3

Organizing and Managing the Call Center

You don't know what you don't know until you know it… the right solution is a continuous search for the right solution.

Dr. Ichak Adizes

3.1 Overview

The turn of the 20th century was the dawn of a new age in communications. A few decades earlier, in 1876, the telephone had been invented and telephone service was proliferating rapidly. As telephone services expanded, the public began to depend on and even expect reliable service from telecommunication providers.

As the subscriber base grew, telephone companies were contending with new resource-planning problems. Automated central offices hadn't yet been invented, so human operators were required to establish connections for callers. One big question was how many telephone operators were necessary to run the switchboard. Too few and service levels would be unacceptable to callers. But too many would be inefficient for telephone companies and would drive up costs for subscribers. Further complicating the issue was the fact that calls arrived randomly, driven by the myriad of motivations individual callers had for placing calls. (see Figure 3.1)

In the years that followed, many bright people would grapple with these resource-management challenges. One of the first was A. K. Erlang, an engineer with the Copenhagen Telephone Company, who in 1917 developed the queuing formula Erlang C. The formula is still widely used today in incoming call centers for calculating staffing requirements and is described in greater detail later in this chapter. Others who followed Erlang focused on developing disciplined forecasting techniques, scheduling methodologies, and system report parameters; advances in the development of forecasting and scheduling methodologies continue to be made.

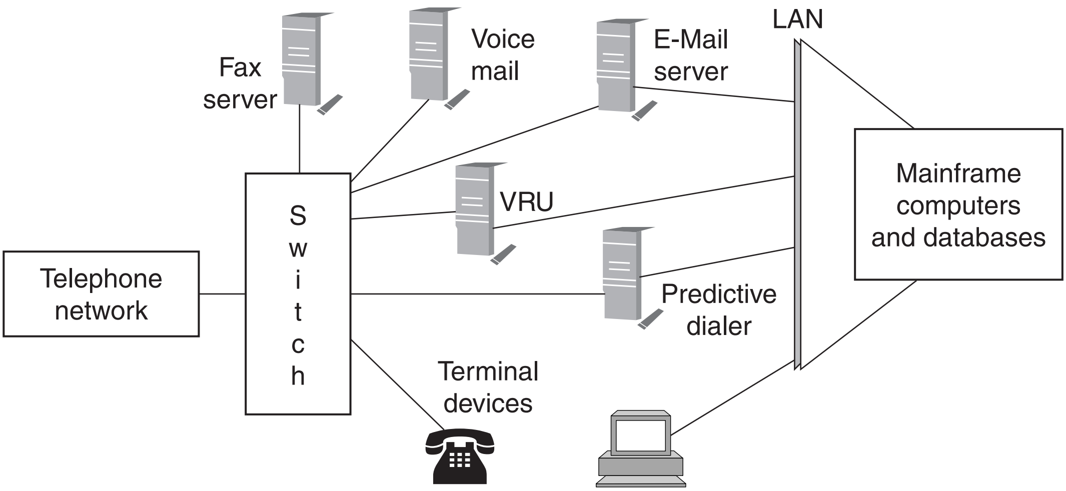


Figure 3.1 *Typical call center infrastructure.*

The management challenge

Managing a call center operation successfully requires a multitude of skills—managerial, troubleshooting, negotiating, and patience, not to mention a personality that works well under pressure and is able to handle the different types of CSRs who will work at the facility over time. Some familiarity with computer and communications technologies is an asset as well, although most internal call center facilities should have ready access to technical support for resolving hardware, software, and communications problems. The steady growth in the call center industry over the past 10 years has resulted in a requirement for new job-related management skills. As call center personnel have developed these skills, the position of call center manager has evolved and is now a portable, definable position, recognized from company to company and across different sectors of industry.

The global growth of call centers as a significant element of customer-centered business has led to the employment of a large number of people in call centers, estimated to be between 3 and 4 million, in North America alone. From a labor market perspective, the industry is not saturated, since the growth of call centers outpaces the supply of employees. Historically, the industry has had a difficult time attracting a steady supply of qualified workers. Turnover in the call center industry is a major problem as well. Turnover rates are significantly higher than those of other industries. A recent benchmarking study of call centers by the Purdue University Center for Customer-Driven Quality found that turnover is an industrywide problem. The survey revealed that inbound centers have an average annual turnover of 26% for full-time reps and 33% for part-timers. Nearly half of the centers said that part-timers handle 5% or less of their total calls.

This book cannot solve the turnover problem, nor can it make more employees available to the call center industry. However, in the context of the axiom that *"good management of human resources means happy, long-term employees*," the guidelines and experiences of successful call center managers, as presented in this chapter and in Chapter 5 can assist new and existing call centers to manage the human resources that are so essential to their success.

Rising staff costs

Faced with the requirement of generating a profit, many businesses confront a major problem: rising staff costs. Over the next few years, management of call/contact center staff will move to the forefront of corporate concerns because

- The average call/contact center spends between 60 and 70% of its annual budget on staff salary.
- Globally, agent turnover rates average 22%, and approach 50% in some industries.
- Staff absenteeism is increasing and is as high as 17% in the health care industry, 10% in the telecommunications and consumer products markets, and averages 9% across all vertical markets.
- Over 80% of companies use external advertisements to search for agents and 72% use recruitment agencies, both of which involve significant costs.
- Call/contact center location clustering is increasing and has caused severe shortages of qualified staff in places such as Dublin (Ireland), Omaha, Nebraska (United States), New Brunswick (Canada), and Amsterdam (The Netherlands). In most countries with major call/contact center clusters, recruitment is becoming very difficult.
- There has been a rapid increase in the growth of the call/contact center industry.
- The growth of CRM and multimedia interaction will require skilled and experienced agents, and training costs will increase accordingly.

3.2 Management guidelines for a productive call center

Call centers need to tread the thin line between improving service, sales, and revenue on the one hand and controlling costs on the other. When the proper balance is struck by effective management of the call center, the result will be a company that is more efficient and more productive on all levels. To achieve these dual objectives, the cost of hiring, training, and measuring the performance of CSRs needs to be managed carefully.

The significant contribution of the human element to the success or failure of a call center operation, and the statistics just described, present call center managers with the following human resource challenges:

- Hiring competent, skilled CSRs
- Establishing competitive salary ranges
- Motivating and retaining CSRs
- Measuring CSR performance
- Maintaining CSR skills through appropriate training

This chapter focuses on the management aspects of call centers, including workforce management practices and processes, including CSR monitoring and performance measurement, call center structure, outsourcing resources, operator scheduling, and contingency and disaster recovery planning.

Chapter 4, "Selecting and Training Call Center Staff," provides insight into and more specific guidelines for another human resource aspect of call center management—staff selection and training—and the application of proven management techniques to ensure a productive call center environment and the effective management of the all-important human resource.

Workforce management systems (WFM)

One of the most important tools available to call center managers is the *workforce management system* (*WFM*). However, despite the wealth of technology available to manage call center operations and the critical nature of workforce management, workforce management systems are used in only about 10% of call centers, according to industry sources and surveys conducted over the past few years.

The first WFM applications were relatively unsophisticated compared to current products; however, they significantly reduced the time required to do simple agent scheduling. These applications were fed data from the ACD but were normally stand-alone solutions with limited or no integration, which meant the call center scheduler did not have a particularly accurate picture of what needed to be done. The WFM system did not improve the call center managers' knowledge so much as it assisted them in reaching similar conclusions more quickly.

Workforce management in the call center has been defined as *"the art and science of having the right number of CSRs available at the right time, to answer an accurately forecasted volume of incoming calls at the desired service level, with quality."* A number of software products are available to accomplish this objective, and their capability to accurately predict call volume and then staff accordingly is very attractive. More call centers should incorporate this software tool to make the task easier. The 10% of call centers that do use workforce management software are among the most advanced call center operations, with high call volumes, extensive use of technology, and high productivity levels. There are reasons why many centers do not use these productivity products, however, including the following.

Cost

WFM can be expensive; systems that predict call volume and match staff schedules to that volume can cost between $50,000 and $100,000 or more.

High maintenance

The perception that a fully configured WFM system requires scheduling, feeding data in, going over the data that comes out, and providing full-time supervision of the system may be true in some cases. When a system is complex, more training is required to run it, especially when scheduling and predicting are required across multiple sites.

Cultural barriers

Greater market penetration faces "cultural" barriers, in this case, the culture of the traditional call center where more emphasis is placed on managing the call and its flow through the system than on managing the workforce.

Limited promotion of WFM product capabilities

Companies that develop and supply WFM software have not provided a complete description of the benefits, perhaps because these vendors do not see the need, or because they do not have the level of competency or industry experience to appreciate the need.

Complexity

The disparity between the actual complexity required to develop the best possible schedule and the apparent simplicity of creating a schedule is often not recognized.

Call center managers have a range of options for creating a schedule, from a manual, back-of-the envelope calculation to using formulas in a simple spreadsheet with a special calculator to input the center's variables to ultimately using a five- or six-figure full-fledged computer program. Achieving the highest level of workforce productivity does require some powerful software, and it will be expensive.

Workforce management systems for multimedia centers

WFM solutions will become a key CRM-enabling technology in the multimedia call/contact center. It is an application that may provide a solution to both agent attrition and multimedia staffing. Businesses will be able to provide the right agents to the right customer and to leverage customer segmentation for a superior level of customer service. Without a means of accurately forecasting how much human resource will be needed to keep customers and agents satisfied while keeping costs to a minimum, businesses could have every sophisticated e-application available but fail to reach an acceptable service level.

The cost of running a contact/call center is considerable in most enterprises, and the center traditionally has been viewed as a cost center—a necessary evil. This perception has resulted in keeping expenditures on technology, people, and business processes to a minimum. The advent of the CRM approach and its impact on call centers, and vice versa, have meant that leading businesses in sectors such as financial services, retail, and telecommunications are beginning to view their contact centers as profit generators. Revenue growth is encouraged through cross selling and upselling support, and costs are kept low through implementing solutions such as IVR, predictive dialers, and other technologies that have been developed to streamline call center operations.

