation or for a present, he/she could post a different colored card stating that he/she was seeking hours. An employee could see this request and could offer hours if he/she was interested. Both parties would sign the card indicating agreement. This e-Bay-like system accomplishes many tasks, including:

1. It is built on a system of supply and demand, the most efficient system in place to date.
2. Employees are in charge of their shift, selling and acquiring open shifts.
3. The process is transparent for all to see and participate in.
4. Managers do not have to act as arbiter or auctioneer with people changing shifts and schedules.
5. The exchange system ensures that if an employee needs a day off, the time can be shifted to another person instead of the employee potentially not showing up for a shift because of an important engagement during his/her schedule.

This is a perfect example of how empowering employees can accomplish something positive in a call center that benefits everyone involved and in the end produces a higher attendance rate (lower absenteeism) and productivity that help produce a strong bottom line. Other committees can be formed to handle other issues such as training, improvement in customer service, and new technology implementation.

THE WHOLE PERSON

When an organization hires a person, an exchange is taking place—the person for a limited time in exchange for monetary compensation. That said, just because a call center may hire someone because of their work ethic, telephone skills, tireless energy, or speed and accuracy in typing does not mean that the center should ignore the person's other skills and abilities which could be used to help add value to the work environment and the company. The company should have an environment that allows employees to bring their full selves to work and incorporates their abilities into the organization.

For example, imagine you have an employee with a great voice at singing, an employee who knows many great jokes, and another employee who is just full of trivia. When calls are in queue, why not have your employees be the recording the customers hear and not some elevator music? Having actual employees describe what is going on in their center while people are on hold, telling the customers a joke, singing a song, or offering trivia would help pass the time and offer a human side to the center for both the employees and the customers alike. Other talents could be used on center projects, joint projects between multiple centers, or even the center sponsoring to help volunteer to serve the community on a project. Whatever the multiple talents of the individual employees, a center would benefit greatly from using these assets to the fullest extent possible. A stale, boring, cold, and sterile call center is interesting to no one. Customers are quite savvy and can quite often pick up on the level of satisfaction of an employee in their workplace in just a few minutes. A sterile workplace comes through to the customer. If it is a fun place to work, this is apparent as well. And as Bruton (1995, p. 74) notes, "customers will always form an impression of the product they receive. If we do nothing to influence that impression, it will be formed by default—and it may or may not be accurate, indeed it may or may not be rational. This is why we must always strive to manage our relationships with our customers, so that the impression they have is a favourable one."

Financial Transparency

Too often in business mistrust begins and spreads in a vacuum of knowledge where the specter of distrust can grow. Many times distrust can float around the concept of money—who has it, who does not, where it is being spent, etc. To truncate any potential problems associated with money and budgets, managers can open their books to the employees, if they wish to see them. Managers can post the center's financials and show each person's pay, including the management's. Show how much is spent in long distance contracts, electricity, benefits, equipment, building leases, landscaping, and more. This transparency will accomplish several goals:

1. Any distrust due to money will be eliminated. The numbers are there for all to see.
2. If a manager has to make a decision based on an increase or decrease in budget, the employees can see how the decision process was made given the current financial statements.
3. Employees can also offer suggestions to increase productivity and decrease costs in the center now that they are familiar with the breakdown of the center's budget.
4. The manager can initiate a goal of reducing the phone budget. The employees can track the increase or decrease of the budget through the postings and see if the labor costs actually increased in proportion to decreasing the time in queue, which enabled savings in long distance.

Employee Satisfaction

Two fundamental themes need to be reiterated. One, employees come first. Two, the manager should develop the best environment and culture possible at his/her center. If these two themes are realities, employees should be very pleased with their work and work environment. Besides the manager spending time communicating to all of the reps (one-third of the time is often cited as a necessity), the manager needs to measure the level of (dis)satisfaction within the center with the goal of consistently improving the level of employee satisfaction. Remember, employee satisfaction parallels that of customer satisfaction. The happier the employees, the happier the customer; therefore, it is in the manager's best interest to keep the employees happy with their work environment (*Call Center Operations*, 2000).

Employee satisfaction surveys come in many flavors, colors, and sizes. A manager may want to outsource this project to an independent consulting firm so that the level of potential bias is reduced on the part of the manager. However, when an employee satisfaction survey is completed, the results must be anonymous to the individual, but, in aggregate, transparent to the employees who participated. Likewise, the manager must acknowledge if there are problems in the center and actively seek workable solutions to these problems, ideally in the form of empowered employee teams. The only means to ensure that potential problems are corrected and no new problems have arisen is through continued measurement, possibly every quarter or half year.

Measuring Job Satisfaction

To have a successful center, the level of employee job satisfaction must be measured. Measuring will not only help set new and higher goals for the center, but it also gives the manager some ammunition to articulate to the executives in the parent organization why this center is hands down the best center in the businesses. How can this data be obtained?

As stated before, metrics on call rates are accessible to most managers through improvements in technology. However, other measures such as employee satisfaction, reason for turnover, cost of training, and a return on investment for each of these is often not collected at centers. However, if a call center manager has never worked with surveys, interview instruments, data collection, coding, or analysis directly, a professional consultant can be hired to assess the center. There are consultants who have this type of expertise such as Butler and Associates, Inc., Hattiesburg, MS 39401, USA, The Chelsea Group, Inc., Chelsea, AL, USA, and a host of others who specialize in this type of data collection and analysis. Hiring an outside consultant arms a manager in two different ways. One, the consultant is an expert. With an expert comes years of experience, including successes and failures, which the manager may not have. Many managers who try to do an assessment of their own without prior experience make repeated mistakes that are common in assessments but could have easily been avoided by hiring an expert. Think of the analogy of home improvement. Imagine a homeowner has a leak in a pipe. Instead of calling a professional and experienced plumber, the homeowner chooses to fix the pipe himself. He goes to the home improvement store, purchases materials and tools, reads the directions, and jumps in. Hours, if not days later, he believes he has corrected the problem, assuming he made it this far. However, he may have replaced a hot water line with PVC or

combined a galvanized pipe with copper, both of which are no-nos that will eventually cause more damage than what was there before. Now, imagine instead the homeowner called a plumbing expert. The job was done professionally, in only a few hours, and the cost was close to what he would have paid for the tools and materials he had to get. Now if he calculated in the cost of his time and the problems that could eventually reemerge, then the professional plumber becomes a bargain. The same is true for an expert consultant. Though the cost may seem steep at first, the cost is actually a bargain compared to someone without experience trying to do the same job and making error after error, eventually having to call a professional in the long run to fix or complete the project.

The second reason to hire an expert consultant is to ensure that biases are not interjected into the data collection. To successfully collect data, questions must be written in such a way that will eliminate as much bias as possible from the data collected. Quite often this is very difficult for someone who is so close to the subject under examination. For example, imagine a manager asking his/her reps a question on a survey instrument about the work environment. Because the manager knows the environment and helped to create it, he/she may ask something such as the following:

"How would you describe your work environment?"

A. No problems
B. Pretty good
C. Good
D. Great
E. Excellent

Because the manager knows that the environment is good, especially since he/she has seen the environment in other centers, he/she scales the answers from pretty good to excellent. This way the manager can determine what employees think of the environment he/she worked hard to create. However, the manager just stepped into several common problems associated with novices collecting data that they are close to. First, he/she never defined "work environment." This means that each person will define this differently. One employee may think this is his/her cubicle, while another will think it is the cleanliness of the restroom, the color of the paint on the walls, or possibly the number of windows in the building. This means that no matter the answer to the question, the manager cannot really know what the employees are thinking since work environment was never collectively defined. Second, the answers on the survey

are all positive. Though the manager knows the work environment is good, because he/she know what he/she means by work environment and thinks it is good, there may be some employees that do not like the work conditions and do not have an option from the choices to answer the question honestly. Questions asked in evaluations must be scaled correctly, which means that there must be an equal number of positive and negative answers and even a possibility for a neutral and/or no answer. Third, what if none of the descriptions fit the employees' view of the work environment? How are these employees supposed to answer the question? Are they to just guess? Mark the closest one? Circle two of them? Don't answer it? All of these are common responses to poorly written questions. Each creates an obstacle for the employee in answering the question as well as eventually producing poor data that cannot be effectively used for evaluation. Once again, this is why a manager would want to hire an expert for evaluation. An expert research consultant will ensure that these common problems do not occur and can truly evaluate the center in an unbiased manner. This allows for good data to be produced and effective management strategies and tactics to be formed based on reliable data. No matter what the measurement may be, an expert can set the right direction. Now when the manager goes before the executives and makes the bold statement that he/she has the best center in the organization, he/she can show the final report to prove that the statement is not only true, but also that a third-party independent evaluation shows this to be true.

A case study of a call center in New York (Harps, 2002) shows that when good and reliable data are collected, a center can increase performance through representative feedback. In this case, the center's manager realized that the work environment produced low morale. After obtaining the data on employee satisfaction, the center took a number of steps, including:

1. Enhancing work spaces with new paint and furniture.
2. Creating teams and increasing team interaction so that all persons in the center could interact with each other.
3. Creating an organization-wide event that allows agents to meet and see other workers in other divisions, which enables the workers to fully understand their contribution to and where they fit in to the overall structure of the organization.

Without the measurement, feedback, and regular data collection, these types of workplace/performance improvements could not have occurred.

How to Hire a Consultant

Consultants come in a variety of sizes, flavors, and costs. Finding the quality of consultant needed for the services in a particular call center is similar to purchasing any other business product. Books such as *The Consultant's Scorecard* (Phillips, 2000) and others have been written for either consultants or people who need to hire a consultant for a project. Besides having years of experience working in a particular area and becoming an expert, consultants with advanced academic degrees often bring much to the table in terms of their own research, other research contacts, and easy access to published material on a particular topic the manager seeks consultation on. Furthermore, the researcher consultant may have worked on a similar project elsewhere, and thus, the data in one center may be comparable to other centers, allowing a greater return for the center than the manager had originally counted on.

Performance Measures

Managers must have a set of clearly articulated performance measurements for each rep in the call center. A clearly defined set of measurable expectations is valuable to a center for several reasons. One, it clearly tells the reps what the expected level of performance is, and then the rep can work toward that expectation. Two, the manager can align the performance expectations of the employees with that of the center's and overall organizational goals to ensure the goals are met. Three, performance measures are quantifiable so the center manager can deliver reports with numbers and graphics demonstrating that the center is improving performance over time.

What does a performance measure look like? How is it used? What should be measured and how? When a manager is creating a new performance measure or modifying an existing one, the big picture must be kept in mind. What is the goal of the center and organization? If revenue growth is the goal, then a specific set of measures should be in place to help ensure revenue growth. If bringing back customers is the goal, a different set of measurements are needed. "Every call center is challenged with keeping its reps' eyes focused on the corporate mission. One of the most important aspects of that challenge is to ensure that the linkage from rep behavior to the corporate vision is transparent" (Hack et al., 2000, p. 56). It is often too easy just to measure a simple metric such as calls per hour. Fortunately, according to Cleveland and Mayben (1997), this trend is fading. Calls per hour measures output, and that is all. It does

not measure levels of satisfaction or repeat calls, nor does it maximize the use of an employee's skills and personality. If a call center uses calls per hour as a major metric of success, then it is in the employee's best interest to get the call completed as fast as possible, no matter the level of service. This type of motivation will always lead to poor quality, diminishing returns, and customers that will opt for another business or organization with better service. Instead, a manager needs to examine the goals of the center and then create a metric that reflects this goal(s). For instance, if customer loyalty is a goal, then a metric of performance should be first resolution issues and the number of times a person compliments a rep or makes positive statements about an employee. Whatever the measure the manager and staff create, it needs to be clear that the rep's performance will change the variables. A rep cannot directly control time in queue for a call; queue times are a staffing issue which is on the shoulders of management. Once the power of control is in the hands of the rep, the rep will do everything in their power to excel. As noted by Cleveland and Mayben (1997, p. 201), "as call centers handle increasingly complex transactions, 'calls per hour' as an individual productivity measure is fading, while qualitative measures continue to gain acceptance."

In their chapter "Performance Evaluations: A Practical Guide and Examples for Call Center Employees," Koons and Pettway (2001, p.44) outline a generic performance evaluation. Up front the authors state that "it is important to create a methodology for evaluations that is based on the employee demographics and company culture." To write an effective evaluation of an employee, the manager must know the full participation of an employee to the center. Likewise, the method by which the evaluator delivers the evaluation, and the tone set, makes a difference on how the performance evaluation is received and responded to by the employee. Remember, not only is this a tool to keep the center on focus toward a goal and a method to collect data for numerous justifications, it is also a strong tool to help modify or reinforce the performance of an employee. Consistency is critical in evaluations to ensure that they are as objective as possible. For example, if one employee is evaluated and needs improvement in a specific area, then this should hold true for all employees with similar challenges. On the flip side, if an employee is congratulated on surpassing expectations in a particular area, then all employees who surpass expectations in a given area need to be congratulated. This consistency is important since employees gossip, and they will find out very quickly if the metrics and parameters are not consistently applied, potentially undermining the call center's culture.

Common elements in an employee performance evaluation include (adapted from Koons and Pettway, 2001):

1. Customer service skills/communication—Ability to listen effectively and properly respond to service enquiries while communicating policy and processes to internal and external customers.
2. Telephone etiquette—Consistently implements company standards in regard to scripting and observer checklist guidelines.
3. Knowledge—Maintains an understanding of the clients; utilizes all of the assets available for continued training and development.
4. Interpersonal skills—Values other's contribution and is open to constructive feedback.
5. Quality-quantity—Meets quality and accuracy objectives against output goals.
6. Judgment—Has the ability to properly identify, analyze, and make reasonable decisions on behalf of the employee, the client, and the company.
7. Initiative—Empowers him/herself to resolve issues and problems; possesses the ability to actively participate, volunteer, and accept new challenges on his/her own with minimal direction.
8. Technology—The ability to integrate technology into the daily work routine; maintains a basic understanding of company/client technology.
9. Team development—Participation in building team morale, unity, and flexibility.
10. Attendance—Timely and reliable.
11. Appearance and habits—Personal habits, clothing, and grooming.
12. Adaptability—Ability to quickly understand new information, situations, and environment.

Though clearly this is not an exhaustive list of what can be included in a performance evaluation, it does cover a spectrum. A manager must also decide if he/she will weigh one category over another or not. For example, does appearance carry the same weight as attendance or initiative? If not, then this needs to be made clear to all reps.

Final Thoughts

Reps are the single most important asset to a center. They are the face (voice) of the company/organization. Because of this importance, a manager needs to know as much about his/her reps as possible. This includes

knowing why they are working at the center, what their future aspirations are, and their likes and dislikes. Once this knowledge is in hand, a manager needs to use the full range of skills and abilities of the rep to meet the center's goals. Employees should come first in the company. Once this policy is in place, the employees will naturally pass on this positive attitude to the customers. To ensure that a manager is fully in tune with the employees, the center's finances and metrics need to be transparent to the whole center. This way no potential miscommunication can happen. This said, employees also need to be held accountable for meeting the goals of the center, and therefore, a solid and well thought out employee performance evaluation needs to be constructed that allows each rep to strive to meet the center's goal(s) call by call and day by day until success is reached.

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CHAPTER 6

Pay, Benefits, and the Dreaded Labor Unions

Considering the high level of turnover in call centers (about 18 months average) and the associated costs of hiring and training employees, it is quite natural that call center managers first look at call center wages to see if a higher pay within the industry would slow the rate of turnover. Not surprisingly, many authors have their own points of view on call center rep pay, benefits, recruitment, and retention. A few will be explored here.

Barbara Bauer (2002, p. 31), in her chapter titled "Build Long-Term Loyalty from the Agent's Perspective," states that good employees expect to be paid a salary that is perceived to be above the market standard. She continues that it does not matter if the rate is above the market standard only that the employees perceive that it is. Bauer continues, "While building agent loyalty starts with salary, it doesn't end there. While some employees leave for more money, most people change jobs for other reasons."

In his chapter "Call Center Managers Share Secrets at Human Resource Roundtable," Greg Levin (2001, p. 3) states that while "centers approach turnover in different ways due to a diverse range of factors specific to each company, including job complexity, career paths and local competition, all agree that call centers that struggle the least always seem to have one thing in common: employees who are involved in decision-making processes." Levin uses Sylvania's incentive program as an example of how this company was able to curb turnover. "In addition to paying a pay-for

performance plan to determine employee raises, Sylvania sponsors a Perfect Attendance Award. For each year a rep has a perfect attendance record, he or she receives $500. Since implementing the attendance award three years ago, tardiness is down 40.5 percent and absenteeism is down 25.6 percent" (Levin, 2001, p. 8).

In a separate chapter, Levin examines the key aspects of a successful agent retention process (2002b). The author suggests that though money can be a motivator, it is only one piece of a larger process that agents respond to in a complicated and challenging call center environment. Successful retention and incentive programs necessarily must include call center employees as part of the process. This not only builds trust between the call center manager and employees, but the employees will inherently know more about what motivates employees than the manager. "One of the best- and easiest-ways to enhance the overall image of the agent position and improve retention is to actively involve agents in a variety of important projects, processes, and decisions in the call center" (Levin, 2001, p. 6).

Levin continues his examination of call center agent pay and turnover in the chapter titled "Call Center Professionals Speak Up for Underpaid Agents" (2002a). This chapter quotes many managers who appear frustrated with low agent pay and high expectations. Many suggest that executives in companies with call centers do not fully understand the call center agent's impact on revenue. Levin continues, "While many managers acknowledge that low pay isn't the only cause of attrition, they claim it is the reason most commonly cited by agents leaving the center" (2002a, p. 35).

Noel Bruton responds to claims like those by Levin by suggesting, "this begs a big question straight away, that of money-because since when did money do any inspiring or aiming? I subscribe to the school of thought that in the non-incentivized professions like user support and customer service, money is not a motivator. It may work in the greed-based professions, but even there it depends upon what you are trying to achieve. Let us test the money theory: When was the last time you bounded from your bed screaming 'Look out world, here I come' just because you had remembered you were going to be paid... on Thursday? Rather than waiting for and being driven by the same old salary you will be getting whatever happens, is it not more rewarding to have your work recognized and appreciated by those you do it for?" (2002, pp.316–317).

Dan Coen (2002, pp. 39–41), in his chapter "Agent Compensation: Motivating Staff without Burying Budgets," suggests that there are seven

principles of agent compensation. The seven principles include:

1. The compensation plan must be centered upon a company's ability to pay. Every company is different when assigning a certain percentage of pay to its agents. Management must be cognizant of how much money and investment the company can make in the call center.
2. The compensation plan must be centered upon demand. Developing a compensation plan in the heart of a large city is quite different from coordinating a plan for a small-town center.
3. The compensation plan must be centered upon job requirements. While the basic concept of an agent position is the same, the job duties are always different. This means that the management cannot mimic other compensation plans because each company has different objectives.
4. The bond between the management and the agent must be based on trust. The more confusion about pay, the weaker the bond.
5. A compensation agreement must be based on appropriate performance objectives. If an established agreement leaves open any doubt about measurements or objectives, the compensation plan will falter.
6. Pay agents based on what you want them to make, regardless of industry averages. I encourage management to create their standards for a position. The needs of one company may not work for another.
7. Do not be afraid to play with BIG NUMBERS or to create a unique standard. This opens the door to creative compensation. Agents feel motivated when presented with the opportunity to strive for something unique.

Many of these authors' points overlap, and other points are far apart. Before examining what research indicates about these issues, it is important to understand what exactly a wage is and what it represents.

What Do You Pay?

Because labor is a major component of call center costs, a manager should always be fully aware of what the center is paying all of its employees. Most centers have a set wage scale that determines the per-hour rate of reps based on one or more factors. Likewise, most centers have in place a pay raise plan based on both time at the center and an expected level

of performance. Let us say for sake of argument that a given center pays reps $12 an hour, a rough national average for call center reps in the United States. An important question to ask is why pay $12 an hour? Why not pay minimum wage? Why not pay $20 an hour? The obvious answers from the manager to these questions are:

1. "I could not get good workers for minimum wage."
2. "Twenty dollars is too much, I can't afford it with my budget."

What about paying your employees $14 an hour, just $2 over the national average? What about $10 per hour, $2 under the national average?

Assumed in a wage, hourly or otherwise, is the idea that someone is exchanging their labor time and skills for a specified price. For instance, when a new employee is hired, a manager hires not only a warm body to work the phones, but also the person's skills, existing abilities, and potential of the employee after training and the expectation that the employee will work at a consistent level over time within a particular window of time (say, for instance, 9 am to 6 pm CST, 6 days a week). Before 9 am, the employee is on his/her own time; the same is true after 6 pm. This relationship between the manager and the employee is symbolized in the production of a payroll check to the employee from the call center account, signed by the manager. The payroll check is the final act in the employees' bartering themselves (abilities, skills, and time) to the manager. In this contractual relationship, the employee can leave and seek higher employment. Likewise, if the employee does not meet the standards set forth in the agreement, the manager can let the employee know that he/she has not fulfilled his/her obligation and can remove that rep from employment (firing).

In this relationship of labor exchange, it is assumed that the higher the wage paid the more education/skills a manager will receive in return for the increased wage and associated benefits. Similarly, the fewer skills offered by the employee, the less a manager has to pay for the employee's time. Parallel to the skill set wage driving mechanism is also the law of supply and demand of these skills in the marketplace. Generally, there are more people with no or few skills than there are people with advanced education and skills. Therefore, everything else being equal, the few people with advanced skills and education will command higher wages since there are fewer of them than those with no or few skills (see Table 6-1). The large number of people with few or no skills are all competing for fewer jobs, many of which are becoming automated, thus driving down

Table 6-1. Supply and Demand of Wages Generalization

Group	Skills	Highest Education Level	% Workers in Group	Wage Demand
Worker A	None	High school	65	$7.50
Worker B	Few	Some college	25	$12.00
Worker C	Many	College graduate	10	$25.00

the demand for lower wages due to the great supply and limited demand of these workers. Given the bartering system of a person's time for work and the law of supply and demand for workers with specific skills and education levels, how much should a manager pay per hour on average for workers? Why that wage?

After examining the information in Table 6-1, a manager can begin to answer what his/her center pays employees and why? Though Table 6-1 conveys the general processes of supply and demand of workers based on level of education and skills, readers should immediately realize that this scenario is based on an ideal world where information flows are pure and all information is reliable and available (i.e., it is not real). In reality, all centers have a limited number of potential call center workers within a specific area of a center. This means the center's location will help influence how the center's wages are determined. For example, if a center is in a rural location, the majority of the labor shed population may have similar education, skills, and demographic profile, and the center may also be the only employer of this type in the area. If a center is in a more urban or suburban location, the manager is more likely to have a greater variety of potential workers to choose from with strong variations in demographics, education, and skills. Though the urban or suburban location has a larger pool of potential employees, and thus a higher level of flexibility in choosing workers, the location comes with an immediate drawback. Other businesses will be competing for the same people, potentially hiring away or out-bidding call center managers for employees. However, if a center is in a more rural location, the possibilities of competition are fewer, and thus the chance of other options of competition are reduced, suggesting that a center can offer lower wages for higher skill levels (if available) than it could in a city or suburb. In short, in a rural location, the options for employment are few for people who live there. In a city, the options are more numerous. Therefore, as the location flexibility for centers increases in more urban areas (more choices), the flexibility for the worker simultaneously increases, thus potentially driving up wages. Furthermore, the

more rural the location, the fewer the options for employers, but also the fewer choices for the workers as well, thus holding down labor costs.

Most businesses, without knowing it, walk through the exact process outlined above to determine wage levels for the employees. In fact, many centers probably do a quick assessment of the current wage level from other centers then choose to meet or increase the wage slightly in an attempt to attract any existing unemployment base, underemployed group, and those workers at other centers who are not content with their current employment options.

WHAT DOES YOUR COMPETITION PAY?

Before determining a compensation plan for employees, a call center manager should consider the answer to the following questions. How many call centers are within 100 miles of your center? How much do they pay their starting reps? What is included in their benefits package? Can you compete head to head with this center in terms of wages? Some managers might argue that pay should be independent of the local wage and should reflect more of the value of the service to the company. Though the motivation for such a scenario is understandable, the reality is that businesses are in business to make a profit. Therefore, a business should maximize the work from an employee in exchange for the lowest compensation possible, yielding the highest profit possible for the company. The challenge is to set the wage at a pricing point that will attract people to the position and be substantial enough to keep employees from vacating the position in a short period of time (turnover). Therefore, before a manager sets the wage and benefit package and creates a strategy to decrease turnover and increase retention, it is absolutely necessary to find out what types of pull mechanisms exist that can attract his/her employees away from the center.

If there are not many call centers in close proximity, do not be fooled into believing that there is no competition for the employees in your center. Competition for your center may be companies such as Wal-Mart, food establishments, and other small- to medium-sized businesses. Besides taking an inventory of other call centers in your area, be sure to include other companies that hire the same type of employee you attempt to recruit and retain.

WHAT IS CULTURE WORTH?

The critical balance the call center manager must maintain is to keep wages, incentives, and benefits at the level necessary to attract and retain

employees without pushing them so high that it threatens to take too much away from the company's bottom line. If the manager cannot retain employees and the cost associated with turnover and training becomes too high, higher management will look askance at the call center manager. Likewise, if the manager pays a wage that is well above the going rate for the job within the region, the executives will also cry foul that the manager is overspending and hurting the company's bottom line. If the manager chooses to pay the going rate in the region or less, then the total labor cost of the center will be low; however, the turnover rate will be such that the cost will be driven up anyway, creating a vicious cycle for call center managers. So, what can a call center manager do to keep total labor costs low while at the same time keeping turnover low? The answer to this question is building a strong positive culture within the center where people would want to work even at a lower wage. The idea of a positive culture as a great ROI is explored in more detail in Chapter 9.

Spatial Fix

According to the FAQ at www.incoming.com, one way to combat staff turnover is to examine a center's pay structure. "Pay could be a problem if you're not keeping pace with the market. As the call center environment becomes more complex, I think a lot of organizations are going to have to do some soul-searching on the importance and commensurate enumeration associated with these jobs" (2000, p. 2). The reality is that the soul-searching has occurred, and decisions have been made. The solution being implemented is what academics call the "spatial fix." In short, as labor costs increase due to competitive pressures for the same labor force (which is limited), prices are often pushed up. If a company does not want to pay increasing costs for labor, which eventually must be passed onto the customer, increasing the costs of the service and product against the competition, then at some point the company has to make a decision on how to resolve the increasing labor costs. An increasingly common solution is to simply move the call center to a location where labor is less expensive—the spatial fix. This may be from a more urban location to a rural location; it could mean moving from a more unionized state to a non-union state. More frequently, this means moving the call center from the United States or Britain to other parts of the world where English is a prominent language, but labor costs are low, such as India, The Philippines, South Africa, and more. The spatial fix, as history has indicated, is only a temporary solution. As many more companies

relocate businesses to these areas, the wages are once again bid up, eventually creating the same problem that existed in the original country. A longer lasting solution is what I will call the cultural fix. This solution begins with re-visioning the call center as an important piece to a company, a value-added conduit to the customer and not a drain on capital. This requires a sea change in how many executives view call centers as well as the expectations of a call center and call center management. Instead of a call center being a reluctant requirement of servicing a product that a company offers, a call center should be seen as a means or mechanism to promote the company and as an extension of both the sales and the marketing arm. Remember, often the only interaction a customer may have with a company outside the use of a product is through a call center. This is the one opportunity to sell the company and its brand image to create a lifelong customer. Most executives understand the value of a lifelong customer to the bottom line. Therefore, another option to the spatial fix is to create a cultural fix which allows a center to create a positive atmosphere internally where people are willing and desire to work there, thus keeping wages in check since demands for these jobs exceed the supply. Furthermore, as the culture is created internally as a great place to work and make a career, this same positive atmosphere is translated to the customers through the phones. A customer remembers when they call (or are called by) a center where people like to work and love their company or organization, mainly because it so rarely occurs and the experience is very positive for both parties. The question for the executives in the company/organization is not whether creating a positive culture is a right path; it is the right path. The question is where will this culture be created, in a center that still exists domestically or that now exists overseas?

UNIONS YIKES!

"There is one word that is guaranteed to frighten many businesses, especially those with call centers: unions. To many firms, unions raise the frightening specter of high wages and benefits costs, grievances, and strikes, and, underlying them, the biggest evil of them all, another powerful force telling them how to run their business" (Read, 2000, p. 261).

Unionization issues have permeated the global call center industry in the past decade. As more centers come online, there are more pressures for managers to show performance in their centers and a corresponding higher expectation level of reps, creating a higher level of pressure

and stress in these centers. These indicators correspond to rumblings of union activity and, in some instances, strikes at call centers throughout the United States and Britain. Paralleling speculative and actual union activity has been the movement of a large number of existing centers, and a corresponding number of new centers, to developing countries with a large labor pool of English-speaking workers and/or little unionization (*The Economist*, 2003).

This chapter will examine union activity generally and the manner in which this activity influences call center management and the bottom line.

By the Numbers

The U.S. Bureau of Labor Statistics (BLS) collects data on labor union representation by age, sex, demographics, ethnicity/race, state, and other identifiers. The most recent data indicates that 13.2% of wage and salary workers were union members in 2002, down from a high of 20.1% in 1983 (BLS, 2002). Men (14.7%) were more likely to unionize than women (11.6%), and African-Americans were more likely to unionize than Whites and Hispanics, respectively. African-American men had the highest unionization rate (18.2%) among all groups, and Hispanic and White women had the lowest rates at 9.8 and 10.9%, respectively. Union membership rates were highest among workers between the ages of 45–54 years. Full-time workers were more than twice as likely as part-time workers to be union members, and the South had lower rates of unionization than other locations within the United States (see Figures 6-1, 6-2, 6-3, and 6-4).

As the data indicate, the most likely profile of someone to unionize is an African-American male, 45–54 years in age, working full-time, and living in the Northeastern United States or the West Coast. The person least likely to unionize in 2002 was a Hispanic woman, 16–24 years in age, working part-time in the South. Interestingly, when examining the movement and growth of new centers within the United States over the past decade and a half, there appears to be an interesting parallel between emerging centers in Texas, Florida, New Mexico, and Arizona and the demographic population less likely to unionize.

Union Avoidance

When most managers hear the words "labor union," small hairs on the back of their necks usually stand up because they understand there is a

Percent of Total Employment Represented in 2002 by Unions by Race/Ethnicity
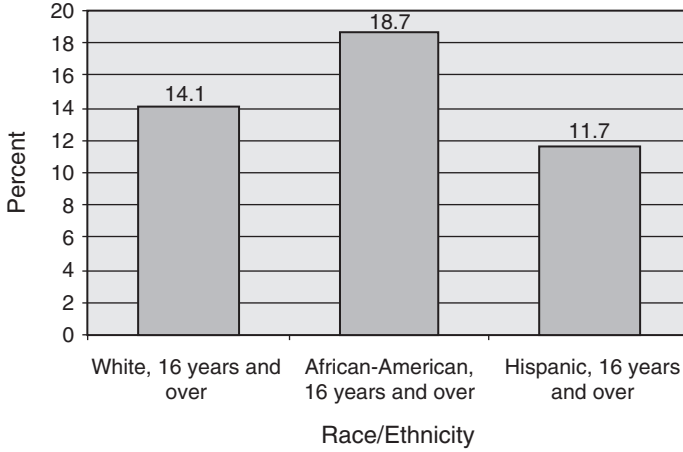
Race/Ethnicity and Gender of Total Employment Represented by Unions in the US in 2002
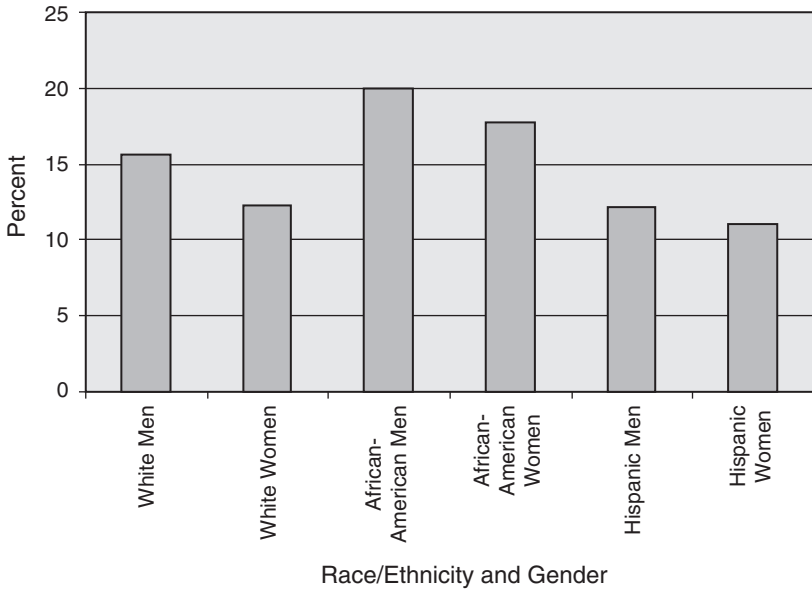
Figure 6-1. Percent of total employment represented in 2002 by unions by race/ethnicity and gender. (Source: U.S. Bureau of Labor Statistics.)
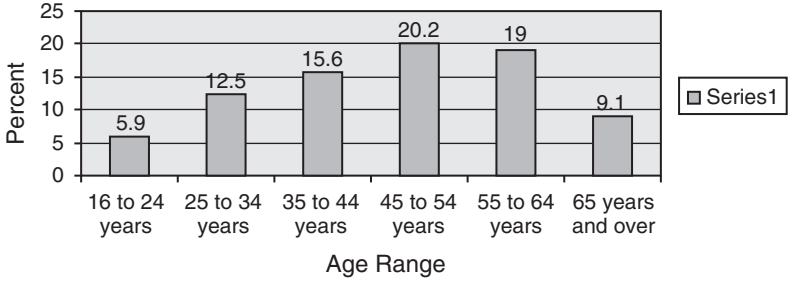
Figure 6-2. Percent of total employed in 2002 represented by unions by age. (Source: U.S. Bureau of Labor Statistics.)

Figure 6-3. Percent of full-time versus part-time workers represented by unions in 2002 in the United States. (Source: U.S. Bureau of Labor Statistics.)
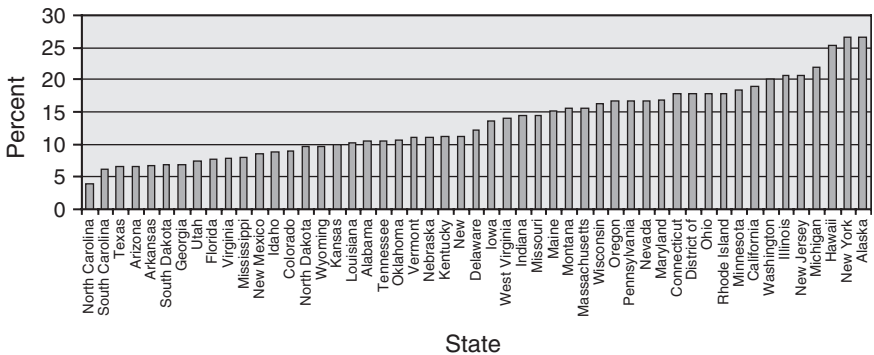
Figure 6-4. Percent represented by unions of total employment in 2002 by state. (Source: U.S. Bureau of Labor Statistics.)

potential threat to their center. The last thing managers want to report to executives in a company is that their center has voted to go union and there is nothing to be done about it. As a general principle, it is best for an organization to avoid labor unions as much as possible. The reasons for this are many, but here are just a few:

1. Wages usually increase for workers, driving up labor costs for the company.
2. Benefits usually increase for workers, driving up labor costs for the company.
3. Labor union representation usually occurs when there is a distrust between the workers and management, thus indicating strong inefficiencies in the organization to begin with.
4. Labor unions like to interject themselves between the management and unions, thus slowing down the communication process and effectiveness.
5. Management must take on a new level of scrutiny of the employees and vice versa, creating increased tensions and downgrading performance in the organization.
6. The specter of a strike is real!
7. Labor unions are notoriously conservative organizations that resist change. This resistance does not enable an organization to rapidly respond to fast-moving market forces in many industries, causing the potential loss of market share and an overall decline in the company.

Given the myriad of problems that emerge with labor unions in an organization, avoiding union activities as much as possible is the most effective and sensible route. Interestingly, many companies train their managers on how to handle any potential union organizing events in centers in an attempt to stop potential activities before they begin. However, the most effective repulsion mechanism for any organization against unionization is to have an already established culture and positive environment that would not encourage, and should discourage, any movements toward unionization. The best and most effective anti-union practice is actually a well-managed call center.

Unionization! Now What?

If you are a manager at a union center, or a manager at a center that has become unionized, the only option is to make the best of the situation.

Always keep in mind that the number one goal or focus of any business is to make as much profit as possible. This requires that all managers keep the bottom line in sight at all times. A center manager wants to either produce the highest revenue possible with the least expenditures or, if a non-revenue producing center, to maximize the return on investment for the expenditures, ideally in a measurable way. Remember, no matter the personal feelings about unions and union activity, the focus is on the ROI for the company. Given this endgame, the question becomes: What can a manager positively accomplish for the bottom line if they manage a unionized center?