In the multimedia contact center, as in the traditional call center, the aim of workforce management software is to have the right agents available to help customers at the right time. A sophisticated yet easy-to-use solution, this software has become one of the most useful tools currently available to a call/contact center manager, from both the customer satisfaction and agent retention perspectives. Although WFM is not a total solution, it enables the business to resource the center as it wishes. The key attribute of superior workforce management software is its flexibility, particularly in a multimedia environment. The advent of CRM and multimedia customer contacts means that WFM is destined to play an increasingly important role in most major call/contact centers, supporting both the management of multimedia interactions and also allowing businesses to focus on customers' needs and resource the center effectively.

As previously noted, despite a relatively low profile in the past, interest in workforce management solutions has begun to grow. Leading companies are learning that there are major savings to be realized with WFM as well as opportunities to increase customer and agent satisfaction in a relatively cost-effective manner. Before WFM became available, call center managers spent days at a time working out agent staffing schedules with only a computer spreadsheet to help. A complex task requiring a great degree of skill to perform, the schedule was prone to error through last-minute changes of circumstance, lack of historical data, or plain human mistakes. Even when successfully accomplished, the level of detail and accuracy in the schedule often left something to be desired.

Advanced WFM to support multimedia and CRM

The primary reason for implementing a new workforce management solution in a call/contact center operation is multimedia contact and CRM. There is much more to implementing a multimedia contact center than simply offering e-mail and various flavors of live CSR assistance. In terms of cost and service levels, if a corporation is not able to support the new channels adequately, it would be better to offer only telephony. (see Figure 3.2) Similarly, a business determined to become CRM-focused must be aware of how it will be perceived by its customers if it promotes the use of new customer contact channels but does not maintain them.

One of the most interesting and important aspects of these new channels, from a call/contact center management viewpoint, is that they are outside traditional telephony queue theory. Multichannel and multidevice interactions—for example, those initiated by a phone call but requiring e-mail and Web collaboration to be completed successfully—mean that interaction management has suddenly become more complex.

Many companies invite customers to contact them by e-mail and then treat this channel of contact much as though it was an eye-catching postal address on correspondence. If these companies then fail to support the

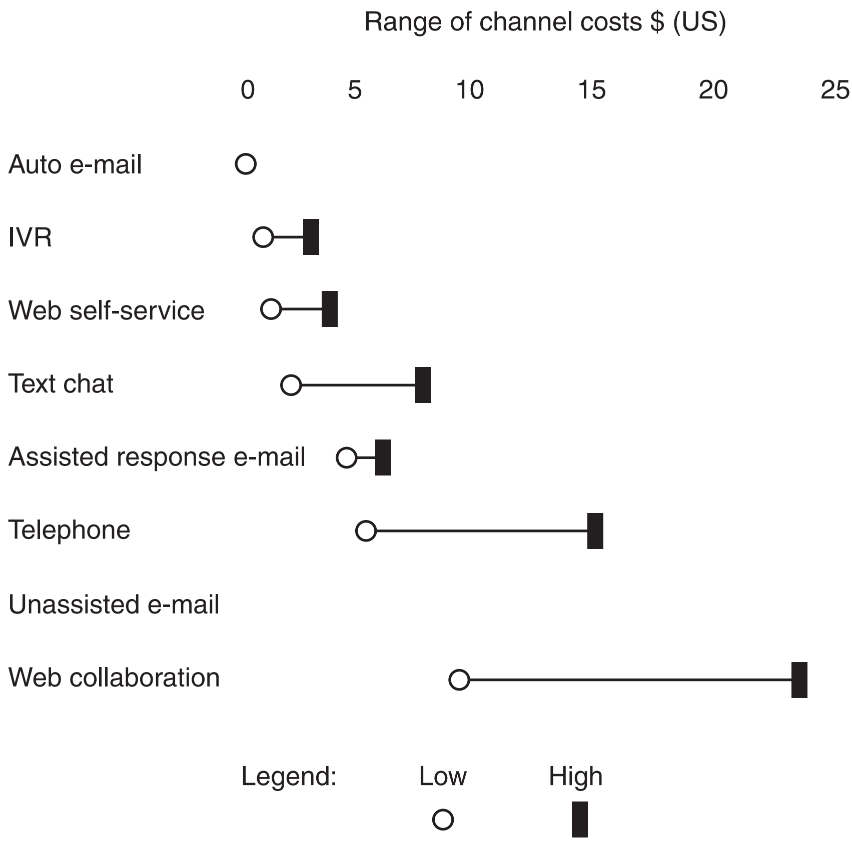


Figure 3.2 *Cost comparisons for different media channels.*

channel, then 70% of customer mail ends up in the dead letter department! Workforce management systems offer a very important solution to the challenge of providing and supporting superior levels of service across every channel.

The workforce management cycle

Fulfilling service levels while managing costs is an iterative cycle that requires several key processes to be completed. Feedback secured from each stage allows the enterprise to continually improve its efficiency and become more confident about its predictions. (see Figure 3.3) Workforce management systems should offer the following functionalities to support the modern customer-focused enterprise:

- Scheduling to meet service levels
- Adherence

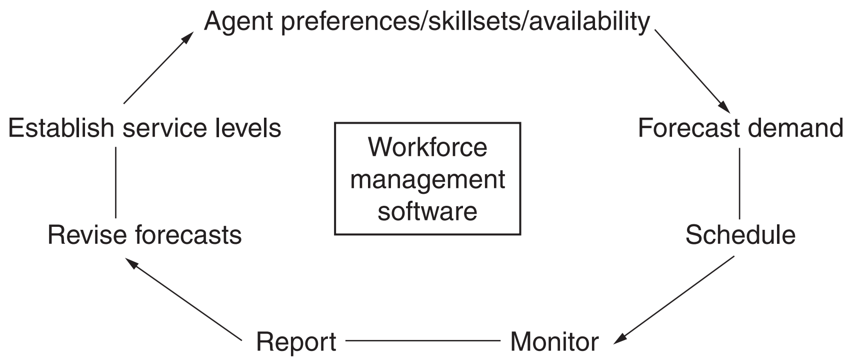


Figure 3.3 *Workforce management cycle.*

- Reporting and forecasting
- What-if scenarios
- Virtual contact center/multisite support
- Compliance with employment law, rules, and union regulations
- Multimedia support
- Web-driven interfaces and tools

Scheduling to meet service levels

Scheduling is not as simple a process as it may appear. Knowledgeable organizations take CSR preferences and skill sets into account when scheduling. The "warm-body" approach to solving human resource issues—regarding one CSR the same as any other—will cause both agent-satisfaction and customer-service problems. Most companies using advanced workforce management software will have between 6 and 9 skillsets to work with, although a few contact centers use as many as 50. Business needs must come first, however, so a scheduler needs to find the best way to match the company's requirements with the skills of its employees. Scheduling can get particularly complicated in a multimedia environment, which usually has CSRs with multiple media-handling skills—voice, e-mail, text chat, and so on—and multiple business abilities such as sales, service product knowledge, and languages. Businesses must look for a solution that does not oversimplify the scheduling process, yet retains usability and the flexibility to make changes.

Prior to planning staffing resources, an organization needs to have an understanding of past history. A WFM system that provides historical data from all customer contacts, based on input from CTI as well as the ACD, means that scheduling can be more realistic. The WFM solution should enable organizations to factor in exceptions that affect staff workload—advertising campaigns, training, public holidays, and other special events and occasions—and determine the best time for a meeting or training session, as well as measure the impact on the overall operation of the center. Thus, an important factor in assessing the capabilities of WFM tools is *flexibility in forecasting functionality*, because situations can develop very quickly that make forecasts useless without the ability to alter schedules to reflect reality.

Adherence

Adherence is the ability to compare forecasts with reality and to use this information to correct problems. Sophisticated scheduling and forecasting is useless without the opportunity to improve the process through adherence monitoring. Real-time adherence allows managers to see exactly what is happening and can alert them to deviations from the expected activity, allowing them to make changes before problems occur. Adherence allows a business to fine-tune its call/contact center activity; the more it is used, the more accurate the forecasts and schedules will be.

The objective of call/contact center managers should be to look for a solution that is simple to understand so the staff will feel comfortable using it and that has the power and functionality to help the center manager understand what has happened and to make necessary changes quickly.

Reporting and forecasting

The ability of managers and supervisors to see exactly what is happening via real-time reports is key to the workforce management process. Reporting provides a measure of success in achieving targets. Standard reports that are important for determining efficiency include

- Speed of answer
- Average call-handling time
- Talk plus Not-ready plus Non-ACD
- Delay before abandon
- E-mail handling time
- Percentage of calls abandoned
- Number of interactions waiting

Workforce management systems can be excellent for gauging the efficiency of a center and also forecasting results, but including CRM-focused measures, such as customer satisfaction, increase in market share, and improvement in loyalty levels, is more difficult. These metrics are just as important as the queue-centric reports, and businesses should make sure they capture and extract this information from their systems. The more statistics from various sources that can be brought together consistently, the more accurate the view of customer-focused activity. There is no point in striving to achieve high levels of efficiency if customers remain unhappy with the service provided or unknowledgeable about products they should be buying. Taking into account and reacting to business metrics, as well as the service-level measures that workforce management systems are so effective at providing, is important to assessing the overall performance of the center.

What-if scenarios

One of the most useful tools for call/contact center managers, particularly in a multimedia environment, is the ability to see what will happen to service levels if an event occurs, before that event occurs. Sophisticated workforce management systems allow managers to try out what-if scenarios, at no risk to the center's operational ability, by providing a way to model various scenarios.

Using these modeling techniques, the contact center manager can, for example, understand how the center workload would change if the following events occurred:

- A new advertising campaign increases call volumes.
- A large number of untrained agents start work at the same time.
- A new multimedia channel becomes available to customers.
- A key product line is offered at a discount.

What-if scenarios are very useful in directing long-term strategies, such as planning, budgeting, and recruitment.