National Contract

Some industries have been unionized for many decades and have unions as a part of their organizational culture. These include many manufacturing industries such as automobile and steel located traditionally in the North and Northeastern United States. Airlines are likewise unionized with pilots, flight attendants, mechanics, and others often being represented by separate unions with different agendas. Government is the most recent organization to undergo mass unionization with approximately 42% of all government workforces unionized in 2002 (see Figure 6-5).

When these historically unionized organizations choose to create call centers for sales and customer service, unions are often eager to ensure that any new unit of the company becomes a union shop. In fact, some collective bargaining agreements contain provision stating that the company must allow unionization as expansion of the organization takes place.
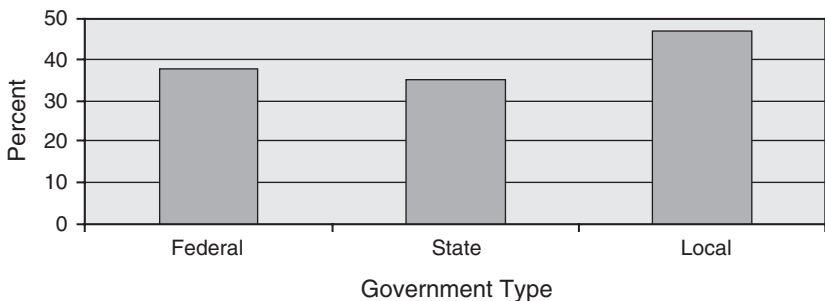
Figure 6-5. Government workers represented by unions in 2002. (Source: U.S. Bureau of Labor Statistics.)

If a company faces this level of unionization, how can a manager use this to the advantage of the bottom line?

The answer to the question is in simple economics. If labor union representation exists in an organization that has multiple centers, the goal is to negotiate a single union contract across the board for all centers at the lowest possible rate (salary plus benefits). In short, this creates a single national contract that gives an organization a fixed labor cost structure throughout all centers for the contract period. With a national labor contract in place, the company can successfully estimate labor costs over the multiple years of the contract and plan revenue streams accordingly.

EXAMPLE

There are two organizations, each with five call centers, located in the same cities throughout the United States. Because costs of living and labor differ from city to city and region to region, the cost structure for an organization with five call centers will differ from one center to the next, that is, labor costs on the East and West coasts are substantially higher than those in the Midwest and the South.

Differential labor costs at five centers throughout the United States:

Organization 1	
Number	Average Wage Per Hour
Center 1	$10.00
Center 2	$9.50
Center 3	$7.80
Center 4	$11.00
Center 5	$10.65
Total	$48.95
Avg. wage	$9.79

The average wage of Organization 1 is $9.79 per hour, with a high of $11.00 in Center 4 and a low of $7.80 in Center 3. Therefore, if this organization is unionized, the best tactic for the bottom line would be to negotiate a national contract for all of its centers that would cost on average less than $9.79 per hour. For example, let say that Organization 2, which has centers in all the same locations as Organization 1, has just that type of national labor contract.

Organization 2

Number	Average Wage Per Hour
Center 1	$9.00
Center 2	$9.00
Center 3	$9.00
Center 4	$9.00
Center 5	$9.00
Total	$45.00
Avg. Wage	$9.00

What is the long-term value difference between Organization 1 at $9.79 per hour and Organization 2 at $9.00 an hour?

Assuming that each center is an above-average size, with 250 employees, and the average number of hours worked by each worker is 35 per week:

	Per Hour Wage	# of Hours Avg. Per Week	# Employees	Total Cost Per Week
Organization 1	$9.79	35	250	$85,662.50
Organization 2	$9.00	35	250	$78,750.00
Difference				$6,912.50 per week

If there was a national union contract that set the wages as a fixed priced, then Organization 2 would save approximately $6,912.50 per week over Organization 1. Extrapolated, the labor savings per month and per quarter can be

	Cost Per Week	Cost Per Month	Cost Per Quarter
Organization 1	$85,662.50	$342,650.00	$1,027,950.00
Organization 2	$78,750.00	$315,000.00	$945,000.00
Difference	$6,912.50	$27,650.00	$82,950.00

Therefore, over one month, labor savings would reach $27,650, and in one quarter, labor savings would reach $82,950.00. Once again, the point of these examples is not to advocate unionization or anti-collective bargaining. The point of this exercise is to suggest a rationalization of labor costs nationally if an organization has multiple centers in different locations and a large number of the centers are already unionized.

Furthermore, besides potential labor costs savings, a fixed national contract in call centers can offer a predicable, measurable, and stable labor cost over time. Often, stability is preferred in an organization over uncertainty, even if the uncertainty has the potential to have cost savings. Why? Because companies price their products and services taking into account expected costs. If these costs are known, then a company can safely and accurately predict the cost of production of the product and service, then they can add on their expected level of profit for the anticipated sales, with a good estimate of revenues and profit per quarter and year. If labor cost are fluctuating, and doing so as a major cost of operations in multiple centers in different regions within a country, then the ability to predict production and service costs (and by extrapolation the cost of the product on the market) becomes more difficult and time consuming to manage on a daily basis, leaving the level of profitability unknown from quarter to quarter. This uncertainty causes instability, and instability is generally an indicator of a poor organization and can slow investments in the organization.

EXAMPLE

Labor cost fluctuations versus fixed

Organization 1: labor cost in flux

Center 1	$9.25–10.50
Center 2	$8.90–10.00
Center 3	$7.20–8.30
Center 4	$10.05–11.50
Center 5	$9.45–11.15
Avg.	$8.97–10.29

Organization 2: labor costs fixed

Center 1	$9.00
Center 2	$9.00
Center 3	$9.00
Center 4	$9.00
Center 5	$9.00
Avg.	$9.00

In Organization 1, average labor cost per hour could be as low as $8.97 to as high as $10.29. In Organization 2, the labor costs are known

upfront due to the national union contract, thus there will be no change in labor cost. If in Organization 1 all labor prices for all five centers' averages hit the lowest mark, then this model would come out at $8.97 per hour, lower than the fixed national union contract in Organization 2. However, if just a few of the centers averaged in the middle to the high end of the average wage cost per hour, then the total average wage could be as much as a $1 or more per hour per employee. Therefore, in terms of monthly and quarterly labor costs, the organizations are left with the following two scenarios.

Scenario 1

250-seat center, avg. 35 hours per week

Organization 1	Per Month	Per Quarter	Per Year
Lowest cost	$313,950	$941,850	$3,767,400
Highest cost	$360,150	$1,080,450	$4,321,800

Scenario 2

250-seat center, avg. 35 hours per week

Organization 2	Per Month	Per Quarter	Per Year
Cost	$315,000	$945,000	$3,780,000

Given these two scenarios, the ideal scenario is Organization 1, lowest cost, since it is the lowest labor cost option. However, there is no certainty of the low range. Because of the large need for labor and labor cost fluctuation, the difference between low cost and high cost in Scenario 1 is $554,500 per year. The question the manager faces is: What is the cost of uncertainty? If everything goes as expected in Organization 1, then the lowest cost becomes a reality. If, however, some of the variables influencing labor costs are out of the organization's control, Organization 1's highest cost could be the reality. Therefore, what is the risk tolerance for Organization 1? If they choose to go with Scenario 1, they could save the $554,500 in labor cost from the low to the high per year. However, if a manager had the option for a fixed price contract across all call centers, the actual potential savings between Scenario 1 low cost and Scenario 2 is only $12,600 per year. Furthermore, the real risk is not in saving $12,600 per year, but paying higher costs in Scenario 1 versus fixed costs in Scenario 2. The difference between these two annual figures is $541,800. Therefore, the question for a call center organization is

the risk tolerance that could save a center up to $12,600 per year, but could likewise cost a center up to $541,800 per year more than necessary. Given the conservative nature of many corporations and the desire for continuous profitability, most organizations would not take the risk and would go with the fixed price contract because the potential for loss is much greater than the potential for gain. The risk in Scenario 1 would be worthwhile for an organization only if the payoff were very high and the risks could be managed or minimized to the maximum extent possible.

If the organization has a significant number of unionized centers, it may behoove the management to have them all fall under a single large umbrella national collective bargaining agreement. Similarly, if a center has no union activity, it would clearly be in the organization's best interests to stave off union activity to ensure direct access to employees in terms of hiring, promotion, pay scale, discipline, and flexibility in plans.

The European Model: Outsourced Operations

The only other way to change unionization from a negative to a positive would be to adopt the European model of unions. In many European nations, the unions act less as a wedge between the workers and management and, instead, often manage the workers themselves. This has two benefits:

1. The union does not spend time interfering with communication channels between management and employees; they are the management and thus are part of the communication channel.
2. By having the unions manage a part of the business function, a business can eliminate that labor cost from it books.

In action, a company can negotiate a reasonable rate for production with the union. The union is then responsible for meeting the contractual agreement and absorbs all of the responsibility for labor. This is almost like outsourcing the project. With this model, a company can rationalize labor costs over time, while at the same time removing the problems associated with labor unions interfering with business activities. However, once again, the ideal situation would be not to have labor unions as part of the business, but if they do arrive, the European model of unionization is an effective way to ensure that the focus remains on the bottom line of the organization.

Final Thoughts

There are many schools of thought about pay and benefits for call center reps. This chapter explains that call center pay is a function of both the education and the skill level of the employee applying, the location of the call center and its available labor shed, and the regional market for the collective skills of this category of employees. Because there is ample pressure on call center managers to keep budgets down while turnover is high and to move higher wages in the opposite direction, managers need to examine (re)creating a positive call center culture (cultural fix) that allows lower-than-average market wages and keeps turnover low, thus creating a positive spiral and positive ROI for the center.

This chapter also briefly examines the most recent data about unionization in the United States. It also appears as if the recent location patterns of call center development parallel those of the demographic groups who are less likely to unionize. The best choice for a call center is to avoid unionization efforts, ideally by creating a great place for the employees to work and to help in making the organization successful. If unions already exist, the best management plans are to keep the focus on the bottom line, potentially adopting a low fixed national contract for all centers or adopting a European model of unionization where the union becomes a partner rather than a distraction from the business process.

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CHAPTER 7

The People and the Technology

To have an operationally successful call center, a manager needs a good balance of technology and reps, or to put it another way, physical and human capital have to be in harmony. The question is how to achieve this harmony, which will produce an effective return on investment and influence the bottom line positively.

There are a number of books on call center technology on the market at present. Each of these texts gives advice on which technology to choose given the nature of a center and the current and expected demands and, of course, suggests that a manager be prepared for changes in his/her call center when available technologies allow the center multiple channels to access customers and vice versa (see suggesting readings at the end of this chapter). There are also other books which examine technical support call center help desks specifically. Each of these books is good for the specific markets and reader they address. This chapter will cite several references from these books, but the majority of this chapter has a different focus than these books. Instead of focusing on the technology as a center-piece, this chapter instead focuses on the people in the call center and how technology can be adopted, or not adopted, to improve call center performance influencing the bottom line.

This chapter is not about how to upgrade your center with the newest whiz-bang technology. Instead, it argues that technology is only a means through which your reps can interact with the customer and vice versa. Therefore, the focus of a center should be neither on the technology itself nor the way to get customers to use technology and avoid your reps. Instead, it should be on how to effectively manage the interactions of your reps with customers through technology to improve the quality of customer service. "[T]echnology is the tool, not the solution to a

successful call center. The tool must integrate with your company's vision to be effective" (*Call Center Operations*, 2000, p. 49). "Remember people by and large prefer talking to people. They hate, but to differing degrees tolerate, talking to machines, especially ones that don't let them talk to live people. Especially stupid live people" (Read, 2000, p. 155). Customer service is NOT an interaction of a customer with a machine/technology. Every time I purchase a cold beverage or snack out of a vending machine, I do not thank the local vending owner or beverage distributor for their customer service. If a call center articulates that they are a customer support/service center, then by golly a customer/client should be able to reach a human being very fast and efficiently. This is not to say that there is not a market for, or demand from customers for, automated information systems; there clearly are. But managers should not deceive themselves and call this customer service. It is not. It is information retrieval and exchange only.

TECHNOLOGY AS A PANACEA

Technology within the call center industry is too often considered a panacea. It is critical to success in this business and can help in routing and switching calls more effectively, data analysis, storage, retrieval, and measuring the metrics of your organization. Likewise, specific technologies can offer advice on when to staff for peak and off peak windows. However, it must be clear that technology is only a tool, and this tool is only as effective as your least effective rep in a call center. No level of technology can make a poor employee into a good employee, just as a good employee is good no matter the level of technology available to him/her. Therefore, if a manager spends a considerable amount of money and time on technologies (physical capital) and disregards the reps (human capital), the ideal balance between these two and the center's goals will never reach the level of potential rewards to the bottom line. Bocklund and Bengtson (2002, p. 8) restate this alignment of goals and human and physical capital, suggesting that "companies need to align three elements, business strategy, call center strategy, and technology strategy."

Different technology packages offer different solutions to a call center. And be assured, the hardware and software salesperson will make it clear that by purchasing their NEW technology that a center will enter nirvana on its own. Do not buy this argument. A center would be much more efficient using older technology with a highly trained and motivated workforce than spanking new technology with an employee base that was

neither motivated nor properly trained to take maximum advantage of the technology. Remember, the name of the game is the bottom line, not the newest technology! Do not get caught in the trap Read describes where a salesperson allows a manager to become "mesmerized with their alleged benefits to the point where you forget what the call centers are for: the customers" (Read, 2000, p. 155).

ADOPTING NEW TECHNOLOGIES

Before even beginning the first step towards embarking on a new technology acquisition, the manager of the center must know all there is to know about the current status of the center and the value-added nature of the current technology. Only then can a full and sincere effort be put forth in looking for a technology(ies) that will surpass the current level in the center. All managers want to avoid the pitfall Cusak (2002) describes as "[s]tagnating budgets, crumbling infrastructures, rampant attrition, and nasty stains on the carpets are a growing hallmark of call centers across America as management resigns itself to the fact that (big surprise) installing the latest customer interaction technology doesn't mean that you can fire everyone and still delight the customer." According to *Call Center Operations*, technology affects call centers in three major ways. You can use technology to:

1. Reduce Costs. Technology products or systems are justified on how much they will save the company. Most call centers do this.
2. Generate Revenue. Fewer call centers look for newer technologies to generate revenue. Return on investment for this technology systems is harder to demonstrate.
3. Reduce costs while generating revenue. Only the most effective call centers focus on ways to both generate sales and reduce costs (2000, pp. 47–48).

All progressive call center managers should only adopt new technologies if they fit category three. Anything short of reducing costs and generating revenue will cause his/her center to be behind the competition, thus not maximizing the potential mix of human and physical capital available to them. Given the complex interactions between the human and physical capital of a center, this section will outline a six-step plan for any manager who is thinking about new technologies for his/her center.

Step 1: Assessment

Managers need to assess the current level of technology in their center. What is the value-added nature of the technology? One mechanism to find out the positive or negative impacts of the current technology is to imagine the productivity of the center if the technology was turned off. Another question to ask is what type of multiplier does the current technology add to the employees in your center? Does it save them one-forth of the time per call? Does it save any time at all? Does it help generate revenue? If no, why not? If yes, how much revenue and how often? Can a different system, not necessarily more advanced, accomplish this revenue generation and cost savings more effectively? Or as Read asks, "When sorting new technology, ask yourself, is it something truly of value . . . or a seemingly valuable but, in reality, worthless tool. Do you have a true use for it, or do you have to engineer your life around it, in unacceptable ways?" (2000, p. 147). Each of these facets of the technology the manager should know like the back of his/her hand. The manager should also know what type of technology and services he/she would need to operate more efficiently by decreasing cost (time = money) and increasing revenue. This "ideal" technology should be written down, and then the manager should move on to Step 2.

Step 2: Evaluation

Once the manager knows what he/she needs to be more effective in a center, it is now time to examine the technologies offered by various vendors. By walking in with a written evaluation and needs statement from Step 1, the manager is less likely to be gee whizzed into buying something he/she does not need. The goal of the manager in Step 2 is to seek out a technology that will multiply the current strengths and offer an ability to nullify the weaknesses in his/her center. If this technology does not exist, then stay out of the market, period. That said, listen, learn, and ask hard and penetrating questions to the vendors. They may, and I stress may, have come up with a technological system that will accomplish the goals and value added in a manner you had not thought of before. However, make sure this is a genuine value added by revising Step 1. If it does not meet the needs, pass on the new technologies. If technologies exist to serve your evaluated needs, then proceed to Step 3.

Step 3: Testing

If a manager believes he/she has found several technologies that fit the bill described in Steps 1 and 2, then a test drive is needed to see if the

technology actually delivers what the salesperson says. Remember, no vendor will tell you the problems inherent in the technology, and there are always problems and trade-offs. It is just like buying a new car. Yes it is new, and yes it is more clean that the old car; however, this one requires more maintenance and at a higher cost. It also handles differently, so it will take some getting used to and there will be a break-in period. And finally, the old car was paid off; this new car will have to be paid for. Is it worth the cost in terms of value provided? To answer this question, it is time to have these technologies demonstrated head-to-head in the center by both the management and the reps that will have to use the technology.

Keep the technology in the center for a week or two trying it out. This serves multiple purposes. One, it tells the reps that you care what they think about the new technology. Two, since they are not purchasing the new technology (it is not their car), they may actually be more resistant than a manager to the pressures of a salesperson. At the test-drive stage, one or more of the technologies will show their weakness and problems and will be eliminated. If there is one technology still left and the value added is still clear, the move to Step 4. If the technologies show their obvious weaknesses, have high price tags, and do not pass the test drive the reps put them through, then exit the market and re-examine technologies again next year.

To determine the potential cost effectiveness of the new technology, a manager should be able to quickly calculate a break even point where the technology will pay for itself with savings and revenue generation. This time frame should be fast. If it is long, then a manager should wait because (1) the price of the technology will drop over time and (2) a newer technology will arrive, making the best system today look outdated within a few years. So, the technology you adopt must pay for itself within the time frame that a new technology enters the market that can replace it. If not, then waiting the year or two for the newer technology, or for the price of the older technology to drop, may be the best choice for the center.

Step 4: Implementation

Once a new technology has been adopted, then it needs to be quickly implemented so the center can gain the maximum advantage of the technology as soon as possible. This means that the center needs to have in place a new technology training session. Adapt to the new technology quickly. Since the reps have already test driven the new technology and have agreed that it is a more valuable tool for the center and their performance, resistance to the technology will be minimal, increasing the chances that the benefits from the new technology will be seen sooner

rather than later. Make sure that all of the functionalities of the technology are being used to the maximum. Only maximum use will allow the most efficient use of the technology. For example, if an airline purchases a new Boeing airplane to carry passengers and cargo, the most efficient use of the plane will be to have it in flight as often as possible hauling people and goods. The most inefficient use of the plane would be to use it sparingly so that it does not get dirty or too many miles on its engines. Why? Because when in use, this transportation technology is generating revenue and decreasing costs over the older model of airplane. The same is true with technology in a center. The goal should be to maximize out the functionality of the technology, push the limits. If this cannot be done in the center, then it is possible that too much, or not the right type of, technology was purchased.

Step 5: Reevaluation

With the new technology in place, within a year the manager needs to complete a new assessment of the new technology. This reassessment serves to allow the manager to indicate what the return on investment the new technology is delivering to the center, including clear evidence that the technology is generating more revenue per person than before and an increase in savings either directly or through time.

Step 6: Annual Assessment

Step 6 is an annual assessment of the existing technology and a loop back to Step 1. Though it may seem a bit premature, it is not. If a short pay-off period can be justified through increasing revenue generation and cost savings, then it is seldom too early to adopt a new technology. Let me give you an example. Andrew Carnegie was a famous steel producer who helped to mature this industry within the United States and made billions of dollars doing it. In a famously recounted story, Carnegie had just finished building a brand new steel plant with the most modern furnaces available. A few days before the plant was to go operational, Carnegie's leading technology man informed him that a new furnace design had just been developed which was more efficient and effective than the new ones they just installed. Instead of opening the plant, to everyone's surprise, Carnegie scrapped the furnaces in the plant that was about to be opened and instead spent the time and money to purchase and install the new furnaces Carnegie's man had informed him about. Why did Carnegie do this? The answer is because he new the value of the newest design of the

furnace would allow him to recoup the costs of the furnaces he had just built in a short period of time and to keep his industry on the cutting edge against the competition. Call center mangers need to be knowledgeable enough about their current level of technology to be able to determine if such an opportunity comes along as it did for Carnegie. With this knowledge they can make the correct decision for their center.

Technological Change and Resistance

Before a manager searches for a new suite of technologies for his/her center, the reps of the center need to be queried. Do the reps want new technology or are they happy with the current system? Has the level of adoption or resistance by the reps been examined? If not, why not?

Most people are conservative by nature. People are conservative in the sense that many people dislike change and will go to great means to avoid change. Since you have taken the initiative to read this book, you may not fall into this category, but you must be aware that most employees in a call center will fit this description. Because most employees are weary of change, if a manager is pondering an adoption of a new technology for a center, it is recommended that he/she allow the reps to evaluate the new technologies in a collective manner, which brings the employees into the process early and often. After all, the reps will be using the technology many hours a day. Imagine the following two scenarios.

Scenario 1

As a manager of your call center, you make a general meeting announcement that next month new hardware and software will be installed in the center. Each rep will be required to attend a mandatory 10 hours of training on the new system and will be given a test after the training where they must make at least an 85% to be considered competent on the new system. If they do not pass the exam with an 85%, they must retake the 10 hours of instruction again and test once again. After this announcement, the employees will become entrenched, fearful, and the quality of their work will decline. Comments such as these will be common.

> "I have just gotten the hang of the system we have now, and now we have to change?"
> "I bet they are going to make us produce more with this new system and that is why they are using it, to make us work harder for the same money."

> "I will do the training and test, but I am going to keep doing what I normally do. I don't care what the management says."
>
> "I am going to quit before they make me learn a new system."
>
> "This is the 3rd system I have had to learn since I have been here. I wish they would give me a pay raise rather than buying all this new tech!"
>
> "The old system didn't work well. Why do they think this new one will?"

You have probably heard these or similar sentiments which emerge when new technologies, processes, and practices are adopted in an organization. Though it is easier for the manager to work directly with the vendors and make a rational decision and then tell the employees, the most productive path would be to include the employees in the full process.

Scenario 2

As the manager, you believe that you can be more productive by adopting a new system. However, before you move forward with this decision, you need to communicate to your reps that you believe that there are opportunities to become more efficient in the center with a new system, but before you make a final decision, you would like a committee of employees to undertake an evaluation of the need of new technology. This committee of volunteers will be charged with evaluating the current technology system and the thoughts/beliefs of the current reps about potential new technologies. Their final report will help shape the final decision on whether to adopt a new system or not. Furthermore, if a new system is needed, then the employees will have an input in the type of system that is adopted and the type and length of training that is needed. Since employees are part of the process, comments such as these will be expected.

> "I think we need a new system. If the system is faster, then we can complete more calls faster and meet our quotas easier."
>
> "I have a friend who works at Butler and Associates, Inc. and they have the latest Zyrog system. It's cool. It takes them only two clicks to have all of the information where our system takes about five. I would love to have that system here."
>
> "Look, I think the system we have now is fine. It works, we know how to get the information and it doesn't crash. What if we ask to use the money for a new system for a nicer lunchroom instead?"

> "I can't believe the manager has asked our opinion on the new system. In my other jobs, the management didn't ask our opinion on anything. We were told what to do, how to do it, and when to do it."

The difference between the comments in Scenarios 1 and 2 are striking. In Scenario 1, fear and resentment are the two major emotions driving the opinions expressed. Scenario 2 has employees discussing and debating among themselves the choice to adopt or not to adopt and even offering an alternate suggestion for the use of the money if the new system is not adopted this year. The fear and uneasiness is now replaced with a "buy in," the feeling of inclusion and a voice in matters that are important. This empowerment of the employees, if sustained through a positive culture, will pay handsome dividends in the future.

To expand on Scenario 2, let us imagine that the recommendation of the committee was to adopt new equipment and you concur with this recommendation. Now what? You have a decision to either unilaterally make a decision on the new technology or continue to develop a positive culture in your center through the inclusion of employees in the centers decision-making process. Instead of the new technology vendors showing only you the new systems, why not allow a committee of employees to test drive the new systems for a few days? After all, they will be using the system more than you and will be the ones to make the necessary adjustments to adapt to the new system. Why not have the top three vendors showcase their technologies and let the reps use the systems head-to-head for a few days to determine which one is best suited to their needs. Then the employee-led committee will make a final decision and communicate it to the manager. This type of employee governance will accomplish many positive items for your center.

1. The sales vendors will be confused since they will not only have to convince you of their product, but a whole committee of employees. This will keep the salesperson off your back long enough to get some work done as they are trying to sell to the committee.
2. The employee buy in will show the employees the value you have for their opinion and thus increase the likelihood of retaining these employees over time.
3. Since it was a committee of employees that helped decide that new technology was needed and which one to choose, their resistance to change will be minimized, since each employee will be aware that this was, in part, a bottom up effort. Since the perception will not be that this was imposed on them, there are more likely to help

each other out collectively to learn about the new system and thus adoption will occur faster and more efficiently.

4. If employees had a chance to test drive the new technologies, they realized that the new systems have specific functionalities that they can use to do their job better and faster and to make their job easier. Therefore, they are more likely to use the full functionality of the new system rather than just the necessary parts, making the system more cost effective over time.

Measuring Technology Change Success

Once a manager has opted to purchase/lease the new technology, at considerable expense of course, how will he/she know it will pay for itself over time? The only way to effectively measure the new technology and increased production will be to have a pre- and post-evaluation holding all other variables constant except the technological change. The manager has already run some numbers of potential productivity from item number 2 above. If not, the new technology would not have been purchased. Now it is time to see if the numbers actually work. As stated in previous chapters, this measurement can probably be most efficiently and effectively accomplished by outsourcing to an experienced consultant. The consultant will offer both a third party less biased point of view and an independent factor to the analysis which lend more credibility to the reports a manager will generate for headquarters justifying the equipment/technology expense.

An ROI of Technological Change

There are many different measures for return on investment (ROI). A simple and quick measure on the potential ROI for new technology would follow the five general broad measures below. Interestingly, as the examples below will indicate, a major variable, which can lead to success or failure of a technology, is the level or resistance and/or quick adoption of the technology by the employees. A technology is only as efficient as the employees use or utilization of that technology. If an employee chooses to work slower, not using the new flexibility of a new technology, or keep old and inefficient practices, then the technology investment will take longer or, worse, never achieve the necessary ROI. Using the airline and airplane analogy, an airline can buy the new plane with all of its efficiencies and force this technology on pilots, flight attendants, mechanics, baggage

handlers, etc. However, a pilot can fly faster or slower, burn more or less fuel, and use other tactics that can wipe clean the expected savings and efficiencies with the new airplane. The same is true for the other groups as well. So, employee buy in and adoption of the new technology is critical.

Without Employee Input

| Measure I: | Average daily effort of employees measured on a Likert scale from 1–10, with 10 being the highest. The employees are about 80% efficient, clearly indicating room for improvement. | 8 |

| Measure II: | Average daily effort of employees measured after the announcement that a new technology will be implemented in the center (without their input). An expected degradation of production by 1 Likert point. Depending upon the level of resistance, this could be higher, but the desire is to keep the number conservative for this example. | −1 |

| Measure III: | Without employee input on the new technology, employees will be slow to adopt and learn the new technology, frustration level will be high, and there will be a general lack of personal motivation for the employee to embrace the technology quickly and with vigor. An expected degradation of productivity during the transition period by two Likert points. | −2 |

| Measure IV: | The expected level of new efficiencies offered by the new technology system. A positive on Likert points scale. | 2 |

| Measure V: | New expected level of production based on original production level, subtracting resistance to adoption and degradation of performance, and adding the expected level of improvements with the new technology yields the new average daily effort number. | 7 |

With Employee Input

Measure I:	Average daily effort of employees measured on a Likert scale from 1–10, with 10 being the highest.	8
Measure II:	Average daily effort of employees measured after the employees are notified that they will be an actively important part of the new technology assessment and adoption process. An expected increase in production by 1 Likert point due to the employee's enthusiasm for the management choosing to involve them in the new technology decision-making process.	1
Measure III:	With employee input on the new technology, employees will be quick to adopt and learn the new technology, frustration level will be low, and there will be a general positive personal motivation for the employee to embrace the technology quickly and with vigor. No expected degradation of productivity during the transition period.	0
Measure IV:	The expected level of new efficiencies offered by the new technology system. A positive on the Likert point scale. Similarly, with employee involvement, there is the potential to have this efficiency number increase as reps learn more about the new technology and how to best maximize their performance.	2
Measure V:	New expected level of production based on original production level, subtracting resistance to adoption and degradation of performance, and adding the expected level of improvements with the new technology yields the new average daily effort number.	11

To gain the full productive capacity of a new technology, the human capital part of your center must be willing and able to actively and enthusiastically adopt the new system. As demonstrated in the example without

employee input, the new technology adoption can actually lead to a degradation of production (from an 8 to a 7 on the Likert scale). Often, managers are left scratching their heads as to why this new technology with all of its bells, whistles, and promises has led to a decrease in performance versus the old system in place. It can become quite problematic if a manager acquires a new and expensive piece of technology only to be able to demonstrate that the equipment has a negative ROI. However, with employee buy in, the productivity number goes from an 8 to an 11, even though the efficiency number of the technology is a 2 and the expected outcome would be a 10. This is because with buy in, the efficiency of the workers themselves will increase, and with the added increase enabled by the technology, there is a stronger multiplier for the center than originally expected, creating a stronger ROI.

Who Controls the Technology?

Depending upon the center, the purchase, lease, upgrade, and/or maintenance of the call center equipment and technology may or may not be in the hands of the manager. In many organizations, the manager is there to "manage" the reps and customers but a completely different division or department is in charge of all of the information technology (IT) of the organization. If this is the case the manager has two options. Option 1 is to change this relationship. Gain control of your technology from the other division or department. The on-site manager should be the controlling force (daily) for the technology in the center. Purchasing new equipment may need to be vetted through the chief information officer (CIO) or similar executive, but day-to-day operations, technology, and equipment needs to be in the hands of the manager. If this is not feasible, use option 2: get to know the person in charge of the technology and buy this person a lunch or two. Take this person out, explain your needs, invite them to the center to visit, take a tour, and maybe even answer the phone in a cubicle for half a day. Whatever it takes, create a positive working relationship with this person. If not, the ideal balance between human and physical capital for a center can never be achieved if 50% of the equation is out of the control of the call center manager which will directly influence and impact the productivity of the center.

There is also the other extreme as described by Dawson (2001), where a manager is hired because of his/her technology skills and the interviewers appear to forget that this person will be managing more than just technology and will have possibly hundreds of people working for them.

"[W]e need to admit, once and for all, that knowledge of technology and its structures are an imperfect and outdated selection criterion for a call center manager. Admit it to yourselves now: it's all about people skills" (Dawson, 2001, p. 262).

Technology as an Enabler or a Wall?

Call center technology, depending upon the philosophy behind the architecture and adoption, can be used in one of two ways. The first way is to help enable the rep to service the customer better with access to much information, assistance networks, and decision-making systems seamlessly, quickly, and timely. The second way to use technology is as a type of gate-keeper to put a wall of technology between the customer and the service support, ensuring that it is difficult if not impossible for a customer to reach as rep.

Here are a few real-life examples of these. A transportation company has a policy of one ring in their center. This one-ring policy means that the phone should be answered by a rep within one ring; any more than one ring is unacceptable. Occasionally, during discounted sales, call volume increases beyond expectations and customers are placed in a queue, but this is rare. This company uses its technology to drive the customers to the reps directly so that they speak to a person first, not last. The second example is from a music company. This company used to have multiple call centers for customer support throughout the states. Now, there is one toll-free number to call for all services. Everything at the toll-free number is fully automated; no human can be found, and pressing zero is not an option. If a customer is not satisfied with the options on the phone, they can go to the website or write a letter using snail mail at the address the recording offers. Because the answer to the question could not be found in the phone menu choices, the website was examined. The website referenced the toll-free number and an e-mail address for customer support. After e-mailing customer support, an automated response was generated. This scanned the e-mail for word choice and content to determine which of the hundreds of automated e-mail responses should be sent. The question was still not answered. The researcher has chosen not to make purchases at this company again due to their lack of desire to have interaction with the customer.

Peter Lewis (2003), writing in *Fortune*, had a similar experience with a package company. Lewis states, "Companies all over the world are installing automated telephone support systems as a way to save money. Human beings are expensive, and each time a customer calls to ask a

question it comes out of the company's bottom line. The crucial difference is this: some voice systems are designed to help the customer get service faster. Some are designed to help the business save money by doing everything possible to keep the caller from speaking to a human."

Though the business plan that calls for this type of full automation will surely pay a handsome ROI for the first few years since labor costs have been drastically reduced, the reality is that many customers will make the choice of this researcher and will choose not to make purchases from this company. Thus, the long-term strategy of a technological wall between the customer and customer service will eventually cause a decline in revenues as well as leave an opening for a competitor with a strong customer service commitment to fill the vacuum. Managers of call centers need to assess their technological plans and strategy and determine if their technology is being used as an enabling mechanism or to stave off customers by keeping electronic gatekeepers between the customer and the high labor costs of reps.

Consider what Bocklund and Bengtson have found. "Is business strategy relevant to call centers? Absolutely! Your call center is a vital link to one of your company's most important strategic assets—your customers" (2002, p. 5). The authors continue and state that successful executives "understand the influence of the call center on customer acquisition, retention, satisfaction and growth. They know that all call center excellence translates into increased profitability" (2002, p. 6). The authors continue with four examples which are interesting in light of the transportation and music example above.

Examples

- ☐ "Decreasing the customer defection rate by 5% translates into profitability increases of 25–100%, depending on the industry.
- ☐ When customers leave a company, 75% of the time it has nothing to do with the product.
- ☐ The number one reason for customer defection is poor service.
- ☐ Numerous studies have determined that it is significantly more expensive to acquire new customers than to retain existing ones (three times to ten times or more)" (Bocklund and Bengtson, 2002, p. 6)."

Which company above, the transportation or music, is mostly likely to grow customers and which is more likely to lose customers?

Final Thoughts

The main thrust of this chapter is to argue that the call center's main focus is about the people working there and the people being served, not the technology. Only after the employees are fully engaged in a positive culture within a center should a manager begin to examine new technologies. Though new technologies are neat and fun, if they do not improve production substantially and in a measurable way, then avoid them. All investments in new technologies must include input from the employees who will utilize the technologies. If not, the employees themselves can deliberately or subconsciously slow total production and efficiency in the center, erasing all potential gains from the new technologies. Remember, the physical capital and the human capital must be in harmony to produce the value added expected from new technology acquisitions. Also, when a manager is considering the five-step model for technology acquisition, he/she must also keep in mind whether this technology will enable customers to access customer service faster or whether the technology will throw up walls between the customers and customer service. The larger the wall between the customers and customer service people, the more dissatisfied customers will become, potentially causing a loss of a customer base which in the long term will destroy a company or organization.

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Return on Investment (ROI)

This chapter gives a brief overview of a common use of ROI for evaluating change within a corporation or organization. The model reviewed and utilized for this chapter is adopted from Jack Phillips (Phillips, Stone, and Phillips, 2001). The Phillip's model is widely used in both the private and the public sector for evaluating the ROI for many programs, most recently as an evaluation of training programs and their contribution to overall growth of an existing business or organization.

By the Numbers Accountability

For a manager to make an argument for his/her center's solid performance, he/she must demonstrate this to the boss in a report, which has some form of logical and rational numerical support and measurement. Stating that "My center is great. My employees are happy and the customers seem to like us" without any support will only serve to have a domestic center move faster along the cycle to overseas outsourcing and the manager seeking other employment opportunities. Wise executives in a company/organization will seek hard and fast numbers to justify the performance of a call center. Now, most call centers with the latest technology will be able to produce reports ad nauseam. However, what do these reports mean? What value does that add to the center? What do they communicate to the executive on how the budget was spent most effectively or revenue stream per person generated? Remember, the rule about running a business is to bring in more money than you spend. This is called profit. The higher the profit the better because the profit can be reinvested into new opportunities and human capital to generate even more profit. Though governments and non-profits do not have the same profit reporting functions as do for-profit companies, this does not mean

that these organizations are not concerned with the most efficient means of production possible—a strong ROI. Though the goal is not the same as a for-profit company, the logic behind the efficiency remains the same. To make the best sell possible to the leaders of the company or organization, a manager must be armed at all times with data to justify the centers' existence and value added to the company/organization. If this cannot be established, the center will eventually disappear.

Return on Investment

Brief History

ROI has been around since before the 1920s. In recent years, ROI has expanded to a wide range of investments, including human resources, training, education, change initiatives, and technology. Today, hundreds of ROI calculations have been created or are under development for programs. "As long as there is a need for accountability of . . . resource expenditures and as long as the concept of an investment payoff is desired, the ROI process will be used to evaluate major . . . investments" (Phillips, Stone, and Phillips, 2001, pp. 2–3).

Why ROI?

Developing a strong and balanced set of measures, including measuring ROI, has gained a strong position in many fields. The topic of ROI appears through conference proceedings, on the cover of newsletters, and as the focus point of journals, both trade and academic. Clients are requesting that ROI calculations be conducted for various programs and initiatives within their division or unit, both in private and in public sector organizations. Even top executives in major companies have increased their knowledge and interest in ROI related information (Phillips, Stone, and Phillips, 2001, p. 12).