Virtual contact center/Multisite support

An increasing trend in some global enterprises, especially in larger markets such as the United States, the United Kingdom, Germany, and France is to have several call/contact centers servicing customers. This operational model has been driven by a number of developments, including

- Rapid call/contact center growth in particular areas that has caused recruitment and retention problems

- The increased number of call/contact centers for businesses involved in acquisitions or mergers
- Teleworking and remote call center locations that mean CSRs may never see their parent center
- The preference of some companies to offer a "local touch" to customers by basing centers in their area
- Improvements in networking and telephony that make it easier to establish virtual centers
- The increasing need of companies to serve global customers, requiring either operating contact centers in different time zones or paying overtime to CSRs to work covering hours
- The possibilities of operational redundancy and disaster recovery with multisite centers

Combining multiple smaller centers into one large center can provide significant economic benefit through simple economies of scale. Correctly staffing five 100-seat call/contact centers is generally more complex and less efficient than staffing a single 500-seat operation. This is especially true when skills-based routing via a universal queue is being used. All agent competencies are displayed to the scheduler, who can be more flexible simply because the available resource pool is so much deeper.

Compliance: union rules, regulations, and the law

Different countries have different labor laws, and a superior workforce management system has to be easily configurable to take into account union regulations, laws, and other rules applying to businesses. For example, companies based in the member states of the European Union must take into account the Working Time Directive, which specifies that employees must work no more than 48 hours per week and restricts working nights, holidays, and breaks. The monitoring of CSRs is regulated by law in Germany, where monitoring by name is considered to be an invasion of privacy. An evaluation of WFM systems needs to include whether or not a solution can be easily adapted to each specific country's regulations.

Multimedia support

Workforce management systems provide a significant benefit to call/contact center managers by answering one of the most urgent questions center managers ask themselves: *How do I staff my multimedia contact center*?

Many so-called contact centers simply give agents a few e-mails to deal with when call volumes decrease, but when call volumes rise, e-mails are forgotten. Contact center managers may be quite capable of efficiently managing telephony-only call centers. In many cases, their experience allows them to make good judgment calls on these operational issues, based on years of experience. However, managing the multimedia contact center challenges even the most seasoned call center manager, because multimedia contacts and transactions are fundamentally different from telephone calls and must be handled differently. This is a situation that can lead to staffing issues, for the following reasons:

- *CSR competencies have to be considered.* Good telephony CSRs may not have the skills required to be good at handling e-mail or text chat contacts, where quick typing speed is required along with strong technology skills and correct spelling, grammar, and punctuation. CSRs good at written customer service may not have the listening or verbal communication skills required for telephony service.
- *Customers have different levels of expectation depending on the channel they are using.* Most customers expect a response via e-mail within 24 hours, whereas a typical telephony service level is 80% of calls to be answered within 20 seconds.
- *Standard responses using e-mail can speed up the process considerably.*
- *Batch customer requests—e-mail, fax, and letter—are, by definition, not interactive.* Additional resources may be needed to deal with incomplete requests.
- *Telephone queues are essentially self-managing*. If the phone is not answered quickly enough, the call is abandoned and the phone queue decreases. With e-mail, contacts back up until they are dealt with, a situation that can present serious problems.
- *E-mails may get "stale-dated" because the customer loses interest, gives up on the e-mail, and calls the center for a verbal response.* This leads to a nonproductive, time- and resource-wasting cycle of answering dead e-mails while live ones go unattended until they too go out-of-date!
- *Costs increase as the unsatisfied e-mail customer rings the contact center to find out what happened to the e-mail.* Where e-mails are held separately from transactions—that is, in organizations where the universal queue and universal routing are not being used—the e-mail may remain live even after the issue has been resolved. (see Figure 3.4)

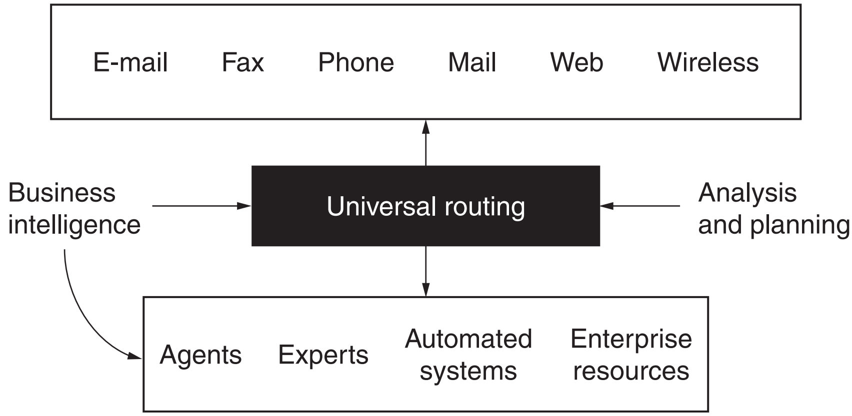


Figure 3.4 *Universal routing and the universal queue.*

- *In the early stages of multimedia contact implementation, extra time should be allowed for each nontraditional transaction.* CSRs will still be adapting to the process and the time per transaction should decrease as they become accustomed to the new environment.
- *Customers also need time to familiarize themselves with new contact methods such as text chat and Web collaborations.*

Experience has shown that many customers using Web collaboration for the first time enjoy the experience so much they spend longer than needed with each CSR.

Sales-focused call/contact centers will notice a rise in calls after a marketing campaign. In addition to the spike in calls after TV ads,

- E-mail advertising will produce a similar spike in inbound contacts with a range of different patterns.
- Interactive digital TV will produce major spikes in e-mail activity after TV commercials, which may well extend to text chat and Web collaboration as well, depending on how many channels the enterprise opens up.
- Different patterns of usage emerge from these new channels. Interactive TV is used more in the evenings, when most people return from work, whereas direct e-mail campaigns are likely to get an immediate response depending on where people access their e-mail.

The call/contact center manager has some advantages when handling e-mail, because supporting e-mail is not dependent on the time of day.

This means the scheduler has a considerable amount of freedom in trying to reduce the backlog. For example, some contact centers bring in students in the late evening to answer e-mails when most of the full-time CSRs have left the center. Others can answer e-mails through the night by employing people in other time zones—India, the Philippines, and Australia. In addition, the cost of e-mail is not location-dependent, given the resources available to the World Wide Web. It costs as much to route an e-mail around the globe as it does to send it to the person next door. And although telephone calls still have an associated long-distance cost, the difference between the two channels will become even less when VoIP becomes used globally. All of these points need to be considered when scheduling and forecasting for nontraditional types of contact. Additionally, how multimedia contacts will be handled must be decided. Will they be handled by dedicated agents or by blended agents, a process that could be more effective in a universal queue model and that has very positive effects on agent satisfaction?

A large number of operational headaches in call/contact centers are caused by not resourcing tasks correctly. New-generation workforce management systems will go a long way toward helping managers run things more smoothly and efficiently. Next-generation workforce management solutions will focus strongly on allowing call/contact center managers to plan long-term strategies. They will use these tools to model their operations based on various assumptions (for example, agent turnover at 20%, fixed agent career paths, 25% of workload being e-mail). Rather than having to react to external forces, the center manager will know how to resource the operation effectively before events actually happen as well as understanding their effects on the business.

WFM tools are very useful in assisting managers to prepare for sudden changes in call volume and other peaks and valleys that often come along without warning. For these situations, WFM can provide a warning, and it is often intuitive enough to see patterns in call histories and discern peaks and valleys that even experienced call center managers could not anticipate. A good example is holiday scheduling. Holidays bring together two divergent elements that most directly affect the call center. Calls surge up in unusual ways; however, they are predictable if the patterns that drive them are recognized. At holiday time, employees tend to have a variety of counterproductive demands, such as days off, flexible schedules, vacations, and time with families. WFM software predicts the call load for a given day from historical data. It provides information about how many calls are going to come in at any moment and allows managers to match that load effectively to the human resources available, even at times of unusual call patterns. Thus managers can act quickly to handle any divergence between people and calls, either days ahead of time or within a shift.

The preceding are just a few of the examples of improvements in efficiency and optimization of resources that WFM tools can provide, factors that take on new significance in a multimedia center. The following sections summarize the benefits of WFM and provide some guidelines for measuring the results obtained from WFM.

The major benefits of WFM

The major benefits of WFM tools are

- More efficient scheduling—managing changes in complex schedules and optimizing schedules
- Significant cost savings through efficient staffing levels and use of equipment
- Managing unexpected call-volume fluctuations

Other benefits of WFM

There are a number of other less tangible, but nonetheless important, benefits of WFM that also need to be considered when deciding to incorporate this tool into the call center, and at what level and cost. These benefits include the following:

Provision of threshold alert

Supervisors have instant information about intrashift variations that could cascade through the day and cause problems later. Schedules can be adjusted "on the fly."

Reporting on performance evaluation

Workforce management systems are not the only means of collecting performance data, but can be a means for making all the data coming from the ACD most relevant and meaningful. Coordinating the real-time and historical (short-term) views of activity is better than spreading that information and its analysis among different software tools, which creates islands of information that are harder to put back together later.

Discovering why service levels are not being met

WFM can provide information related to questions such as was an entire group's abandon rate higher because someone took lunch a little too early or because there were too few CSRs on hand for an expected spike? Or were there too many CSRs with a perfect service level at an unacceptably high cost? What would happen if 10 people were added to that shift? It can minimize unnecessary overtime payments, and provide calculations to justify making more CSRs available.

Coordinating among multiple sites

Integrating call center sites by pulling together agents from multiple sites into one virtual center provides all the workforce efficiencies obtainable with a single center with greater economies of scale.

Empowering CSRs by providing information

Schedules can be worked out to allow CSRs to understand the hows and whys of the decision-making process. Accurate call volume predictions and an automated scheduler that optimizes break and time-off preferences fairly lead to fewer complaints.

Simulating conditions and changes

Workforce management systems, when combined with simulation software, take existing or historical conditions and allow managers to adjust the parameters to conduct what-if scenarios. They can determine the effects of adding or subtracting people, changing group dynamics, and adding different technologies to the front end.