Though it may seem obvious to the reader why measuring ROI is a value-added tool that all call center managers should pursue, it helps to examine why the time is ripe for call center managers globally to adopt the ROI calculations. The main reasons include:

1. Client demands. More clients than ever before are requesting evaluation data, including measuring the ROI. Many call center managers, in these times of center expansion, consolidation, and outsourcing overseas, are asking, "How do I know a particular

program, decision, or technology will be a good return on my investment?" Though accountability has existed in the past, the expected level of accountability, and the recourse for not being accountable, is at an all time high. When a client demands a process, then it must be examined and delivered in a credible fashion so the client can believe and use the results.

2. Competitive advantage. Call center managers must fight for scarce resources both internally within an organization and externally for labor between existing call centers and organizations that employ a similar labor pool. Because of this environment, a manager must be able to measure an ROI to meet or beat the existing competitive forces for scarce resources. Many leading call centers are beginning to develop the ROI around projects and programs in order to stay competitive or even stay ahead of the competition for resources.

3. Resource allocation. When a call center manager can show a contribution in clear monetary terms, an excellent case can be made for additional resources for his/her center. Some organizations are actually using the ROI process to drive additional funding and increasing budgets. For example, if a minimum threshold is reached, the budget remains the same. If an ROI is exceeded, then additional resources are allocated to that unit (call center) from the unit that performed under the ROI threshold. Though ROI cannot be used for all units and every program and should not be used for individual performance, it can shed a bright light on those functions that contribute (or do not contribute) to the bottom line of an organization.

4. Case study database. Developing a case study history of ROI applications builds a history of credible results for a call center and call center manager. The database can show executives in organizations success with previous programs, as well as indicate trends and patterns within the organization. A portfolio of projects using a credible and acceptable process can offer a critical advantage to a call center manager pursuing new growth opportunities and initiatives.

5. Self-satisfaction. Most motivated and dedicated workers in an organization want to know that the work they do is making a difference. Showing the ROI can become one of the most self-satisfying parts for a call center manager, staff, and reps. When completing an initiative on schedule, within or under budget, and with positive customer feedback, the actual value-added benefits in monetary

terms for the center with an impressive ROI adds the final touch to a major project.

6. Consequences of improper or ineffective practices. Many call center projects have not lived up to the expected promises. These centers have not delivered the results the company expected, at least in terms executives understand, mainly the bottom-line contribution. As more and more call centers are opened, consuming the limited resources of an organization, the expectations of the call centers have not always materialized. Reports from many call center managers are viewed with skepticism and concern, and often the credibility and objectivity of the data is challenged. This has caused many executives in organizations to rethink the role and value of a call center and to place more constraints and demands on call center managers, including more justifications, ROI, for call center operations.

7. The need for balanced measures. Throughout the trade literature a debate has ensued on what should and should not be measured and how. Different people recommend different measures, number of calls, calls per hours, employee and customer satisfaction surveys, first time call success, and the list goes on. There exists a critical need to examine data from a variety of groups and point of views, from different time frames, and for different purposes. This mix of data is often referred to as a balanced approach and is driving the need for the ROI process outlined in this chapter.

8. Top executive requirements for call center contribution. ROI is now enjoying an increased level of interest from executives in organizations. Top executives have watched as the call center budgets have steadily increased over time without the appropriate accountability measures and are now demanding an ROI for call centers. Measuring the ROI for call centers is a global issue because executives in companies with call centers understand that the call center market, like their organization, is global in scope. Whether an organization is mature or developing, the competitive economic pressures of running a business with a global scope make accountability of call centers an important issue.

THE APPROACH

For an ROI process to succeed in a call center, it must balance many issues including feasibility, simplicity, credibility, and soundness. The call center

managers and supervisors who use this process often find that long formulas, complicated equations, and complex models appear confusing and complex, causing them to give up due to frustration. Because of these concerns, a simple, clear, and easy to understand process is a necessity for call centers. Furthermore, since call centers are very busy places, the process cannot take an excessive amount of time to implement. Finally, the ROI process should not be too expensive, given the competition for resources in call centers; the process should not command a significant portion of a manager's budget.

The ROI process must meet certain criteria to be accepted and correctly implemented in an organization. These criteria include:

1. Simplicity. The ROI process must be simple and must avoid too detailed or complex formulas, lengthy equations, or complicated methodologies. Most ROI models to date have failed in this regard, since many seek statistical perfection and theories more akin to a university than a business operation.
2. Economic. The ROI process must be economical and be able to be implemented easily within a call center. The process should be adaptable, enabling it to become a routine part of the functioning of the center without requiring a significant input of additional resources.
3. Credible. The assumptions built into the process, the methodology, and the outcomes must be credible to both the manager and the staff of the center, as well as to the executives of the company or organization who control the center.
4. Theoretically sound. From a research point of view, the ROI process must be theoretically sound and based on generally accepted principles and practices. Ideally, the process should strive to strike a balance between maintaining a practical and sensible approach while not compromising the sound theoretical basis for the procedures.
5. Account for other factors. An ROI process must be able to account for other factors that influence the output variables. Isolating variables that are tangential to the program is necessary to build credibility and accuracy within the process.
6. Appropriate. The ROI process must be appropriate for a variety of call center programs. Some models may apply to only a limited number of programs, while others will apply to a full spectrum. Ideally, the process should be applicable to all types of initiatives.

7. Flexible. The ROI process must have the flexibility to be applied on both a pre- and post-program basis. Ideally, the process should be able to adjust to a range of time frames for calculating the ROI of a given program or programs.

8. Applicable. The ROI process must be applicable to all types of data, both hard (output, quality, costs, time, etc.) and soft (job satisfaction, customer satisfaction, turnover, etc.).

9. Inclusive of costs. The ROI process must include the costs of the program. The highest level of evaluation compares the benefits with the costs. An acceptable ROI formula must include costs because omitting or understating costs will destroy the credibility of the ROI values.

10. Successful track record. Finally, the ROI must have a successful track record in a variety of programs and applications. Too often, models that are created are never successfully applied. An effective ROI process should withstand the wear and tear of implementation and prove valuable to users.

These ten criteria are considered both critical and essential, so any ROI processes should incorporate as many of the criteria as possible, if not all.

The ROI Model

The ROI process model outlined in this chapter was developed several years ago and has been applied to hundreds of programs in multiple industries. Since that time, the process has been refined and modified and is represented in Figure 8-1.

The model comprises eight major phases that include:

1. Evaluation planning. The first two parts of the ROI model focus on planning, a critical issue. First, objectives must be developed appropriate to the initiatives within the call center.

2. Collecting data. Data collected at call centers measure reaction, satisfaction, and learning. Collecting this data during a program ensures that adjustments are made during the process and that any alterations necessary can be made to keep the assignment on track. Satisfaction and learning data are critical for immediate feedback and necessary to make any project successful.

After program implementation, post-program data are collected to compare and contrast to pre-program data, including control
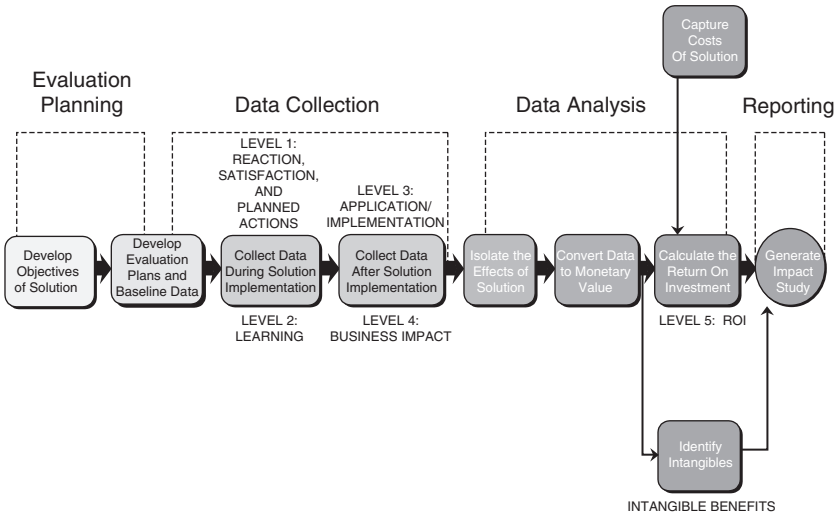
Figure 8-1. The ROI process model (Phillips and Connell, 2003).

group differences and expectations. Both hard and soft data are collected through a variety of means, including:

    a. Follow-up surveys and questionnaires

    b. On-the-job observation captures

    c. Tests and assessments

    d. Interviews

    e. Focus groups

    f. Action plans

    g. Performance contracts

    i. Business performance monitoring

    The biggest challenge in most data collection is using the best methodology appropriate for the specific program and call center within the necessary time and budgetary constraints.

3. Isolating the effects of the call center program. Too often in evaluations the process of isolating the effects of a given program is overlooked. Isolating these effects are critical to determine the level of performance improvements directly related to the call center program. Strategies in this step help to pinpoint the amount of improvement directly related to the intervention. The results enable an increase in both the accuracy and the credibility of the ROI calculation. Several strategies used to ensure isolation of the

data include:
 a. A pilot group compared to a control group
 b. Trendlines
 c. Forecasting models
 d. Participant and stakeholder estimates
 e. Supervisor's and manager's estimates
 f. External studies
 g. Independent experts
 h. Other influencing variables are identified and isolated
 i. Customers provide feedback

In total, these nine strategies prove a set of tools for the evaluator to help isolate the effects of the call center program.

4. Converting data to monetary values. To calculate the ROI for any given project, business impact data are converted to monetary values and compared to the costs of intervention. To accomplish this, each unit of data collected for the program must have a specific monetary value assigned to it. There are multiple strategies available to convert data variables to monetary values, including:

 a. Output data are converted to profit contribution or cost savings and are then reported as a standard value.
 b. The cost and quality of measures, such as number of accidents, are calculated and reported as a standard value.
 c. Employee/rep time saved is converted to wages and benefits.
 d. Historical costs of preventing a measurement, such as customer complaints, are used when available.
 e. Internal and external experts estimate a value of a measure based on extensive experience.
 f. External databases contain an approximate value of the data item.
 g. Supervisors or managers provide estimates of costs or value when they are both willing and capable of doing so.
 h. The call center staff estimates a value of a data item.
 i. The measure is linked to other similar or connected measures for which the costs are easily developed.

The conversion from data to monetary values is one of the most important processes of a program since it helps to determine the monetary benefits to a call center from such a program. The process of conversion is challenging, especially when using soft data,

but can be accomplished using one or more of the nine strategies delimited above.

5. Tabulating the costs of the call center program. The other side of a benefits/cost call center program is the costs. Quantifying the costs involves constantly monitoring or developing early on the costs related to the program. A fully loaded cost approach is recommended where all direct and indirect costs are tabulated. A more conservative approach to costs ensures both the rigor of the formula and the methodology as well as the benefits of the program to the call center. The following seven cost components should be included in all calculations.

    a. The cost of initial analysis and assessment, possibly prorated over the expected life of the program

    b. The costs to develop solutions

    c. The cost to acquire solutions

    d. The cost for application and implementation of the program(s)

    e. The cost of maintaining and monitoring the program(s)

    f. The cost of evaluating and reporting

    g. The costs of administration and overhead for the program, allocated in some convenient way

6. Calculating the ROI. The ROI is calculated using benefits and costs. The benefit/cost ratio is the benefits of the call center program or intervention divided by the costs. The basic formula is

Benefits/Costs Ratio = BCR

BCR = Call Center Program Benefits/Call Center Costs

Sometimes this ratio is stated as an ROI; however, the ROI uses the net benefits divided by the total costs. The net benefits include the program benefits minus the costs. The ROI formula is

ROI% = Net Call Center Benefits/Call Center Costs × 100

This is the same basic formula used for evaluating other investments in which the ROI is historically reported as earnings divided by investments.

    The BCR and ROI offer the same basic information, but with slightly different perspectives. The following two examples illustrate the relationship. Assuming a call center program produced

benefits of $581,000 and costs of $229,000, the BCR would be

$$BCR = \$581,000/\$229,000 = 2.54 \text{ or } 2.5:1$$

This calculation shows that for every $1 invested, $2.50 in benefits was returned. In this example total net benefits are $581,000 − $229,000 = $352,000. Based on the BCR, the ROI would be

$$ROI\% = \$352,000/\$229,000 \times 100 = 154\%$$

This means that each $1 invested in the call center program returned $1.50 in net benefits after covering all expenses. The benefits are usually expressed for 1 year beyond implementation of the program. Though the benefits may continue after one year, the impact usually diminishes over time. For long-term projects, benefits would be spread over multiple years. This conservative approach is used in all ROI calculations throughout this book.

7. Identifying intangible benefits. Most programs will produce not only monetary tangible benefits, but also intangible, non-monetary ones, as well. During data collection and analysis, every attempt is made to calculate all variables to monetary data. All hard data can easily be converted to monetary values; however, soft data is more difficult. If the process of converting soft data is too subjective or inaccurate, the resulting values lose credibility. For some projects, intangible, non-monetary variables have extreme value, often commanding as much influence as hard data items. Intangible benefits can include

   a. Improved public impact
   b. Increased job satisfaction
   c. Increased organizational commitment
   d. Enhanced technology leadership
   e. Reduced stress
   f. Improved teamwork
   g. Improved customer service
   h. Reduced customer-response time

   The seven intangible benefits listed above are commonly found in call center projects, but the list is in no way comprehensive.

8. Reporting with an impact study. The final step of the operational ROI process is to generate an impact study to document the results achieved by the call center program and to report them to the various interested parties. The impact study shows the basic process

used to generate the measures and data. The methodology, assumptions, key concepts, and guiding principles are all delimited before the final results are presented. Next, the different categories of data, including hard, soft, tangible, and intangible data, are presented in a rational and logical process, indicating the steps to success for the study. This becomes the final official document that presents the complete assessment of the success of the program. Its length generally ranges from 20–30 pages for a smaller project and up to 200–300 pages for a larger, long-term impact study.

Due to the fact that there are possibly multiple audiences for a given study, different reports may need to be generated.

Barriers to Implementation

Though much progress has been made over recent years in the implementation of ROI, barriers still exist than can inhibit the implementation of the project. Some barriers are real, while others are hyperbole or myths based on false information. The six most common barriers include:

1. Costs and time. The ROI process will add some additional time and costs to existing programs within the call center; however, this amount is not excessive. Most ROI projects do not add more than 3–5% to the total call center budget. The additional investment in an ROI project is often offset by the additional value achieved from these projects and the reduction or elimination or prevention of unproductive or unprofitable programs and processes.
2. Lack of skills and orientation of staff. Many call center managers do not understand ROI. Also, the typical call center manager does not focus on ROI data and instead focuses on very narrow individual performance metrics of each employee. Consequently, a tremendous barrier to implementation is the change needed for the overall orientation, attitude, and skills of the whole call center staff.
3. Faulty initial analysis. Many call center programs do not have an adequate initial analysis or assessment. Some of these programs have been implemented for the wrong reasons and are based on requests from other departments, divisions, or executives in headquarters chasing a popular fad or trend in the industry. If a program is not needed, the program will not produce enough benefits to overcome the costs. An ROI calculation on such a program will likely produce a negative value. This is a realistic, and needed, barrier/filter for many programs.

4. Fear. Fear is an overwhelming factor in decision making. Often, managers will not pursue ROI because of fear of failure or fear of the unknown (xenophobia). Fear of failure manifests itself in many ways. Managers may have concerns about the consequences of a negative ROI. A fully comprehensive evaluation program can stir up the traditional fear of change. Fear of change, though mostly based on unrealistic assumptions and false information on the process, is so strong that it becomes a major barrier to many ROI implementations.

5. Discipline and planning. A successful ROI implementation project requires much planning and discipline to the approach to ensure the project stays on track. At a minimum, the project will necessarily include implementation schedules, evaluation targets, ROI analysis plans, measurement and evaluation policies, and follow-up schedules. Some practitioners may not have enough discipline to stay the course. This becomes a barrier when there are no pressures to measure the ROI of a project or a full center. Given the reality of outsourcing and off-shoring of centers, this barrier is melting away quickly.

6. False assumptions. Many people have false assumptions about the ROI process. False assumptions commonly include:

   a. ROI can only be applied to narrowly focused projects.
   b. Senior management/executives do not want to see results expressed in monetary values.
   c. If a call center manager does not ask for ROI, it should not be pursued.
   d. If the CEO does not ask for ROI, then he/she does not expect it.

These false assumptions form realistic barriers that impede the successful progress and implementation of ROI in too many call centers.

Benefits to Implementation

The benefits of adopting a comprehensive measurement and evaluation processes (including ROI) are elucidated in many previous chapters. Important benefits can be derived from the routine use of the ROI process. Some examples of the benefits include:

☐ Show the contributions of selected call center programs. With the ROI process, the call center manager, staff, and executives in the

company/organization will know the contribution of the call center programs in terms that were not previously articulated or understood by the stakeholders. The ROI will show the actual benefits versus the costs of a given program (or center), elevating the evaluation data to the highest level of analysis. The process presents indisputable evidence that the program succeeded, reducing the need to make multiple justifications to upper management.

☐ Earn the respect of senior management. Measuring (and reporting) the ROI of a call center program is one of the best ways to earn the respect, support, and positive attention of senior executives in an organization or business. Executives will respect the processes that add bottom-line value to the center and thus the whole organization in monetary terms they understand. The result of this analysis is comprehensive, and when applied consistently and comprehensively to all center projects, it can convince executives that the call center function is an important investment for the company and not just an expense. This is a critical step toward building an appropriate partnership with the senior executives and getting the call center positively noticed.

☐ Gain the confidence of the client. In a third-party call center, an ROI will now allow a center to provide the client with a complete set of data to show the overall success of the process in place. Not hampered by a lack of data (qualitative or quantitative), this information provides a complete profile from different sources, at different time frames, and with different types of data for the manager, executives, and potential clients.

☐ Improve the call center performance. With a variety of feedback data collected during the ROI program, a comprehensive analysis provides data to drive changes in the center and to make adjustments during a program. It also provides data that helps improve call center performance when certain processes are revealed as non-productive (or under-productive) while others add value. Thus, the ROI process is an important process (value-added) improvement tool.

☐ Develop a results-focused approach. The communication of data at different time frames and with the detailed planning that is involved with the ROI process focuses the entire call center (and organization) on bottom-line results. This focusing effort often enhances the results that can be achieved because the ultimate goals are clearly in mind to all parties and stakeholders. In essence, the process

begins with the end in mind, a type of goal alignment examined in Chapter 2. All the processes, activities, and steps are clearly focused on the ultimate outcomes and goals. As the call center program demonstrates success, confidence in using the process grows, which enhances the results of future programs and initiatives (a positive spiral).

☐ Alter or enhance existing call center programs. This benefit is multifold. First, if a program or strategy is not working effectively, and the results are not materializing as expected, the ROI processes will prompt changes or modifications to move the program back on track. On rare occasions, the strategy may have to be halted if it is not adding the appropriate value. Although stopping an existing program that may not be working will take courage from the call center manager, it will reap critical benefits from the staff, the employees, the executives, and the clients and/or customers if it is clearly evident that it will not produce results. The other part of this benefit is that if a new program/strategy succeeds greatly, the same type of processes can be applied to other areas of the corporation. It makes a convincing argument that if one division has a successful program and another division (or call center) has the same needs, the program may add the same value and enhance the overall success and reputation of the call center within the organization or company.

In the end, the expectation is for everyone in the organization from the top down to be working toward the same set of goals and working at maximum performance toward those goals with efficiency. This means any activities that distract from production, cease or slow down production, or do not allow for maximum production need to found, corrected, and modified to free up the potential for efficiency.

ROI CANDIDATE?

Figure 8-2 presents a call center ROI evaluation checklist. The checklist is designed as a self-assessment tool for the call center manager to determine if a particular center is a strong or weak candidate for an ROI evaluation plan. Read each question and check off the appropriate level of agreement (1 = Disagree; 5 = Total Agreement). The higher the total score, the better candidate your center is for ROI.

	Disagree			Agree	
	1	2	3	4	5
1. My organization is considered a larger organization with numerous call centers within the total organization.	☐	☐	☐	☐	☐
2. We have a large call center budget that reflects the interests of senior executives.	☐	☐	☐	☐	☐
3. Our organization measures consistently and has as a focus to establish a variety of measures for the call center.	☐	☐	☐	☐	☐
4. My call center (organization) is undergoing significant change.	☐	☐	☐	☐	☐
5. There is pressure from senior executives/upper management to measure and justify results.	☐	☐	☐	☐	☐
6. The call center, at present, has a low investment in measurement and evaluation.	☐	☐	☐	☐	☐
7. My call center has suffered more than one budget/evaluation/project disaster in the past.	☐	☐	☐	☐	☐
8. My organization has some new leadership.	☐	☐	☐	☐	☐
9. My staff and reps would like to be the leading call center in measurement, evaluation, and ROI.	☐	☐	☐	☐	☐
10. The image of our call center is less than satisfactory.	☐	☐	☐	☐	☐
11. My clients and/or senior management are demanding that we show bottom-line results.	☐	☐	☐	☐	☐
12. My call center/customer support function competes with other functions within our organization for resources.	☐	☐	☐	☐	☐
13. My organization has increased its focus on linking processes to the strategic direction of the company.	☐	☐	☐	☐	☐
14. My call center is a key player in change initiatives currently taking place in my organization.	☐	☐	☐	☐	☐
15. Our overall call center budget is growing and we are required to prove the bottom-line value of our processes.	☐	☐	☐	☐	☐

TOTAL SCORE _____

Figure 8-2. Call center evaluation checklist.

EXAMPLE

Below is an example of the power of an ROI evaluation (modified from Petouhoff, 2001, p. 3):

Manager A spends much of his/her time running around fixing problems of various natures in the center most of the day. He/she is able to spend only an average of 2 hours of his/her time working on positive developments that move the center forward. Thus, 6 hours of his/her time is unproductive in that it is not adding anything to the center. He/she realizes that if a solid positive culture was in place, most of the center could run itself since individual responsibility would be the norm, not the exception.

Manager B has the correct culture in place so that if a problem did arise that the reps could not handle, supervisors, who are likewise empowered, could tackle the issue. This frees up more time for him/her to promote the center and guide it in the correct direction. Manager B spends 6 hours of the time promoting the center in the right direction (this includes face and communication time with the reps). Only 2 hours of this manager's time could be counted as unproductive. Therefore, the following are the productivity calculations for Managers A and B.

$$\text{Manager A: } 2/8 \text{ hours} = 0.25 \times 100 = 25\% \text{ productive}$$
$$\text{Manager B: } 6/8 \text{ hours} = 0.75 \times 100 = 75\% \text{ productive}$$

The question is how to turnaround Manager A so that he/she is more productive in the center. The cost associated with the turnaround cannot cost more than the 75% inefficiency over time. Therefore, the cost of a training solution formula would be the following assuming a $100,000 base wage.

Productive work
$$\text{Manager A: } 0.25 \times \$100,000 = \$25,000$$
$$\text{Manager B: } 0.75 \times \$100,000 = \$75,000$$

Inefficient work
$$\text{Manager A: } 0.75 \times \$100,000 = \$75,000$$
$$\text{Manager B: } 0.25 \times \$100,000 = \$25,000$$

The cost of the solution needs to be examined for Manager A. An average management training course is estimated at $2000 for one day.

Assume that the increased benefit of efficiency after training is 80%, or $60,000 of the inefficient work,

$$0.8 \times \$75,000 = \$60,000$$

The cost of the solution to the problem of inefficiency is calculated as the cost of the one-day training session at $2000. To calculate the ROI, subtract the cost of the solution from the benefit of the solution and divide that amount by the cost of the solution. Then multiply the answer by 100.

$\text{ROI} = \text{Benefit of the Solution} - \text{Cost of Solution/Cost of Solution} \times 100$

$\text{ROI} = \$60,000 - \$2000/\$2000 \times 100$

$\text{ROI} = \$58,000/\$2000 \times 100$

$\text{ROI} = 29 \times 100$

$\text{ROI} = 2900\%$

As this ROI formula clearly demonstrates, the actual monetary benefits to the center from improving management are real and measurable. Now imagine the other multipliers (hard and soft data, tangible and intangible benefits) that will result from better management throughout the whole center. This is a number that executives can understand.

Final Thoughts

This chapter methodically walks the reader through the ROI process, its justification, how it works, barriers to implementation, and reasons why a call center manager should adopt this tool for his/her call center. The chapter ends with a self-assessment tool to determine how strong a candidate a particular call center may be for an ROI evaluation and a simple example of previously published call center ROI work. One item that should be abundantly clear is that all of the necessary items outlined in Chapters 1–8, such as building a strong culture, keeping your reps front and center, measure, measure, measure, goal alignment, and more, are all embedded within the ROI process. Chapter 9 examines the ROI process utilizing data collected by the author at selected call centers within the United States.

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ROI Case Study at Happy Airways[1]

CULTURE MATTERS! RETAINING EMPLOYEES AND SHOWING A STRONG ROI

Background

Imagine that you walk into an ordinary brown brick building near an airport. Letters over the building's entrance announce that this structure belongs to Happy Airways. The bland building could easily be used for storage or any nondescript purpose. The building and its facade do not give away the activity of the people within. Walking inside you are overwhelmed with the friendliness of the busy people inside. Seeing people walking, talking, and chatting in groups is common. "How are you doing today?" and similar phrases, said with smiles, abound. "Friendly" is the feeling that permeates the air. Hanging on the walls are framed posters mirroring the atmosphere and culture within the building. One particular sentence on a poster catches your eye:

It wouldn't kill you to laugh: Don't be afraid to laugh at yourself.

The concept behind this sentence can be seen in actions throughout the organization and epitomizes the culture created within the walls of this call center. Figure 9-1 presents the organization's key values.

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[1]Based on a case study by David L. Butler, previously published in *In Action: Retaining Your Best Employees*. Phillips, J. J. (Series Ed.), and P. P. Phillips (Ed.), Alexandria, VA: American Society for Training and Development, 2002, pp.135–150. With permission.

ACT WITH INTEGRITY: "Walk Our Talk" … our actions ought to reflect what we deeply believe. Be who you are. HONESTY. A person with integrity has one face, not two or three. Allow others to be themselves – the freedom to be themselves. Integrity inspires trust, confidence and loyalty. LEAD BY EXAMPLE.

RESPECT, GRATITUDE, AND APPRECIATION: Maintain the self-esteem of others. Refuse to participate in the belittling of others. Engage in building people up, rather than tearing them down.

IT WOULDN'T KILL YOU TO LAUGH: Don't be afraid to laugh at yourself. Spread goodwill and create an atmosphere of relaxation and FUN!! Lighten up. Be who you are!!!!!

COMMUNICATE CLEARLY: Develop a comfort level for open communication, be a good listener, and follow through. Speak the truth in loving ways. BE RESPONSIVE.

BE ACCOUNTABLE: Be willing to be part of the solution, not part of the problem. Recognize you have the opportunity to create your own experience, the outcome of the situation. Before blaming something on someone else, try to see what your role might be!! Accountability is a two way street. Take constructive feedback openly and with emotional maturity.

ACT WITH COMPASSION: Be vulnerable, trust, and be willing to give the benefit of the doubt. Be consistently fair.

ENJOY DIFFERENCES: Be open to other's ideas. Be conscious. Be accepting of other's leadership styles. Celebrate differences and diversity

Figure 9-1. Airline reservation center key values.

Organizational Profile

Happy Airways is a leading airline in terms of the number of passengers served. It has more than 33,000 employees and makes more than 2700 flights a day. The company has total annual operating revenues of more than $5 billion. In 2001, Happy Airways received 194,821 résumés and hired 6406 people. Many companies discourage both spouses working for the organization, but Happy Airways promotes its employee couples on its Web page, stating that there are 928 married couples within the organization. This means that 1856 Happy Airways employees have a spouse who works for the airline. The airline was one of the first in the U.S. airline industry to offer a profit-sharing plan, and, to date, employees own about 10% of the company's stock. The company is approximately 81% unionized and has nine call centers located throughout the United States.

The focus of the research presented in this case study was a 500-seat center located in a southwestern U.S. city.

The Survey Process

In 2000, a research and data collection project was conducted at Happy Airways to examine the relationships between site location and labor needs at call centers within the United Sates. The surveys that formed the basis for this project were the first steps in creating the necessary national research database on call centers that would allow companies to make educated decisions on call centers.

The survey used at the Happy Airways reservations call center was created by examining existing research on back-office labor. This allowed the findings from the survey to be compared and contrasted with existing research results and allowed hypotheses to be corroborated or refuted. The survey included such basic demographic information as age, sex, race and ethnicity, and marital status. It also included targeted questions based on commuting patterns, past work experience at call centers, and employees' reasons for taking a job at a call center.

The four-page, self-administered survey was voluntary and anonymous. Happy Airways' reps filling out the survey were required to read and sign a release form. To increase turnout for the survey, a table in the employee break room offered free drinks and cookies. As reservation agents (reps) took breaks on their shifts, they could come into the break room, see the sign announcing the free refreshments, and ask about the survey. Most reps that entered the break room filled out a survey. The director of the center encouraged turnout by asking his supervisors to let the reps know that the survey was being given in the break room, which increased the turnout and the sample size. The surveys were set up for approximately 12 hours to ensure that employees in all three shifts had the opportunity to participate. Approximately 110 surveys were completed during the 12-hour period. The surveys were coded and statistically analyzed for comparison with similar data at nearby call centers where data was also collected.

What Was Different at Happy Airways

When the more than 100 surveys completed at Happy Airways were coded and statistically examined, some interesting findings emerged. One of the many reasons why the Happy Airways call center was chosen as the focus of this case study was its remarkably low turnover: 3%.
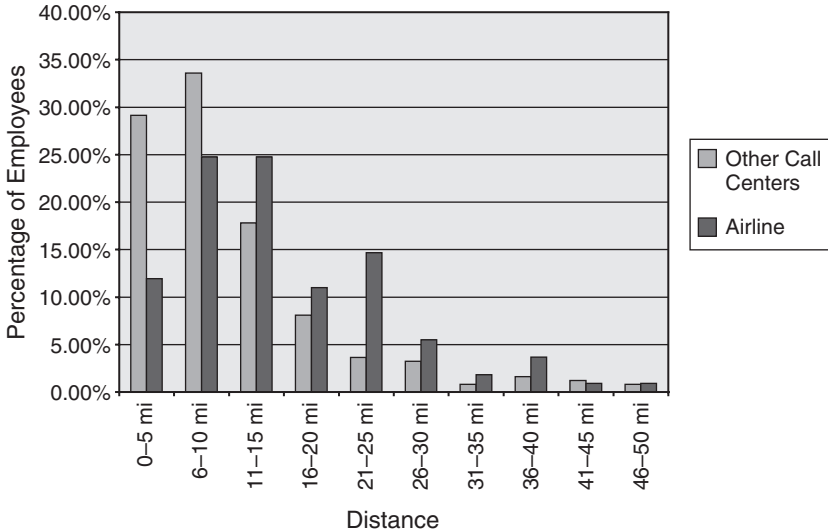
Figure 9-2. Length of journey to work.

This information was divulged by the call center director during a one-on-one interview in June 2000 (the Happy Airways' reservations director said that 3% was still the turnover rate as of late February 2002). The Happy Airways reservation center survey data was compared to data from five other call centers in the same city to determine if the answers of the employees in the airline's reservation center deviated in any way from the other centers and, if so, if this deviation could, in part, explain its low turnover.

Figure 9-2 shows the time reps spent traveling from their homes to the airline's call center. Most employees (62.75%) at the other call centers lived within 10 miles of their offices, but only 36.7% of Happy Airways employees lived within 10 miles of their call center. Almost 15% of the Happy Airways employees traveled from 21 to 25 miles to work; only 3.64% of the other centers' employees traveled the same distance. Research suggests that people who travel farther to work have better opportunities to command higher wages, thus the reason to have a tight labor shed around a call center. However, in the case of Happy Airways, its labor shed was significantly larger than the norm, allowing it to draw labor from distant areas and allowing more flexibility in location for the reservation center. The hypothesis that the farther people travel, the higher the wages they command did not hold when the data shown in Figure 9-2 was examined.
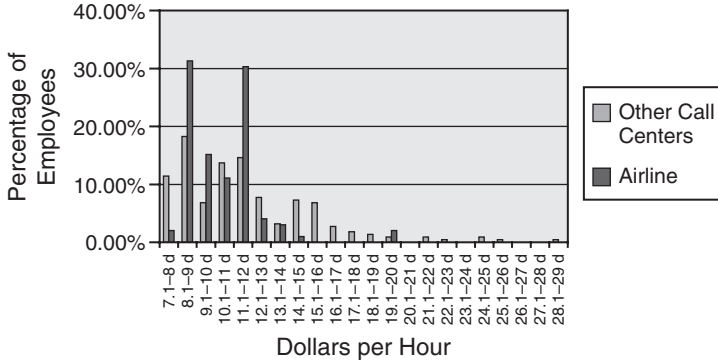
Figure 9-3. Wage levels.

The average wage in the other call centers in the area was $11.85 per hour, compared to the Happy Airways wage of $10.44 per hour. This meant that employees at the Happy Airways center were driving farther for less money per hour, which not only ran counter to the existing research, but also to common sense.

Tracking the data shown in Figure 9-3 from left to right reveals that the Happy Airways call center reps' pay clustered around two large peaks: one at $8.10–$9.00 and the other at $11.10–$12.00 per hour. Each peak reflects two events: first, an expansion of the center from a 200-seat facility to a 500- to 600-seat facility; and second, a hiring class (employees hired at the same time) and the retention of those same employees through time and promotions. Happy Airways center also was working under a national union contract that dictated a starting wage of $8.50 per hour for all call center employees. The other call centers in the area had the standard high turnover wage curve, with many employees starting at a lower wage and the number of employees dropping off dramatically once they reached $11.10–$12.00 per hour because few stayed long enough to earn pay increases above this range.

Retention at the call centers is not only seen in these figures, but also in Figure 9-4, which shows how many years employees had been at their call centers. The bar that first commands attention is the large one that represents employees who had a year or less of service at their call centers. This clearly reflects the high turnover of the centers, especially when you consider that more than 40% of the total employees had been in their jobs 1 year or less, but fewer than 10% had been in their jobs between 1 and 2 years. This meant that costs associated with hiring and training were eating up much of a center's budget.
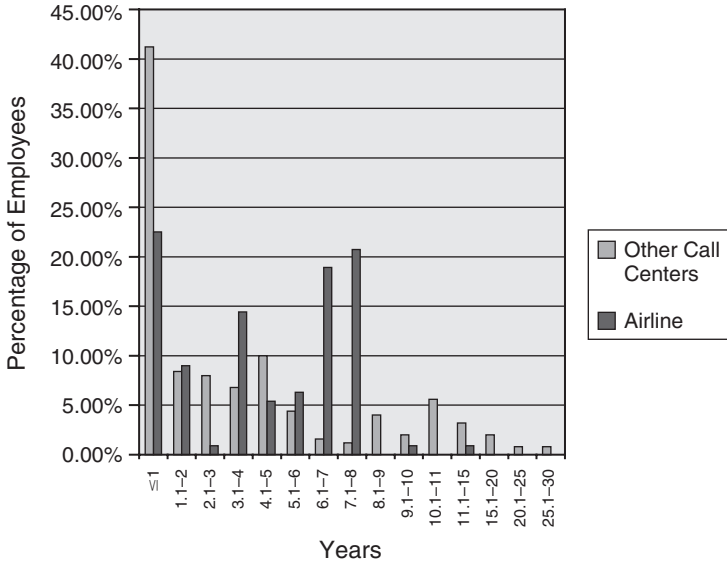
Figure 9-4. Number of years at call center.

Happy Airways shows four peaks, which perfectly mirror the growth of the Happy Airways reservation center. The center had been opened 7.5 years before the time of the survey, which is reflected in the peak at 7.1 to 8 years of employment. This meant that the first group of reservation agents hired made up more than 20% of the existing workforce at the time of the survey, enabling Happy Airways to mine the experience of its veterans and to give new recruits a sense of stability and strength within the organization.

Figure 9-5 shows the responses when employees were asked if they found their work challenging. Most of the employees at other call centers did find their work a challenge, which may be partially a reflection of the large number of new employees at these centers. Only a little more than 60% of the Happy Airways employees found their work challenging, suggesting that they did not work at the center because of its intellectual demands.

Figure 9-6 shows the answers to the question, "Did you choose call center work because of the wages?" The answers do not shed light on why so many Happy Airways reps remained on the job. Almost 70% of the employees at the other centers stated that monetary rewards were important, but only 50% of the Happy Airways employees suggested that this was important. One can assume that the Happy Airways employees
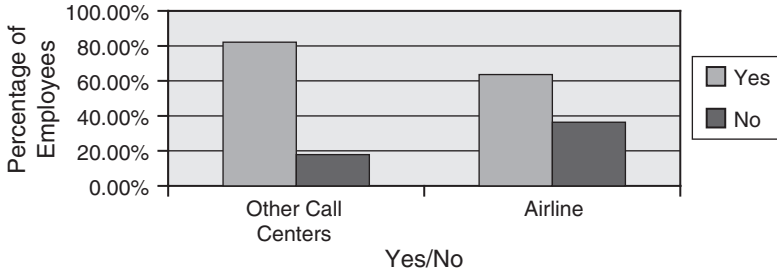
Figure 9-5. Do you find your work challenging?
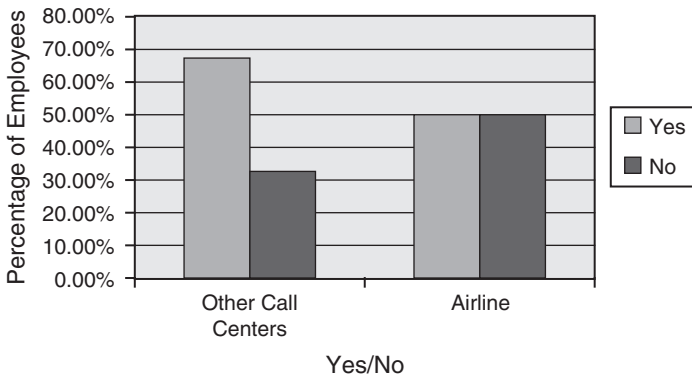
Figure 9-6. Did you choose call center work because of the wages?

are not dumb and realize that their wages are lower than the local industry standard.