Providing competitive advantages in the workforce environment

The power to react to changing circumstances is a significant competitive advantage. Having a handle on costs, call volumes, and other variables in the call center operation mix can be a valuable aid to call center management. As well, it will ensure a better-managed, more-informed, happier workforce, making the call center more attractive as an employer, particularly in regions where skilled workers are hard to get and keep.

Currently, the penetration of the WFM tool in the call center workplace is so low that simply installing the software automatically confers a technology advantage over the competition. Although WFM tools may not be as fancy a technology tool as Web/call center technology combinations or

VoIP agents, they work well, have been proven over time, and can reduce costs and aggravation.

A Two-Step Reference Guide for Using WFM

- **Simulate conditions:** Use the software to create scenarios, for example, having two CSRs on vacation simultaneously, adding a part-time CSR for a few hours on Mondays, increasing call volume. Using software to simulate what-if scenarios lets you know how abandoned calls will increase and how long callers will be likely to wait in queue. ***Simulation will demonstrate the effects of changes.***
- **Use reports wisely:** Try segmenting CSRs into workgroups based on similar salary levels and other attributes so that you can compare how each one is performing relative to others in the workgroup. ***Reports provide analytical tools.***

Rationale for implementing WFM

In many companies, workforce management systems are not considered to be an essential element of call/contact center management resources in the initial setup of the center, despite the compelling rationale for installing these systems. When the pressure to cope effectively with the growth of customer interactions builds on the center, business users and operational staff must make a decision about which variety of WFM system is required.

Analysis of the cost and benefits of WFM systems indicates that the average time to breakeven on initial expenditures for workforce management solutions is 12 months using traditional workforce management systems in a telephony-based call center. Workforce management systems in multimedia contact centers will reduce the time to breakeven by about 50%, meaning that it will usually take six months from initial implementation, rather than 12 months.

The intangible returns must also be considered, because the call/contact center is an environment that can thrive or not depending on how well intangible aspects are managed. Happy, satisfied employees, reductions in recruitment and training costs through lower agent attrition, and increased upselling because of increased customer satisfaction are examples of intangibles that are important to the organization and that need to be considered by call/contact center management.

Review of functionality and benefits of WFM tools

Here is a summary checklist of features and functionality previously described that organizations evaluating workforce management systems need to consider. The WFM system should support the following features:

Forecasting

A core component of any WFM should take account of past operational data and be capable of assisting managers to plan exceptions.

Scheduling

Resourcing and supporting a skills-based environment is a critical function, and CRM-focused organizations have to take into account agent preferences and abilities.

Adherence

Key characteristics of effective WFM tools enable managers to see quickly whether activities are going as planned, and if not, to change them before it is too late.

Web-driven flexibility

Where remote working and "hot-desking" occur in a center operation, browser-based access via an intranet is a useful feature.

Reporting

Real-time reports are critical to the effectiveness of center operations, and flexibility and rapid report capabilities should be considered.

What-if scenario planning

Where major changes are anticipated—adding many new agents, channels, or advertising and marketing campaigns—what-if scenario functionality means testing the waters before embarking on a full-scale campaign.

Multimedia support

An important functionality to look for in new-generation WFM solutions is the capability to schedule and forecast across multiple channels and ensure service levels throughout the organization, especially at every customer Touch point.

Virtual contact center, multisite support

Allowing for growth and expansion to multiple centers should be a part of the WFM system. Running a virtual center rather than several stand-alone operations can increase the CSR competencies available and improve service levels.

Compliance with employment law, rules, and union regulations

As noted earlier, companies based in Europe, for example, must comply with the Working Time Directive. The selected WFM solution should be capable of easy adaptation to a specific country's requirements.

Available WFM systems

This section reviews the general characteristics of vendor offerings in workforce management tools, in particular, monitoring systems. A listing of specific vendors and the products they offer is contained in Appendix A, "Call Center Vendor Resources—Product and Service Offerings." This very robust and advanced area of technology offers a variety of products to serve different call center characteristics. A major contributor to advances in this area is the growth of the Internet, a technology that has made it easier to store and retrieve information across networks and in a variety of different media formats.

Monitoring systems

Monitoring is a critical part of the process of teaching a new CSR how to deal with customers, how to handle difficult situations, and simply how to follow a script and read a screen full of complex information. Feedback is important to improving the performance of CSRs. Even CSRs that have years of experience need constant skill assessment and additional training to update their phone skills and to keep them up-to-date on new technologies and how to use them.

Some telephone switches have a monitoring system built in, and some vendors provide sophisticated software for combined monitoring and quality assurance programs. Typically, these software tools collect data about agent performance and assess that data over the short or long term. Some products also automate the scheduling of agent monitoring for later review. Managers don't need to be present to monitor or to set up tapes.

Training headset models are also available that have a second jack on the amplifier to accommodate a "no-microphone" headset that a trainer could wear when sitting beside the trainee. A low-budget monitoring system can be incorporated by plugging a tape recorder into the jack.

Pros and cons of monitoring systems

There are two basic criteria for quality measurement in call centers:

- Ensuring the center has the best CSRs available, operating at the highest level they can personally achieve
- Enforcing a consistent standard of quality for customer contacts from the customer's point of view

Monitoring CSRs is still the best way to achieve quality in terms of both criteria. If handled with sensitivity, monitoring can be a benefit to CSRs because it helps them define and reach career goals, assess strengths and weaknesses, and make progress according to realistic standards. One technique used by some organizations is to involve senior management in the call center process. A call is monitored by a senior executive so that this individual hears directly the "voice of the customer." Although monitoring does have some negative implications, if properly presented to CSRs the benefits to both the individual and the center become obvious. The proper instructions for using monitoring products emphasize the benefits to both parties of performance monitoring.

One obvious benefit of monitoring, assuming that it is performed in the right atmosphere, is that it creates an objective standard of behavior that can be measured and one that can be repeated. It helps ensure delivery not only of good service but also of consistent service from each and every CSR. From a CSR's viewpoint, monitoring creates a way to measure performance that can be described in advance and critiqued intelligently. Results can be quantified and reps can see improvement over time. As well, it allows management to benchmark standards and ensure that all CSRs are treated fairly and by the same standards.

Excesses in monitoring

Some monitoring tools go too far in assessing CSR performance and can be a detriment to improving productivity. As noted previously, call centers typically have the problem of high turnover; one product that has a voice analyzer that dynamically analyzes the speech flow of either the CSR or the customer during a call would probably make this problem worse. The product advises supervisors about how CSRs are "feeling" during the call by reporting on stress levels and other psychological indices, the theory being that this information could then be used to enhance the management of customer relations within the call center. The vendor thinks that this product could be used in conjunction with a monitoring application that stores calls and then retrieves them on demand and runs them through the analyzer. It includes a suite of tools that can diagnose both real-time and off-line stress.

The types of data that are routinely captured by "quality monitoring systems," include, along with an audio message, the agent's screen activity or the Web page that the caller was looking at when completing the transaction. These data are combined to bring a new level of detail to the verification and quality monitoring process. Products such as these tread heavily on CSR sensitivities and they are very unlikely to enhance a CSR's performance. All CSRs experience stress, but there are a number of other, better ways from a human resource perspective to measure performance and reduce tension in the call center workplace. For example, some vendors offer screen monitoring and screen recording systems that provide tools with which supervisors can evaluate the interactions between CSRs and customers, evaluate CSR performance, and train new agents. Supervisors using these products have several monitoring options: They can view in real time one or more CSR PCs at the click of a button to see how they use the script and if they are using the system correctly. Or they can do a "round robin" among multiple PCs on the network, using a cycle mode, to systematically monitor a group of agents. There is also a "stealth" monitoring capability that lets supervisors monitor an agent's PC screen undetected. Supervisors can record any agent's screen at the click of a button and view and record one or more screens simultaneously. Later, they can play back these sessions, search to any point in the recording, and play back at any speed. These sessions can also be archived to accurately document performance on outsource contracts and to provide "proof of performance."

Selecting, installing, and using monitoring systems

Several useful guidelines, discussed in the next section, for monitoring systems should be considered before selecting a system and installing it in a new or existing call center operation. The newest technology tools are broad-based and make it possible for call center supervisors and managers to combine streams, allowing performance trends for both individual CSRs and groups to be analyzed from a variety of perspectives. Such an analysis can be scaled up to look at an entire center or groups of centers. Add information from accounts receivable, order entry, and other areas and a picture emerges that describes several characteristics about CSR performance. Thus, information on how much money a CSR or group of CSRs generates and whether a particular campaign is in trouble can be accessed.

Important guidelines for using quality monitoring systems

Here are three key pointers based on the experience of call center managers who have installed monitoring systems:

Select current recording and conversion technology

Two improvements in recording technology have occurred in the last decade. First, digital recording replaced analog, making it easier to store and retrieve specific calls; second, CTI links have made it possible to convert digital recording into data and combine it with other information about transactions.

Select software that works in tandem with core recording systems

Software products are available to help solve the problem of accessing disparate information throughout the enterprise by serving as a central repository for information from many sources, such as workforce management, human resources, predictive dialers, and ACDs. Combining, assessing, and exploring information from multiple sources is critical as call centers evolve into customer contact centers, because no one source has sufficient information to provide a complete performance picture.

Select an appropriate monitoring frequency

A CSR should be monitored for quality as frequently as is dictated by criteria such as how long that CSR has been on staff, what kind of traffic the CSR handles (inbound or outbound, sales or service), the sensitivity of the kind of customer interaction (i.e., financial services would monitor at a higher rate than telemarketing, etc.), as well as what kind of technology is used to do the monitoring.

Measuring results

In a Spring of 2002 survey of call centers, *Call Center Monitoring Study II Final Report*, a majority of call centers (93%) reported monitoring CSR calls, reflecting a 5% increase in the number of centers conducting monitoring two years earlier. According to this study, conducted by Incoming Calls Management Institute and A. C. Nielsen Co. of Canada, and based on a survey of 735 North American call centers, 4 out of 10 call centers monitor e-mail responses, 1 in 6 monitor fax correspondence, and 1 in 14 monitor Web text-chat sessions. This is a significant increase in the monitoring of e-mail and Web text-chat over two years ago, which no doubt reflects the increased popularity of these two channels.