Figure 9-7 shows the responses to the question, "Did you choose call center work because of the benefits?" In the other centers in the area the reps responded with about 70% saying "yes"; at Happy Airways, 91% responded "yes." This meant that many call centers originally attracted their employees with wages and benefits, but at Happy Airways, because of the lower average wage, benefits were very important.

Table 9-1 shows the answers reps gave when asked, "Why else did you choose call center work? Please list." Two items emerged from the answers to this open-ended question. First, most employees at other nearby centers initially accepted their jobs because they were the first they could find or because their jobs offered something specific that they wanted, such as sitting in a chair all day, security, or freebees. In contrast,
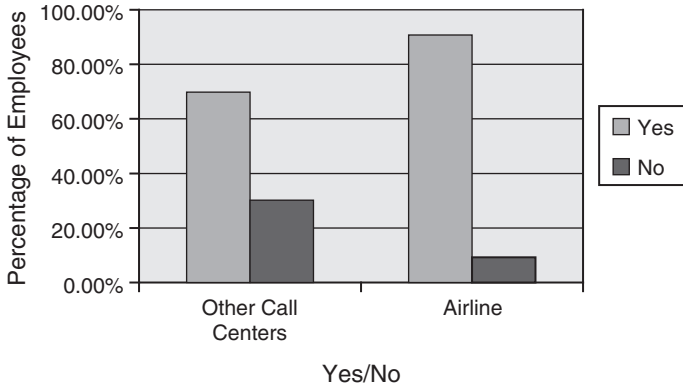
Figure 9-7. Did you choose call center work because of the benefits?

Table 9-1. A Sample of Other Reasons Employees Listed for Choosing Call Center Work

Other Call Centers	Happy Airways
Get to sit in a chair	Very flexible scheduling
Government job equals security	Stable company
Holidays off	The company's track record for 30 years
Incentives, lunches, freebees	The people in the company
Job location, moved from Chicago	The company itself
Money	The flying benefits (free flights)
Money until I find a job in my field	Benefits of the company
Needed a job, laid off	Company's reputation
Quick temp job	

the two reasons reps at Happy Airways consistently repeated for choosing call center work were their overall positive view of the company as a great place to work and the free flight benefits, which allowed employees to fly on the company's aircraft for free. Many people mentioned this benefit as important to them.

Corporate Cultures Can Spiral Up or Down

If a major goal of your call center is to reduce turnover, retain your experienced employees, reduce training and recruiting costs, and eventually increase the profitability (and ROI) of your call center, it is an

- 1 Unhappy employee – tells 6 colleagues – 3 choose to leave as well

- 3 Unhappy employees – tell 18 colleagues – 9 choose to leave

- 9 Unhappy employee – tell 54 colleagues – 27 choose to leave and so on

Figure 9-8. Negative retention spiral.

- 1 happy employee – tells 6 friends – 3 friends choose to apply for jobs

- 3 happy employees – tell 18 friends – 9 choose to apply for jobs

- 9 happy employees – tell 54 friends – 27 choose to apply for jobs and so on

Figure 9-9. Positive retention spiral.

absolute necessity that you examine the culture of not only your individual call center, but also the whole corporate organization. If the culture of the organization creates a productive work atmosphere that gives positive reinforcement to employees, not only are they more likely to stay, but they are also more likely to voice their contentment to their friends and family. This produces a strong recruitment tool. Imagine the scenarios depicted in Figures 9-8 and 9-9.

As Figure 9-8 suggests, eventually a high number of resignations lead to high turnover and a negative work atmosphere within a company. As each person who resigns tells his/her friends and family about bad experiences at the company, a reputation emerges within the community that causes workers to avoid the organization. This negative reputation makes it more difficult to attract workers, which means that the company must increase wages to attract enough people to meet production demands. This produces a negative spiral of discontented employees, high turnover, a negative social reputation in the community, and upward pressure on wages and benefits.

The good news is that the spiral need not be negative, as Figure 9-9 shows. In this scenario, increased applications for employment and a positive work culture lead to low turnover and a rewarding atmosphere in which to work. As each person stays and recruits more employees, all relay their positive experiences with the company to friends and family, creating a positive reputation in the community. With a positive reputation it is easier to attract employees, which means that the company

can pay a lower wage yet people will travel farther to come to work. A bonus is the fact that the company will not have to pay to advertise vacancies because it will have a waiting list of people who want to work for it. Because turnover is low, new recruits and associated training costs will decline, maintaining a self-reproducing upward spiral.

Lessons Learned

An organization's success (or failure) can be attributed to many factors, but one that can be created and reinforced is an organization's corporate culture. A company's executives usually establish the culture at the top level, but once in place it is reinforced continually by both the executives and the other employees. Because whatever corporate culture is put into place tends to reinforce itself, it is critical to the long-term success of the company that it creates a positive work environment. The lessons illustrated by this case study follow:

1. If there is a positive atmosphere in an organization, people are willing to travel to obtain this unique experience.
2. Employees are willing to work for a lower wage because the positive work environment is an added benefit.
3. High turnover is not "natural" for any industry. The companies in these industries have not produced the right mix of work environment, management approach, benefits, and culture to retain their employees.
4. Benefits such as medical and retirement plans are important in recruiting employees, but to retain employees you must have a strong employee-centered culture and an added bonus benefit related directly to the company's business, such as the free flight benefits at Happy Airways.

ARE YOUR CSRs THERE FOR THE MONEY?

Most people, when asked why they work somewhere, have an immediate answer, such as "it pays the bills" or something similar. However, besides earning a paycheck, employees are also engaged many hours per day in an environment interacting with other people, some in close proximity and others on the phone. The ideal response to the question "Why do you work here?" should be, "Because it pays the bills and I really enjoy the work, the environment, and my co-workers. I would do this job for $2 less an hour, but don't tell my manager that." As the case study

Table 9-2. Why Did You Choose to Work at This Call Center?

Answer	Number	Percentage	Total Respondents
Good benefits	267	76.3	350
Good pay	217	62.0	350
Job hours	172	49.3	349
Possibilities for advancement	160	45.7	350
The type of work	138	39.5	349
Close to home	102	29.3	348
Fit with partner's schedule	36	10.3	350
Close to children's school or daycare	9	2.6	350
Access to public transportation	3	0.9	350

Source: David L. Butler

on Happy Airways demonstrates, employees are willing to give up substantial money to work in a corporate culture that creates a great work environment. How much is it worth to actually ENJOY going to work, interacting with colleagues, and being part of a collective team to help the company move forward with great customer service?

This researcher asked call center reps in numerous call centers why they chose to work at the particular center they were in at the time. Table 9-2 indicates the responses.

Interestingly, the number one item mentioned for employees choosing to work at the call center is benefits, not pay. Benefits include not only medical, dental, and retirement benefits, but also access to company products at a discounted rate and similar incentives. Pay is number two, and job hours (flexibility) are number three. Because many call center employees live in a household with another adult worker, flexibility in working hours is often sought out, especially if there are young children in a household. Number four, possibilities for advancement, suggests that many of these employees believe that there is room for advancement through a company from a call center. Research to date indicates that the likelihood of call center employment being a springboard into management over time is small.

WHAT DO YOU PRODUCE?

As demonstrated in Table 9-2, customer service reps take their benefits seriously. Quite often, people will take a job with lower pay just to receive

the monetary benefits associated with the job that may not be possible to acquire in another similar job that pays more.

Call centers, because of their back-office status, often are disconnected to a tangible product of the company the call center supports. For example, a reservation center is usually not inside the hotel or airport terminal. If a center takes orders for a product, most centers are not in the delivery warehouse or manufacturing plant of the product. Because of the freedom of location of call centers as back offices and the differential requirements of each division of a large company, all parts of the company will not be housed in one location. However, a call center is a major component of the corporation, especially its voice and customer service functions. Given this reality, how can call center employees be fully attached to the product the company produces and the reps service and sell? One way is to have the company's product(s) found throughout the center. Another way is to have the company's sales teams visit the center and introduce the new products to the call center staff, allowing them to see, hear, touch, smell, and interact with the products/information/processes they support. If reps are expected to be the ears and the voice of the company with the customers, then the employees should experience the products themselves so that they can relate to the customers on the phone.

Besides the reps being briefed on the products, interacting with the company's products, and having these products throughout the center, a critical question is whether or not to offer these product(s) as a direct benefit to the employees. If the company is a prescription refill company, do the employees have full prescription benefits? If it is a cell phone call center, do the employees receive a free cell phone with unlimited call time? If it is a banking institution, do the employees have access to all banking services with no fees? If the answer to any of these question is no, then there is a potential problem, because the employees do not have first-hand experience with the products they sell and support, thus they cannot relate, sympathize, or empathize with the customers, making it very difficult to provide a excellent level of service.

Many readers will have heard of the phrase "a dollar-a-day man." This phrase comes from Henry Ford, who helped introduce the fully integrated assembly line process for automobile manufacturing in the United States. Ford made a decision early on that his employees on the assembly line should make enough money to afford one of the vehicles they were producing. A similar logic should exist in call centers. Whatever products or services the call center sells or services, the employees should receive that product or service as part of their benefit package or, if not for free, at a very substantial discount. Once again, the point is not to

spend money frivolously; instead, the goal is to increase the ROI of the center. By having reps actively participating in receiving product/services, they will become active proponents of the product, which will show when they are interacting on the phone. The stories they will hear on the phone will enable them to share their own experiences, making a solid customer service connection with the customers. If this benefit is substantial, it will discourage turnover, because once the employee leaves the center the benefit ends. Therefore, the higher the value of the benefit, the increased incentive for a rep to stay employed at the center, thus reducing turnover. As turnover is reduced, training costs decline, also adding to a stronger ROI for the center.

POSITIVE CULTURE AND ROI

A positive organizational culture is beneficial not only to retention and recruitment, but also in terms of the bottom line. Using the ROI model outlined in Chapter 9, this section will examine the potential savings and strong ROI that be accomplished with steady improvement to the work environment within a call center.

Using Happy Airways and another local call center as examples, an ROI evaluation of the costs of not having a positive culture and/or savings from a positive culture can be evaluated.

First a benefits/cost ratio must be created. Before the benefits and costs are known, they need to be tabulated from the collected data. The formula for arriving at the total cost of employee training per year is

(# of existing employees × $1000) + (# of new employees × $5000)

If we assume 500 employees per call center and an average turnover rate of 30% for other call centers and a turnover rate of 3% for Happy Airways' call center, the total training costs for new employees look like this:

YEAR ONE TRAINING COSTS

Happy Airways = 3% turnover
    3% × 500 = 15 new employees per year
    15 employees × $5000 new rep training = $75,000 training costs for
                                        new employees
    97% retention rate
    97% × 500 employees = 485 retained employees

485 employees × $1000 annual continued training = $485,000
   recurring training costs for retained employees
Total annual training costs at Happy Airways
$75,000 + $485,000 = $560,000 total annual training costs

Other call center = 30% turnover
   30% × 500 = 150 new employees
   150 employees × $5000 new rep training = $750,000 training costs
                                      for new employees
   70% retention rate
   70% × 500 employees = 350 retained employees
   350 employees × $1000 annual training continued = $350,000
      recurring training costs for retained employees
   Total annual training costs at other call center
   $750,000 + $350,000 = $1,100,000 total annual training cost

To enable a manager to create a positive culture in his/her center, which leads to a decrease in turnover, the hypothetical multi-week ROI evaluation project would cost $100,000. The benefits from the new positive culture would be the difference between the other call center's annual training costs and that of Happy Airways. That would formulate to $1,100,000 − $560,000 = $540,000. Therefore, the benefits/cost ratio (BCR) would be

$$BCR = \text{Program Benefits/Program Costs}$$
$$BCR = \$540,000/\$100,000 = 5.4$$

This means that for every $1 invested in creating a positive culture in your call center, a net return on investment of $5.40 was created or saved. The ROI for this type of intervention would be

$$ROI\% = \text{Net Program Benefits/Program Costs} \times 100$$
$$= \$540,000 - \$100,000/\$100,000 \times 100$$
$$= \$440,000/\$100,000 \times 100 = 440\%$$

This means that every $1 invested in creating a positive call center culture returned $4.40 in net benefits for the call center. Once again these are conservative numbers. Some call centers have much higher training costs and higher turnover rates, and the tangible and intangibles associated with a lower turnover rate are too numerous to formulate in this section.

Furthermore, the ROI was calculated according to savings in 1 year. This savings can be multiplied for many years out, which would be into the millions of dollars.

Another example of how a positive call center culture can have a strong and positive ROI is by using the trading board as an employee-centered approach within a center. Let us say that a manager sets up an employee shift trading board. In a normal day the manager would have spent 1 hour reworking schedules of the employees for the following week.

$$1 \text{ hour of 8 hours per day for the manager} = 0.125 \text{ or } 12.5\% \text{ of total time}$$

If the manager is earning \$100,000 a year base salary, then 12.5% is equivalent to \$12,500 per year spent with changes on schedules. The total cost of the trading board including materials and labor costs would be approximately \$500.

The difference in total cost of schedule changes and trading board implementation would be

$$BCR = \text{Program Benefits/Program Costs}$$
$$BCR = \$12,500/\$500 = \$25$$

This means that for every \$1 invested in creating a positive culture (the trading board) in this center, a net return on investment of \$25 was created or saved from the manager's/staff's time. The ROI for this type of intervention would be

$$ROI\% = \text{Net Program Benefits/Program Costs} \times 100$$
$$= \$12,500 - \$500/\$500 \times 100$$
$$= \$12,000/\$500 \times 100 = 2400\%$$

This means that every \$1 invested in creating a positive call center culture returned \$24 in net benefits for the call center. Once again these are conservative numbers. The added value of employee empowerment in being able to take charge of their own schedule has a strong multiplier. Likewise, not only the real time value saved for the manager/staff is created, but the opportunity costs alone are enormous. Other changes in a call center parallel the schedule trading board and can offer substantial costs savings and revenue generation. Can you imagine the ROI on having the manager work at a station for 1 hour a week in terms of

decreases in complaints and increases in productivity? What about the ROI of employee-directed training?

It has already been demonstrated that a strong and more positive work environment within a call center can lower turnover rates, which in turn can yield substantial savings in terms of training costs. What is the ROI for a more positive culture and wage rates?

Happy Airways paid an average of $10.44 an hour for each rep. The other call center with the 30% turnover rate paid an average of $11.85 per hour per rep. To enable a manager to create a positive culture in his/her center, leading to a decrease in turnover, the manager attended a week-long call center culture-building workshop that cost $25,000. The manager then hired a consulting company to create an evaluation and action plan for positive culture building for the center at a cost of $100,000 over several weeks. The total costs would equal $125,000. The benefits from the new positive culture would be the difference between the other call center's per hour wage and that of Happy Airways. That would formulate to:

Happy Airways per hour wage rate = $10.44
Happy Airways reps work 6 hours a day for 6 days a week = 36 hours per week per rep
Happy Airways reps work 50 weeks a year: 36 hours per week × 50 weeks per year = 1800 hours a year per rep
Happy Airways has 500 reps × 1800 hours a year per rep = 900,000 work hours paid per year for the call center
At $10.44 an hour × 900,000 hours = $9,396,000 a year in base per hour wages for Happy Airways reservation center

The other call center per hour wage rate = $11.85
The other call center reps work 6 hours a day for 6 days a week = 36 hours per week per rep
Other call center reps work 50 weeks a year: 36 hours per week × 50 weeks per year = 1800 hours a year per rep
Other call center has 500 reps × 1800 hours a year per rep = 900,000 work hours paid per year for the call center
At $11.85 an hour × 900,000 hours = $10,665,000 a year in base per hour wages for the other call center

Therefore, the expected benefits would be the total annual labor costs from the other call center versus the total annual labor costs of Happy

Airways. This equates to:

$$\$10,665,000 - \$9,396,000 = \$1,269,000$$

Therefore, the BCR would be

> BCR = Program Benefits/Program Costs
> BCR = \$1,269,000/\$125,000 = \$10.15 (rounded)

This means that for every \$1 invested in creating a positive culture in a call center, a net return on investment of \$10.15 was created or saved. The ROI for this type of intervention would be

> ROI% = Net Program Benefits/Program Costs × 100
> = \$1,269,000 − \$125,000/\$125,000 × 100
> = 1,144,000/125,000 × 100 = 915.2%

This means that every \$1 invested in creating a positive call center culture returned \$9.15 in net benefits for the call center. Once again these are conservative numbers. Some call centers have much higher per hour wage costs as well as larger total hours worked per year. Once again, as this book has articulated, the tangible and intangible benefits associated with a positive culture are great multipliers that strongly influence the call center's bottom line. Furthermore, the ROI for wages was calculated according to savings in 1 year, which can be multiplied for many years out, which would be the savings of tens of millions of dollars.

The final example related to a positive culture within a call center and a strong ROI revolves around benefits employees received for working at a call center. As the data indicate, benefits are a strong motivating force for many people who work at call centers. The question for a manager is how can this knowledge be turned into an action step that would help improve the bottom line of the call center? Let's walk through an example of how offering benefits of what the company produces can add value to the call center. Let's use a new example and call it Not So Happy Airways. The Not So Happy Airways has a call/reservation center. The employees are paid a standard wage of approximately \$11.85 an hour and work for 36 hours a week for 50 weeks a year. The employees of this reservation center do not receive any benefits related to what the airline produces, i.e., tickets. This fact bothers some of the reps, while others really do not even think about it. Now, imagine if Not So Happy Airways chose

to start offering free flight benefits to each employee in their reservation center in an attempt to become a Happy Airways with a strong culture, ROI, and bottom line. What value would this offer in terms of monetary performance from the reps? What ROI could be expected from offering such benefits?

The new benefit of the company would equate to one free round-trip airline ticket for the employee and/or their family member every other month within the lower 48 states within the United States. The actual ticket price value a regular customer would pay would be approximately $150. The actual cost to the airline, assuming a load factor of 80%, would be the extra fuel spent on the weight of the passenger and their bags as well as any food consumed en route. Since the policy is to calculate using conservative numbers, then for the purposes of this example we will use the $150 figure and assume that every other month the employee uses the new benefit.