Other key findings of the report are

- There is a wide variance in the number of calls monitored per month per agent. The most popular frequencies are 4 to 5 and 10 or more.
- More than one-third of call centers devote 1 to 5 hours per week to monitoring, and one-quarter devote 6 to 10 hours weekly. Larger call centers (200 or more agents) devote significantly more time per week to monitoring and coaching than the smallest call centers (fewer than 50 agents).
- Four in 10 call centers monitor both voice and screen. There appears to be a strong relationship between the size of the call center and monitoring voice and screen. As the size of the call center increases, the likelihood that it will monitor both mediums also increases.
- Overall, two-thirds of call centers surveyed share monitoring data/customer feedback with other departments within their company. Of the call centers that share monitoring data/customer feedback with other departments, almost one-third distribute this information on a monthly basis. One in 7 share monitoring data/customer feedback on a quarterly basis, and 1 in 10 on a weekly basis.
- The two most frequently cited reasons given for sharing monitoring data/customer feedback with other departments are "to improve quality of calls" and "to measure performance."

In general, call centers should tackle optimization and measurement questions based on a reasoned assessment of how the center relates to the rest of the organization and what the company expects from the center in relation to the competitive pressure in the rest of the industry sector. Expectations can vary across sectors. For example, airline call centers measure different performance characteristics than catalog order takers, and financial institutions have their own measurement criteria.

It is important to think in terms of results that impact on the call center objectives and how those results affect revenue. Call duration, for example, can impact both costs (telecom transmission charges) and customer satisfaction if the call is used to sell the caller some new product or service. Overall call center performance can be measured by using a workforce management system and keeping track of adherence to schedule—the closer to the predicted schedule, the more optimally the center has been staffed. This analysis helps to keep costs from ballooning out of proportion. The performance of individual CSRs and groups can be measured by tying it to actual customer information. (This requires some CTI and/or backend integration with customer data.) It is possible to generate a revenue figure for each group or rep that weighs call length or number of calls taken by how valuable those calls are. A CSR who handles fewer calls involving premium customers with a high lifetime value to the customer is probably more effective than an agent who handles more calls in a shorter time with low-impact customers or callers who are not customers at all. (see Figure 3.5)

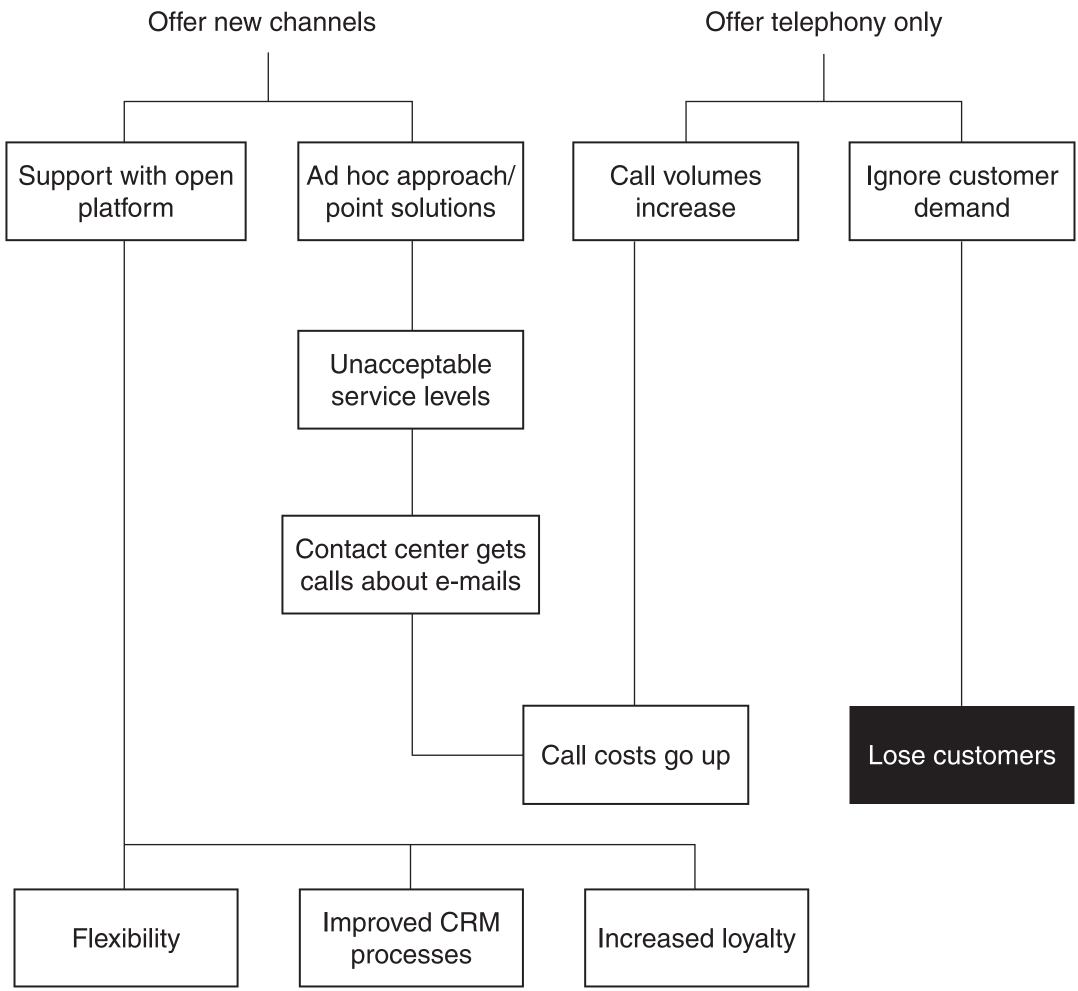


Figure 3.5 *Benefits of multimedia channels.*

Web-driven interfaces and tools

In today's call/contact center environment, managers and CSRs are not always in one central location. The existence of virtual multisite centers, teleworking, or dispersed call/contact center operations does not mean that workforce management systems cannot be employed. Businesses should look for a workforce management system that can be operated by remote users, if required. One approach is a browser-based application linked to the organization's intranet or the Internet, allowing scheduling, reporting, and management from any PC at any location with communication resources. In this configuration, CSRs also have the ability to access schedules, enter preferences, and request vacation time seamlessly and remotely.

Browser-based publishing tools also make collecting and sharing customer data within the call center and throughout the enterprise as easy as accessing a Web page. Call centers can publish customer contact information in a browser page format or "Web desktop," thus simplifying the transfer of customer information from the call center to the enterprise.

Departments outside of the call center can use these systems to get customized access to data necessary to make more strategic and timely business decisions. Data that can be accessed include digital call recordings and call center performance reports. Executive management, marketing, and product development, for instance, can track customer response to promotions, monitor service quality, and query customers through this system. Products such as these are part of an enterprise call center suite, an automated call monitoring system that collects and publishes information about customer contact with a company's CSRs.

Core elements of these Web tools include call evaluations and graphical comparisons of individual versus group performance. Supervisors can also add training tools, provide productivity reports, publish department-specific issues, and highlight morale programs, such as "CSR of the month," incentives, and other events.

Monitoring: summing up

The more automation, in theory, the less human monitoring is required because there is a better opportunity to obtain a true, random representative sample. If CSRs are convinced that monitoring is truly random, then their behavior smoothes out and they are less likely to vary their responses between calls. The controversy over monitoring—how often, what tools, and how to address the issue with CSRs—is ongoing. Monitoring is essentially about judging people and their performance. Technology alone cannot make the monitoring process a success. Informed judgments need to be made by supervisors and managers, who must supply humanity to the application of technology tools.

3.3 Twelve characteristics of the best-managed call centers

Some call centers exude energy that may take one or more different forms: a feeling of community, pride of workmanship, and results that spring from good planning and coordination. Everyone in the center knows what the mission is and is focused on attaining the objectives. They are all pulling in the same direction, just like a well-trained sports team. A number of benchmarking studies address the subject of what makes a well-managed call center. But while these surveys report on the results obtained by these centers in terms of customer satisfaction and retention, service levels, planning accuracy, organizational structure, costs and revenues, employee satisfaction and turnover, they seldom describe *how* positive results were obtained.

The following 12 characteristics have been compiled from the experience of industry analysts and call center managers and represent a summary of those qualities that contribute to a well-managed call center. They are the attributes of some of the world's best-managed call centers, those that consistently outperform others in their respective industries based on commonly accepted measurement criteria, including customer surveys.

Recognize people as the key to success

Call centers that recognize the direction in which the business is going are continually cultivating CSR skills. They provide training and present attractive career paths to their people. They also consider the whole person when hiring and when rewarding for good performance. They pay attention to people's inherent talents and abilities, not just the job categories and specific duties.

Leading call centers also develop formal and informal communication channels in their organizations. Keeping people well informed helps them prepare for and accept change. Change is personal, and its meaning and level of acceptance are based clearly on how change is communicated and how it is perceived.

Receive support from the corporate culture

Corporate culture, often referred to as "the value principles" of an organization, tends to guide employee behavior and can either support and enhance the best-laid plans for organizational change or ruin them. There is no magic formula for creating a supportive corporate culture; however, managers in well-run call centers agree that shaping the culture of the organization is a primary leadership responsibility. They do not believe that this process should be left to fate, and they therefore devote considerable effort to understanding their organization and the people who are part of it.

Effective communication is a primary ingredient of a high-performance culture, creating meaning and direction for people. Organizations of all types depend on the existence of shared meanings and interpretations of reality, which facilitate coordinated action among employees. Many management training programs fail to appreciate the complexity and paradoxical nature of human organizations. Unfortunately, thought processes that should be involved in management principles give way to how-to-do-it formulas and techniques and slogans and homilies as the principle management guidelines. The most effective call center managers are comfortable with the fact that it is seldom possible to completely master interpersonal relationships and that compromises are necessary. Understanding this reality of life means spending more time on "people issues" than on anything else.

Focus quality on customer expectations

The best-managed call centers have a strong focus on evolving customer needs and expectations, and they are continually redefining quality around those expectations. They appreciate the fact that what worked yesterday may not necessarily work tomorrow.

Establish a collaborative planning process

A major objective of good call center planning is to "get the right number of people in the right places at the right time." Systematic planning accomplishes other positive objectives, however, including contributing to effective communication and creating a body of information that wouldn't otherwise be available. Call load patterns support the structure of schedules. Planning is the catalyst that encourages people to think about the future and see their contributions to the overall picture. Systematic planning is also important because it requires communication on issues such as resource allocation, budgeting, and workload priorities. Constant communication about these activities is a requirement for all active call centers.

Consider the incoming call center a total process

Call centers that consistently get the best results view themselves or "the operation" as a "total process" in the organization's day-to-day business activities. This view of the call center takes several forms and results in a number of desirable characteristics:

- Assisting in the development of an effective, collaborative planning and management process
- Enabling people to understand how the call center supports the organization's direction
- Ensuring that everyone in the call center and those with key supporting roles outside the call center have a basic understanding of how call centers operate
- Assisting managers to take the initiative in coordinating and relating to other departments
- Recognizing that most quality problems occur in the process stage and continually trying to improve processes
- Integrating the call center's activities effectively with other departments within the organization
- Providing the capability to respond to changing conditions

The days of the call center as an island unto itself, separate from the rest of the organization and considered simply as "the place where they handle sales and customer service," are fast fading. The true nature of the call center has become recognized—it is the "front wall" of the organization and an important part of a much larger corporate business process.

Establish an effective mix of technology and people

In the call center environment, personal contact with callers has to be reduced because there is simply too much caller demand for CSRs to handle routine calls or tasks that technology can readily handle. However, it is an important and fundamental aspect of good customer relations that callers are not relegated to machine responses when they need a real live person or when they prefer live answers to product or service questions.

Leading call centers continue to work to find the right mix of people and technology. Although technology can take an organization where it's going, very quickly, it's a good idea to be headed in the right direction! This means recognizing both where technology fits and the importance of the human element in making technology work effectively.

As noted in Chapter 2, new technologies are not passive; they are continually changing caller expectations, causing reallocations of resources, power shifts in call centers, and changes in the responsibilities of CSRs and managers. The challenge for call center professionals is to sort through the many choices, identify the technologies that can further the mission of the organization, and then implement them with the necessary foresight and planning.

Provide the correct mix of specialization and pooling

Pooling resources is one of the key characteristics of the incoming call center industry and is a primary function of technology tools such as ACDs, networks, and other supporting devices and systems. The advanced capabilities and increasing sophistication of intelligent ACDs and network services provide call centers with the means to mix and match the incoming call load in a variety of ways. The pooling activity that takes place in call centers that have the latest technology represents a continually changing mix of specialization and pooling. The technology available to handle each call according to its individual needs and characteristics requires call center planning, operation, and management to remain focused on cross training and broadening the skills of reps. There will be overlap, however, and contingencies in the operation that must be managed with intelligence and rationality. Leading call centers have an edge over other, less-productive call center environments because they have been able to strike the right mix of specialization and pooling—one of the reasons they obtain high marks for their successful operations. To accomplish this objective, they do the following:

- Expand responsibilities for CSRs
- Avoid unnecessary complexity in CSR group structures
- Improve information systems and training so that CSRs are capable of handling a broad range of transactions
- Implement a flowchart system and network programming to identify weaknesses in routing logic
- Hire multilingual agents, where possible

- Position the call center as close to the "pooled" end of the spectrum as possible

Leverage key statistics

The indicators of high-level call center performance include

- Average call value (for revenue-producing call centers)
- Successful forecasts of call load versus actual load
- Service level
- Cost per call
- Customer satisfaction
- Adherence to schedule
- Percentage of abandoned calls
- Errors and rework required
- Average call-handling time

Related to these operating statistics are three common characteristics of call centers that get the best results:

- They ensure statistical measurements are accurate, complete, and as unbiased as possible.
- Reports are viewed in relation to each other.
- They are aware that simply tracking high-level measurements won't inherently improve results.

They know that a single report, outside the context of the others, can lead to erroneous conclusions and that statistics can often be misleading. They prefer to work on the root causes of problem areas.

Receive budgets and support as needed

Often in call center operations, the budget is presented to call center managers before objectives have been stated and before anyone has agreed that objectives could be met within the assigned budget. It is much more logical for the "budgetsetters" in an organization to ask the individuals responsible for meeting defined objectives how much money they need, what other resources, and so on. A good analogy is the airline industry: Airlines couldn't possibly operate flights without a tangible connection between the results they want to achieve and the supporting resources. They start with an objective to fly a certain number of people to a particular destination and then budget to do this. The goal is a specific, predetermined outcome supported by carefully calculated resources. This is the way senior corporate management should consider call center operations—*specific objectives that require a certain level of resources.* The best call center managers decide on their objectives first and then obtain the necessary resources to support those objectives through careful planning.

Hurdle distance, time, and politics effectively

The evolution of computer and telecommunications technologies has resulted in the birth of new companies and the growth of existing companies that can span both geography and time. Fiber-optic cables crisscross the globe, and satellites provide virtually worldwide telecommunications service. Trends in the call center industry reflect these developments in the global marketplace. Distributed call centers, in which two or more centers share the call load, can span a region, a country, or the globe and are becoming commonplace. Telecommuting programs continue to proliferate at a growing rate. Call center personnel have been formed into cross-functional teams, with responsibilities for everything from forecasting the workload to improving quality.

Although new technologies have provided an increasing array of new capabilities, the natural barriers that exist between people who work in distributed environments remain, resulting in the following situations:

- People who work in different places and/or at different times often have difficulty seeing themselves as an integral part of a larger, unified team.
- Informal opportunities for relating to each other in traditional settings—lunchrooms, hallways, and break room—are only rarely available.
- Significant information may be exchanged outside the formal context of memos and meetings, resulting in an uneven distribution of this information among the dispersed group.

The changing workplace means that call center managers increasingly have the responsibility for managing people who work in different locations and don't report directly to them or don't work at the same time. Managers in the best-managed call centers recognize that the success of their operations depends on how well they master the art of managing and leading in a distributed, often widely geographically separated, environment. As some authors of leadership texts have pointed out, the key to leading a dispersed team to high performance levels is *building trust.* Unfortunately, trust cannot be bought or mandated—and there are no foolproof, specific formulae or rules for achieving trust. Like leadership itself, trust is hard to define and has no recipe for managers to follow to create it. Despite this fact, the experience of managers in the best-managed call centers has led to a set of guidelines—management processes that have been successful in many cases—to building a desired level of trust among employees, particularly in geographically dispersed centers. Following these concrete steps is more likely to create environments in which trust will flourish than taking no action at all:

- Create a clear vision for the call center and its objectives
- Ensure that everyone in the center receives key information at the same time
- Create opportunities for people in the distributed environment to get to know each other
- Make an extra effort to develop relationships among the more "distant" members of the group, whether the separation is due to time or geography
- Minimize the impact on call center staff of unnecessary hierarchies and cumbersome bureaucracies, which can affect distributed teams adversely

Be prepared and willing to experiment

Reassessing and reviewing operating procedures to determine how well the center is doing compared to its objectives is another hallmark of the most successful call centers. These reviews attempt to answer such questions as What areas can be improved? What activities can be terminated? What assumptions no longer make sense? What can be done differently? Is there an opportunity for outsourcing some call center activities?

Be capable of vision

The call center industry has come a long way in recent years. Customer expectations are high and call centers are gradually learning how to meet them. Most of the best-managed incoming call centers have learned how to deliver value to their organizations and its customers. Collectively, these organizations have invested billions of dollars and considerable time and effort in equipment, networks, and software, as well as in human resources, including many hours spent training and equipping call center staff to meet their responsibilities. Centers are now fully versed in the nuances of forecasting, staffing, and the behavior of queues. They have identified evolving customer needs, are constantly changing and improving processes to meet those needs, and finding new and better ways of operating in an increasingly competitive business environment.

Summing up the overall characteristics of well-managed call centers demonstrates that the best-managed centers are those that have excellent resource planning and management processes that are systematic, collaborative, and accurate and that result in the productivity, service level, and quality that make them industry leaders.

The future of call center management

Some call center mangers may view the future with some trepidation and may have reservations about the impact of the next wave of technology, but the future can bring many benefits. The growth of e-commerce and the changes it will require in traditional call center operations and processes will certainly have a significant effect on how call centers operate, as will the changing business environment. Call centers will therefore be required to handle an increasingly diverse mix of transactions. Managers wonder about how to keep up in an environment that is moving at a very rapid pace, in terms of changing technology, changing customer expectations, and heightened competition. But uncertainty also brings opportunities and challenges to overcome, and experienced call center professionals will be in demand by organizations that need people who can help them meet those challenges and make the transition into the new era of business.