First, it would be necessary to calculate the cost of the program. Assuming a 500-person call center and each rep receiving six $150 value tickets per year, the total cost would be

$$500 \text{ reps} \times 6 \text{ tickets each} \times \$150 = \$450,000$$

What would the expected benefits be? The first benefit that comes to mind is a lower turnover rate since this benefit has a much larger value than the monetary value associated with it. For example, these tickets may represent the ability of someone to take a vacation that they could not have done otherwise. These tickets may represent the ability of someone to carry on a long-distance relationship that would be impossible without them. It could also have a strong social value in that the rep does not use the tickets, but instead offers them to his/her family members for use, thus having a strong positive effect from other family members. Each of these factors, along with countless others, would strongly discourage an employee from leaving the company because they know that this perk would disappear when they left. However, since decreasing turnover has already been demonstrated above, another production value will be used instead.

Before the reps received the flight benefits, some had never even flown on the airline they worked for. Now that they receive the benefits, they are more connected to the company and have a much stronger empathy to the customers on the phone ordering tickets, receiving seat assignments, changing tickets, and a host of other customer service functions. Because

of the strong culture in the center represented by the desire of the employ-ees to be able to enjoy the product the company produces, employees have begun to work harder, creating a stronger loyalty in the customer base as well. This increase in productivity and revenue is represented by an average 10% increase in productivity value of each call center rep. This is the benefit to the company from the creation of a strong positive culture placing the employees first. The total monetary benefit to the company would be:

The Soon to Be Happy Airways call center per hour wage rate = $11.85

The reservation center reps work 6 hours a day for 6 days a week = 36 hours per week per rep

Center reps work 50 weeks a year: 36 hours per week × 50 weeks per year = 1800 hours a year

Soon to Be Happy Airways call center has 500 reps × 1800 hours a year per rep = 900,000 work hours paid per year for the call center

At $11.85 an hour × 900,000 hours = $10,665,000 a year in base per hour wages for the call center

A 10% increase in productivity, without an increase in wages, would give $10,665,000 × 10% = $1,066,500 in increased benefit for the company.

Therefore, the BCR would be

$$BCR = \text{Program Benefits/Program Costs}$$
$$BCR = \$1,066,000/\$450,000 = \$2.37 \text{ (rounded)}$$

This means that for every $1 invested in creating a positive culture in this reservation center, a net return on investment of $2.37 dollars was created or saved. The ROI for this type of intervention would be

$$ROI\% = \text{Net Program Benefits/Program Costs} \times 100$$
$$= \$1,066,000 - \$450,000/\$450,000 \times 100$$
$$= 136.8\%$$

This means that every $1 invested in creating a positive culture in the reservation center returned an additional $1.37 in net benefits for the call center. Once again these are conservative numbers. Some call centers have much higher per hour wage costs as well as larger total hours worked per year. Furthermore, the actual total cost of the ticket to the airline is

marginal (less than the $150). However, as stated several times, the ROI formula articulated here uses conservative numbers to ensure the strength and rigor of the analysis.

Final Thoughts

If a manager is to be effective, he/she must fully understand the full dynamics of his/her center and be able to communicate these to the executives in a meaningful manner. The ROI is one of the measures that can be utilized to the manager's benefit to ensure to the upper management that the call center is not a cost center, but, in fact, is a strong and powerful asset of the company. Though the employee-centered positive call center culture at a surface glance may appear to be less efficient in terms of the number of calls answered per minute, the reality is the reformulating of the center around the "employee first" principle will generate positive returns from every angle in the center including ROI. Good luck and get to work on building a culture of accountability and customer service in your center!

From the Present to the Future

The purpose of this chapter is to lay the groundwork for where the globalizing call center industry is heading and articulate how a manager of a call center should best position his/her center with the highest return on investment (ROI) possible no matter the location of the center. Only by creating a call center with a great culture, creating a strong ROI, and effectively communicating these items to the leadership of a company or organization will the center manager begin to feel a bit more secure in his/her position given the dynamic call center environment.

STATE OF THE INDUSTRY

A manager reading the call center trade press the past few years knows that the industry is in a state of flux and undergoing realignment. All indications are that the industry will continue along this path for the next 5 years or so until a determination is made whether the offshore call centers will deliver the expected promises of increased revenue generation or not. Though most managers understand the macro trends of the realignment, no solid numbers have emerged that allow a call center manager to see overall trends for centers, including winners and losers. In an attempt to obtain some solid numbers and to begin to understand patterns, if they exist, the researcher collected hundreds of news articles on the call center industry over the past 13 months and combed these articles for relevant data. The news items came from *Call Center Ops*, a weekly call center news digest with articles from around the world. Each week the researcher read each article and determined if it included enough data to be placed into the database. After 13 months and hundreds of articles later, a non-scientific sample of the past year's industry growth, decline, expansion, and contraction is available in Table 10-1.

Table 10-1. Summary of Call Center Industry Movement from July 2002 to August 2003

	Opened	Closed	Expanded	Contracted	Jobs Gained	Jobs Lost
United States	27	40	12	9	8,534	11,938
United Kingdom	10	4	10	2	5,815	1,403
India	9	1	1	1	9,312	2,335
Philippines	5				3,450	
Canada	3		4		2,295	
Pakistan	2				226	
Australia	1	2			150	295
Ireland		1	2		585	108
South Africa	1				1,500	
Ghana	1				20	
Hungary	1				500	
Malaysia	1				60	
Oman	1				80	
Panama	1				176	
Poland	1				250	
Total	**64**	**48**	**29**	**12**	**32,953**	**16,079**

Source: Data-Call Center Ops, Table and Summaries – David L. Butler.

Table 10-1 begins, along the top row, with the heading Opened. This heading represents the total number of call centers from the database that were opened in a specific country (see left-hand column). The next heading along the top of the table is Closed. This represents the number of call centers that were closed from the database within the 13-month period. The next headings are Expanded and Contracted, each representing an existing call center that either grew in total number of employees or began to lay off employees but did not close its doors, respectively. The final two headings along the top are Jobs Gained and Jobs Lost. This column represents the total number of jobs within the database that companies hired people for or people who lost their jobs due to contraction or closing of a center. The furthermost left-hand column shows the countries that were listed in the database as either having gained or lost jobs due to call center activity.

From July 2002 to August 2003, the big winners were everyone but the United States and Australia. The United States lost almost 12,000 call center jobs, but only gained approximately 8500 during the

same period. Australia lost almost 300 jobs, but only gained 150. The United Kingdom, which has recently had many protests against the movement of call centers to India, actually lost only 1403 jobs while gaining 5815. Newer call center growth countries that showed impressive gains included India, the Philippines, Canada, and South Africa, each of which appear to be opening much larger than average centers than commonly found within the United States or United Kingdom. Once again, each of these countries because of years of colonization by either the United Kingdom or the United States, has a large segment of English-speaking people who can earn good wages in their country working for a call center servicing customers in the United Kingdom or United States. It is noteworthy that the overall call center industry grew strongly during this 13-month research period when many of the developed nations were in an economic recession. Call center managers in every country listed in Table 10-1 should be aware of the growth of decline of centers within their country, as well as the underlying economic reasons for the shifting location of centers over time.

Call Center Life Cycle

The call center industry is an amalgam of different types of centers that cross-cut almost every other existing industry. Some centers have been around since the early 1960s, while others are in the early planning stages. Each call center goes through a series of cycles; however, each proceed at a different pace based on the parent industry, the level of technology utilized, the average labor costs, and a host of other variables.

Call centers first began as an idea for a self-contained unit that customers could contact (or sales made) for a market without this unit necessarily having to be located in or near the headquarters of the business or organization. Centers are launched, and, like all businesses, some succeed and some fail. If successful in the market, the center usually grows in both size and number of employees, often opening multiple centers for redundancy in the system and seeking out other cost savings and efficiencies. Eventually, as the market becomes saturated and labor costs increase, other locations where positive revenue generation can be created and/or cost saving achieved are sought. Sometimes, this is in the form of moving from a city to a suburb or rural location. If increasing costs are realized early, some businesses choose to consolidate their 6–10 existing centers in different locations into just a handful in an attempt to gain some economies of scale and/or scope from the new agglomeration. More recently, companies are seeking newer locations, often
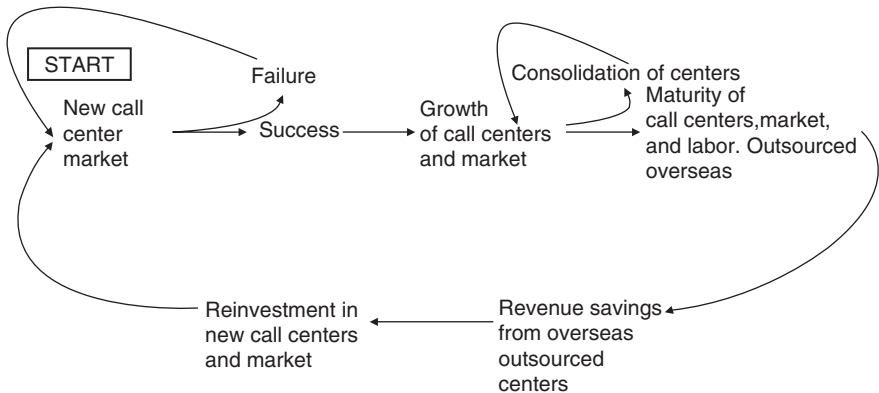
Figure 10-1. Call center life cycle.

relocating to developing nations with large English-speaking workforces (see Table 10-1). If revenues are generated or cost savings are achieved, then this capital can be reinvested in new pieces of the business or new businesses that could create new call center opportunities in the future (see Figure 10-1).

Positioning the Center

A call center manager needs to be fully aware of where his/her center is on the call center life cycle and how fast his/her industry is moving through the cycle. The location of a call center in the cycle will help determine a particular strategy a manager will use to effectively run and make a strong case for his/her center.

New Market

The benefits of becoming a manager of a new call center in a new industry are to be able to get in on the ground floor of something new and make him/her a name through effective call center management. Like entrepreneurship, the opportunities abound. On the flip side, if the new industry fails to have any market penetration, like entrepreneurship, eventual bankruptcy will occur, and the call center manager will lose his/her employment.

In developing as well as developed nations, the challenges abound. In developing countries, besides the potential for political and economic

instability comes the risk of a backlash in customer service for (1) move-
ment of jobs overseas and (2) linguistic differences which can cause
frustration on both sides of the communication line. Moving centers over-
seas comes with the expectation that a company will avoid high labor
costs, poor customer service, decreasing revenues, and unacceptably high
turnover rates. These requirements land squarely on the shoulders of the
call center managers in these countries. There are some indications that
these expectations may be harder to meet than originally conceived. "BT
chairman Sir Christopher Bland came under fire from shareholders and
staff who attacked management over the low share price, high executive
pay and the outsourcing of services to India . . . . The meeting was pick-
eted by union activist parading an inflatable pink elephant in protest at
the decision to create 2200 jobs in Asia" (*The Guardian*, 2003). Reports
indicating that up to 97,000 jobs will be lost in the United Kingdom
call center industry to India increase the level of tension around this issue
(*Contact Center World,* 2003).

   Furthermore, there are early indications that India is beginning to have
some of the same problems which seem to plague the call center indus-
try in the United States and Britain, turnover and increased labor costs.
Recent news reports indicate that the turnover rate in India, though it has
not reached the same proportions in the United States, is growing. "Amid
growing opposition to outsourcing technology jobs to Indian firms, the
local back office services providers are also battling with a serious issue
back home—high attrition levels. According to a study conducted last
year, some of the larger and more established call centres in India are
experiencing a 40% attrition rate, compared to the global industry aver-
age of 28%. Although lower than attrition rates of 70–120% in the
US, the situation in India's money spinning sector is cause to worry"
(SiliconIndia.com, 2003). It is true that India has a great reserve of labor
that would be difficult to expend, but there are high costs associated with
training a person to serve the customer service needs within the United
States and Britain. Furthermore, Indian firms are beginning to cannibal-
ize each other for labor, thus driving up labor costs. "India's call centres
provide cheap English-speaking workers and high-speed telecoms to pro-
vide customer service helplines for companies around the world. They're
a boon for India's army of job-hunting youth, but there is a murkier side
to the industry. Retaining stressed and bored workers is one challenge
for their managers. Poaching by mushrooming rivals is another" (Daga,
2003). Though the wage rate is still much lower than in the United States
or Europe, all increases in labor costs decrease one of the main attraction
criteria and potential advantage of an overseas center and increase the

likelihood of repatriation of that center or services if the trend continues. Therefore, call center managers in the developing countries face the same challenges that a domestic center does: To create a culture in a center that encourages full participation by the employee, lowering turnover rates, keeping wages reasonable, and indicating the value-added nature of the center with a strong ROI.

Growth Market

Managing a call center in a growth market provides many challenges and opportunities. The challenges are in trying to keep pace with the advancing business needs and the continuous need to hire new people and open new centers. The opportunities lie in the fact that if a manager can effectively handle the scaling up of the required call center(s) and can do so while drawing down the precious capital, the center manager will be seen as golden by the leadership of the company. To achieve this golden status, it will be the responsibility of the call center manager to articulate the strong ROI for the center, demonstrate the great culture that exists within the center, and articulate why his/her center can have a 5% or less turnover rate while the industry average is above 30%. This means that as the parent organization continues to expand in a growing industry, the upper management will do everything it can to squeeze the last investment dollar out of all operations that will allow the company to continue to expand so that it does not lose market share to the emerging competition. Once again, a solid performing center with a strong ROI will look favorable to the leadership.

Consolidation Phase

If there are more than three call centers in an organization, rest assured that as strategies are debated at headquarters, consolidation plans will be put on the table. When a group of call centers are consolidated, savings accrue from not only lower equipment costs and expected economies of scale and scope, but also from the reduction of several call center manager's salaries. It is paramount that if the consolidation banner is acted upon by the leadership in the organization, that one center is considered to the most effective, efficient, and with the largest positive ROI of all the centers. With a positive label, a manager could be asked to absorb another center or two instead of the manager losing his/her job to another manager in the organization running another center.

If an industry is going through a phase of consolidation, then there is a chance that a company could be bought out or could buy out another company. When a business is purchased by another organization, the best position for a call center manager to have is the necessary updated documentation, including ROI, for the center ready to give to the executives of the purchasing organization. It is not uncommon when one business purchases another that most or all of the leadership of the purchased company are fired. If a call center manager is armed with valuable, realistic, and convincing data that articulate the value added the center offers, then the manager has the chance not only to escape the pink slip, but to also be the focal point of revisioning and restructuring the two sets of call centers from the merger.

If the parent company of the center is the purchaser, this is a much stronger position to be in than being purchased. To position a center in the best of all worlds, make sure that the leadership in the company is aware of the value-added nature of the center and that it stands shoulders above all the other centers in the organization. If this is the case, then this manager could be asked to create a plan bringing together the two sets of centers to ensure that they all perform as well as his/her center does.

Mature Market, Brace for Offshoring

Even a manager of a mature call center has some risk. Even if performance has been solid for the past 5–10 years, unless the manager of the center can demonstrate not only a great ROI for the center but also great customer service through a great call center culture, then there is a chance that someone in headquarters will offer the plan to follow the trend and talk about relocating the center offshore.

Managing a call center in a mature industry offers some strong challenges. If revenues are flat or not as strong as shareholders or the executive leadership desire, they will systematically go through each division and unit within the company seeking opportunities for efficiency, cost savings, and/or increased production to help boost revenues. An easy target at present is the call center. Since many managers have not done an effective job in communicating the importance and value-added nature of a center, many of these are now being either outsourced and/or moved to lower labor costs regions around the world. Since many managers have not articulated an ROI for their center and have not tried to, or failed at, developing a strong and positive culture within a center, turnover has continued to increase, costs are going up, and service has spiraled down. Outsourcing an unproductive center to Asia for many executives will not

hurt customer service, since they believe that customer service is marginal to begin with. So the equation in the boardroom is based on cost only, mainly to the detriment of the manager, staff, and reps domestically. So to effectively protect a center from relocation, a manager must make a case for the success of his/her center loud and often. And remember, the decision makers in the upper management do not know how to read or even care to know the number of calls per minute and such frequency reports. Their interest level is in customer satisfaction measured by happy, paying, and repeat customers and the ROI of their investment in the call center.

Though there are certain advantages and disadvantages being in a different phase of the call center lift cycle and in a different location during the cycle, the reality is that if a center is performing up to and beyond expectations, few people in the upper management will be willing to risk changing a success model since there is the potential for failure. To ensure that a center is viewed as a success, the manager must be willing to build a center with a strong culture that facilitates employees first which produces a lower overall turnover rate and lower overall costs for the center. A great culture can also build upon the revenue side by directly selling to customers or by ensuring that the market share grows through multiple generations of customers. To demonstrate that the budget for a call center is being used wisely, a call center manager needs to utilize an ROI model that is rigorous and conservative and that can be communicated to the upper management to demonstrate that the manager of the center knows what he/she is doing and is doing it well.

Final Thoughts

The call center industry is growing as more industries realize the potential savings that can accrue from a more location-flexible customer support center versus their old way of doing business. Some centers will move from the domestic country to a developing nation, and some of these centers that are moved will be repatriated in the years to come. One market, city, or country will not be a winner and the rest losers. In reality, there will be winners and losers in each location. A major determining factor of success, no matter the location, will be the effectiveness of the manager of the center. If the manager is ineffective, then no matter the location, turnover will rise, labor costs will increase, and customer service will be poor. Similarly, if a well-managed center exists, no matter the location, it will have a low turnover rate and lower than average labor costs, and customer service will be excellent, driving operating costs lower, increasing revenues for the business, and creating a strong ROI for

the center. The only question that remains for the manager would be: Is he/she up to the challenge to control his/her own future, and the future of his/her employees in the center, by implementing the strategies outlined throughout this book. GOOD LUCK!

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David Butler is president of Butler and Associates, Inc., a research consulting firm in Hattiesburg, Mississippi. Dr. Butler is also a professor and director of the International Development Doctoral Program (IDV) in the Department of Economic Development at The University of Southern Mississippi. Butler earned a Ph.D from University of Cincinnati and a masters of science and bachelor of arts from Texas A&M University. In the past five years, Dr. Butler has published fifteen articles, presented at more than eighteen conferences, and worked on a variety of grants and consulting projects.

In 2002, Dr. Butler was asked to testify before the National Commission to Ensure Consumer Information and Choice in the Airline Industry in 2002 in Washington, D.C. as an expert witness. At the hearing Butler provided expert testimony from his research involving information technologies and the U.S. airline industry. David Butler has been researching the call center industry for almost a decade and specifically created his consulting company, Butler and Associates, Inc., to put into practice the findings from his extensive research.

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