3.4 The incoming call center

Incoming Calls Management Institute has developed a working definition of incoming call center management that is used in this book and was first stated in Chapter 3:

> *Incoming call center management is the art of having the right number of skilled people and supporting resources in place at the right times to handle an accurately forecasted workload, at a specified service level and with quality.*

This definition leads to two major objectives for incoming call centers:

- Locate the right resources in the right places at the right times
- Provide a service level with quality

The capability of call centers to meet these objectives has evolved through three definable major stages:

1. *Service level awareness*—maintaining service level as calls arrive, with some correlation to service level in planning
2. *Seat-of-the pants management*—little consideration of service level in planning
3. *Correlating service level to the organization's mission*—choosing an appropriate service level and tying resources to achieving this service level

An eight-stage process for systematic planning and management

Many individual organizations have evolved through the same general stages and most now link service level to quality and the overall mission. Systematic planning and management are required to accomplish this important linkage and can be accomplished through an eight-stage process:

1. **Select a Service Level Objective** Service level is defined as a certain percentage of calls answered in a specified time frame, measured in seconds. The level should be appropriate for the services being provided and the expectations of callers using those services. Service level is the critical link between resources and results.
2. **Collect Data** ACD and computer systems are important sources of planning data because they provide call statistics and details such as number of incoming calls, duration of calls, call patterns, and changes in the call mix. Information about what marketing and other departments are doing, changes in legislation, competitor activities, and changes in customer needs and perceptions is also required.
3. **Forecast Call Load** Call load includes three components: call volume, average talk time, and average after-call work. A good forecast predicts all three components accurately for future time periods, usually in half-hour segments. In the modern call center, forecasting must go beyond inbound calls to reflect other choices customers have to interact with organizations—e-mail, faxes, and video and Web-based transactions.
4. **Determine the Base Staff Requirement** A formula commonly used for calculating staffing requirements is Erlang C. This formula

(to be described later in this chapter) is used in virtually all workforce management software systems and by many call center managers. Computer simulation programs also may provide solutions for staffing and a number of other management issues. New capabilities, such as skill-based routing and complex network environments, must also be taken into account when planning staffing.

5. **Calculate Trunks and Related Systems Resources** Staffing and trunking issues are inextricably associated and must be calculated together.

6. **Calculate Rostered Staff Factor and Organize Schedules** Rostered staff factor, also referred to as *shrink factor* or *shrinkage*, adds realism to staffing requirements by accounting for breaks, absenteeism, training, and nonphone work. Schedules are essentially forecasts of who needs to be where and when. They should lead to getting the right people in the right places at the right times.

7. **Calculate Costs** This step projects costs for the resources required to meet service and quality objectives.

8. **Repeat Steps 1–7 for Higher and Lower Levels of Service** Preparing three budgets around three different service levels provides an understanding of cost trade-offs, which is invaluable in budgeting decisions.

New opportunities and new challenges

In the marketing environment of the 21st century, there are enormous opportunities for interacting with customers. New services built around the World Wide Web, video capabilities, and other multimedia technologies are bringing new opportunities and challenges to the call center. Many inbound call center managers and CSRs are concerned about the new technologies and how they will affect their jobs and the call center industry in general.

The changing environment has caused the term *incoming call center* to be challenged on several fronts even as call centers are being accepted as an integral element of the business environment. The controversy is over the definition of this entity: Is it a center that handles calls? This concept hardly describes the incoming call center of today, of which there are hundreds in a variety of business sectors, from financial institutions to communications companies (see chapter 5, “Call Center Case Studies”). *Calls* are just one type of customer communication, and the word *center* does not describe the many multisite environments nor the growing number of organizations that have telecommuting programs. *Call center* has become an umbrella term for a variety of customer contact facilities, including reservation centers, help desks, information lines, and customer service centers, regardless of how they are organized or what types of transactions they handle.

Call center planning and management has also changed, not fundamentally, but in ways that are related to the new environment and the new technologies. With integrated Web services, customers and potential customers browsing a Website can click a button, be connected to the call center, and receive immediate live assistance. Planning and managing in this environment should involve the steps in the eight-stage planning and managing process described in the previous section. Planning for and managing video calls is another example. The process begins by choosing an appropriate service level objective, then collecting data, forecasting the video call load, calculating the base level of agents required, planning for system resources, and so on. The objectives are the same as for a more traditional call center operation: the right number of video-equipped agents and necessary technology resources in the right places at the right times, performing the right functions.

Changes to come

Changes in call center management practices related to the new types of transactions that need to be handled will be required. The new transactions will become increasingly complex as technology automates simple and routine tasks and leaves CSRs to manage interactions requiring the human touch. Customer expectations will continue to climb, and callers will not tolerate organizations that do not provide the choices and service levels they demand. The personal skills required of call center personnel, however, will not change: CSRs will still need good writing and customer service skills. Finding the right mix of technology and human capital will require an ongoing effort.

Since the early 1900s, there have been many advances in technology and the art and science of communication has been in the forefront, as described in Chapter 2. Technology has had significant impact on the call center: Operators, for example, are no longer needed to connect calls because the process has been automated. But managing the modern call center faces challenges similar to those faced by the telephone pioneers. Forecasting calls accurately, staffing appropriately, and getting the right people and other resources in the right places at the right times are continuing problems that connect today's call center to the past, as noted at the beginning of this chapter.

As telephone services matured, several solutions to resource management challenges were proposed. One of the first individuals to solve the problem of handling vast numbers of incoming calls and arriving at the optimum level of operator resources was A. K. Erlang. Erlang's queuing formula, *Erlang C*, still widely used today, gradually evolved into a programming language (Erlang) that has been used in a variety of mission-critical areas, especially in applications that must run continuously and across many machines such as air traffic control and, of course, call center operations.

3.5 Call centers—corporate business hubs

Recent studies indicate that in many sectors of the economy call centers have become a major factor in customer retention, competitiveness, and ability to adapt to changing markets. These operations are the "front wall" of the organization—often the first contact point for a customer. Senior executives are becoming much more aware of the significant contributions an efficient, customer-oriented call center can make to corporate business objectives and are supporting initiatives to attract the best people possible to their call centers. As call centers play an ever-increasing role in regional, national, and international economies, governments at all levels are providing tax incentives for call centers to locate in their jurisdictions.

Call center managers—professional skills

Those who aspire to call center management positions will need to develop a definable skillset to achieve success. These skills include

- *Communication*—writing, speaking, and interpersonal communication with all levels of management
- *Project management*—the ability to manage several projects at the same time
- *Training*—understanding the importance of training and the various training methodologies available
- *Leadership and management*—the ability to develop trust in employees and manage call center activities
- *Performance assessments*—the ability to review and assess employee performance
- *Quantitative analysis*—the ability to analyze statistical reports

Call center managers who successfully meet these challenges have significant opportunities for advancement. As noted previously, call center management has become a recognized management position and has cross-industry applications and thus the same job mobility opportunities as other industry management positions.

Knowledge requirements

In addition to a skillset, there are some other attributes which might be called *knowledge requirements.* These are personal experience and background characteristics that might round out the abilities of a call center manager. The knowledge requirements include

- Customer service
- Forecasting
- Staffing and scheduling
- Caller behavior
- Random call arrival
- Queuing theory
- Systems and software
- Organizational behavior
- Ergonomics and workplace environment
- Industry vocabulary

Staying in tune with industry developments through attendance at conferences, call center associations, and generally participating and contributing to industry events is important for call center managers. Continual personal growth and development will also be of benefit to a career. Keeping abreast of evolving technologies and developing a network of other professionals and resources available to assist in resolving job-related problems are other activities that can help the manager along a career path.

3.6 Service level—a core value

At the heart of effective incoming call center management is the principle of *service level*. A service level objective can be used to determine the resources required and the effectiveness of the center in its impact on the corporate business goals. Here are some of the questions that can be answered by establishing and monitoring a specified level of service:

- How accessible is the call center?
- How much staff is required?
- How does the center compare to the competition?
- Can the center handle the response to marketing campaigns?
- How busy will the CSRs be?
- What will the costs be?

Defining a service level

Service level is often referred to by various terms. In some call centers, it is the *telephone service factor*, or TSF. Others refer to it as *grade of service* (GOS), although this may be confused with the term for the degree of blocking on a group of trunks. Service level is also referred to as *accessibility* or *service standard*. Typically, the term *service level* is used to refer specifically to transactions that must be handled on arrival at the call center. Response time, often called *speed of reply*, may even be called *service level* as well. To avoid confusion, response time will be used in a specific sense in this book, to describe *the level of service assigned to transactions that can be handled at a later time and do not need to be handled "on arrival."*

The most widely-accepted definition of service level is based on the percentage of calls answered in a given time frame, for example, 90 percent of calls answered in 20 seconds. Some managers define service level as a percentage only or as an abandonment rate. Others refer to the percentage of the time the service level objective is met, whatever that objective may be. And there are those who define service level as "average speed of answer" or longest delayed call.

The various interpretations and other definitions of service level often lead to misunderstandings and mismanagement. By its nature, service level should be defined as a specific percentage of all calls answered in a specific time frame, as previously noted. Planning should be based on achieving this target. Choosing an appropriate service level objective is one of the first steps a call center manager should take to ensure effective planning and management of the operation and to establish budgets.

Establishing a service level helps to link resources to results and measures the degree to which customers are being transferred and handled by a CSR. Service level is a tested and proven criterion in call centers worldwide for transactions that must be handled when they arrive—most commonly inbound phone calls. However, as customer contact methods change, new multimedia services—video calls and calls integrated with the World Wide Web—may also become part of the service level criterion. Because of its universal acceptance as a primary call center criterion, service level will remain an important objective to the next generation of call centers.

Other response categories

In addition to the "immediate response" category, most incoming call centers are required to handle transactions that belong in a second category, those that don't have to be handled at the time they arrive. Some examples of these transactions are

- Postal correspondence (snail mail)
- E-mail
- Faxes
- Voice mail
- Video mail

These transactions allow a larger window of time for the call center to respond. It is as important, however, to establish specific response time objectives for these interactions as it is for the first category of transactions. All categories of transactions can contribute to meeting the service objectives of the call center if appropriate priorities are established.

Other response criteria

Average speed of answer (ASA), another often-used response criterion, is related to service level because it is derived from the same set of data. However, ASA is often misinterpreted. In any set of data, it is generally assumed that the average lies somewhere in the middle or that "average" represents typical experience. This is not true for call center purposes. Although mathematically correct, the average does not represent the experience of individual callers. In a call center, most callers get connected to a CSR *much quicker* than the average, but some wait *far beyond* the average. For example, with an average speed of answer of 15 seconds, about 70 percent of callers get answered immediately, but a small percentage of callers will wait three or four minutes in the calling queue. Although ASA is useful in calculating some call center requirements—for example, in calculating trunk load—service level is a more reliable and more telling measure of a caller's experience.

Abandoned calls

Considering call abandonment rates alone as a measure of whether staffing levels are appropriate can be quite misleading. A high abandonment rate is probably a symptom of staff problems. But a low abandonment rate doesn't necessarily mean the center is optimally staffed. If abandonment rates are unacceptable, call center managers need to evaluate the situation to determine what is wrong. It is most likely that the evaluation will reveal a too low service level. When service level is being achieved, abandonment rates tend to take care of themselves.

Unanswered calls

One important consideration about service level is what happens to calls that don't get answered in the specified service-level time frame? Most Erlang C and computer simulation software programs can calculate the answers to this question and others. For example, for a service level of 80 percent answered in 20 seconds, experience indicates that about 30 percent of callers end up in the queue, that the longest wait will be around three minutes, and that the average speed of answer will range from 10 to 15 seconds. This example points up the obvious fact that different callers have different experiences with call centers, even if they are part of the same set of data measured by service level, ASA, and other measurements. The reason for this is "random call arrival," a reality of call center operation and a factor that needs to be considered when deciding how to measure quality of service. Service level is the single best measure of quality, largely because it enables the center to determine what happens to different callers.

Inbound transactions—priority levels

There are two major categories of inbound transactions, with two priority levels, that a call center needs to handle:

- Those that must be handled when they arrive (e.g., inbound calls)—*Performance objective: Service Level*
- Those than can be handled at a later time (e.g., correspondence)—*Performance objective: Response Time*

The rationale for a service level

Establishing a service level based on calls answered in a specified time as opposed to percentage of calls answered or percentage of calls abandoned or even average speed of answer provides a clear-cut indication of a caller's experience when contacting the call center. Service level is the most stable measurement of the inbound call-in queue. The importance of a defined service level can be summed up by examining the effect on customers and call center operations as it relates to the following factors:

- Agent burnout and errors
- Levels of lost calls
- Customer goodwill
- Links between resources and results
- Focus on planning activities

Applying service-level metrics

It is important that service level be interpreted in the context of call blockage, that is, calls not getting through. Any time some portion of callers is getting busy signals, no matter whether generated by the system resulting from a limited number of staff and lines during a busy period, service level reports only report on the calls that are getting through. Reports based on service level and average speed of answer can be configured to look very impressive simply by limiting the number of calls allowed to get through.

Service level is obviously a time-dependent parameter, and daily service level reports may often conceal important information. Service level may be down in the morning; however, if staff levels improve and every call in the afternoon is handled immediately, the daily report will look very good against service-level objectives. On the other hand, the level of service from a callers' perspective is a different story. It is not difficult for managers accountable for daily reports and meeting service-level objectives to "fudge" these reports or call center activity to make the situation look better than it really is. If the morning service level was low, they may keep CSRs on the phones through the afternoon when the call load drops, just to make reports look better. This is a waste of valuable time and resources and provides inconsistent service to customers.

Consider this: If daily reports are potentially misleading, the longer the time frame between reports, the more misleading they can be. Therefore, monthly averages for service level are virtually meaningless, because they don't reflect the day-by-day, half-hour–by–half-hour realities. Even so, monthly reports are a popular way to summarize activity for senior management, although there are more meaningful methods of reporting call center activity.

ACDs and service level

There are a number of alternative methods to calculate service level using ACDs. Following are some of the most common calculations used, although some ACDs allow users to specify other definitions of service level using a variety of other call center parameters:

1. *Calls answered in* Y *seconds divided by calls answered:*

$$\frac{\text{CA}(Y\ \text{sec})}{\text{CA}}$$

   This is a very simple but incomplete measure of service level. It is not recommended for a definitive analysis because it considers only answered calls. It is an incomplete recognition of call activity and, therefore, not a good measure of service level. For example, call abandonment is entirely ignored in this calculation.

2. *Calls answered + calls abandoned in* Y *seconds divided by (total calls answered + total calls abandoned):*

$$\frac{\text{CA} + \text{CAB}\ (Y\ \text{sec})}{(\text{TCA} + \text{TCB})}$$

   For most situations, this alternative is preferable because the calculations include all traffic received by the ACD; therefore, it provides a complete picture of call center activity. The combination of total calls answered (TCA) plus total calls abandoned (TCB) is often referred to as *total calls offered*.

3. *Calls answered in* Y *seconds divided by the sum of (calls answered + calls abandoned):*

$$\frac{\text{CA}(Y\ \text{sec})}{(\text{CA} + \text{CB})}$$

   This alternative tends to be the least popular among call center managers because calls that enter the queue but then fall into the abandoned category drive service level down. It is appropriate in situations where calls enter a queue *after* callers receive a delay announcement. It is not recommended in situations where callers enter a queue *before* they receive the delay announcement.

4. *Calls answered before* Y *seconds divided by (calls answered + calls abandoned) after* Y *seconds*:

$$\frac{\text{CA}(\text{before } Y \text{ sec})}{(\text{CA} + \text{CB})(\text{after } Y \text{ sec})}$$

With this calculation, abandoned calls only impact service level if they happen after the specified *Y* seconds. This measurement provides a way to avoid "penalizing" the service level due to callers who abandon quickly, without ignoring abandoned calls altogether.

Turning service level into quality of service

As many call center managers have discovered, it is important not to confuse service level with *quality of service.* It is possible to regularly and continuously meet service-level objectives and at the same time create extra work, have low productivity, and provide a poor quality of service to customers. A narrow focus on service level will not necessarily provide quality. CSRs can have an excellent service level but still make some or all of the following mistakes that may not be reflected in service level because they are content related and not traffic related:

- Relay the wrong information to callers
- Make callers upset
- Fail to accomplish call center objectives
- Record incorrect information
- Miss opportunities to capture valuable feedback

Service level—a limited measure

Service level is a limited measure of overall call center performance because it indicates only that "not too many callers had to wait longer than a certain number of seconds before reaching a CSR." Unfortunately, service level measurement devices such as those provided in an ACD cannot measure whether callers and the organization achieved their mutual goals. It is important not to play the "numbers" game and to keep the primary objective in mind.

Optimizing service level with quality is an ongoing consideration in every call center. If service level is the only characteristic that is being measured and managed there can be too much emphasis on it. A good service level is an enabler for other important objectives—calls are coming in and being answered so that the organization and callers can achieve their mutual goals: getting information on product or services, selling products, or providing other customer-oriented information.

On the other hand, a poor service level reduces call center productivity. As service deteriorates, more and more callers are likely to complain when calls are finally answered. CSRs will spend valuable time apologizing to callers and will not be able to answer as many calls as the service level deteriorates. Costs will increase and revenues will likely be affected negatively. Other negative situations will also develop. Calls will get longer because CSRs will eventually pace themselves differently. And they will take breaks when they are on calls if they are so busy they cannot take breaks between calls, because the "in-between" time no longer exists. In the longer term, as service level starts to slip and continues to decline, CSRs often try to clear up the queue. If they are not able to do this, they eventually adopt work habits that are detrimental to the call center. Call handling time goes up and employee moral is affected and turnover and burnout increase, along with recruitment and training costs. This is obviously a disastrous spiral for a call center environment.

The impact of a poor service level will ultimately be felt in the quality of service offered. When CSRs are overworked due to constant congestion in the queue, they often become lazy and can also become less "customer-friendly." Callers are telling them about the difficulties they had getting through to the center, and CSRs make more mistakes under these conditions. These mistakes contribute to repeat calls, unnecessary service calls, escalation of calls, and complaints to higher management, callbacks, and so on—all of which drive service level down further, again illustrating that a poor service level is the beginning of a vicious cycle.

Based on this discussion, it is apparent that quality should never be considered as an attribute that is *opposite* to service level—the two must go together.

Choosing a service-level objective

The number of staff needed to handle transactions and the schedules should flow from the service-level objective. (see Figure 3.6) Imagine that the call center receives 50 calls that last an average of three minutes in a half-hour period. If there are only two CSRs answering calls, the delay time for

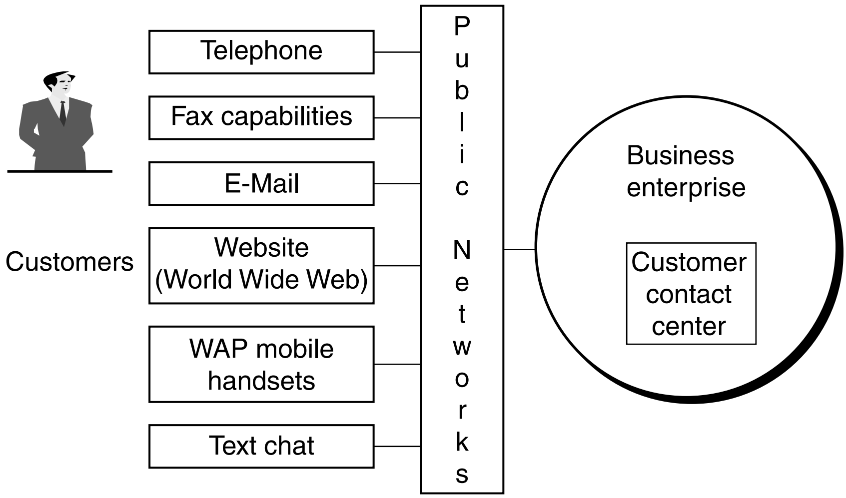


Figure 3.6 *Customer inputs to a multimedia call/contact center.*

most callers will be long, and abandonment rates will be high. Adding CSRs will reduce delay times. An acceptable rule of thumb is reduce the queue to an acceptable level for both the call center and the callers. The number of CSRs required to provide this degree of service then becomes the service-level target and defines the correct level of resources to meet that target.

There are no generally accepted industry standards for service level, but there are several factors, mostly subjective, that affect service level:

- Value of the call
- Fully loaded labor costs
- Trunk costs
- Caller tolerances
- An organization's desire to differentiate products or services by level of service provided in the call center

An industry standard would have to be based on all call centers placing the same values on these factors, which would be difficult, if not impossible, to achieve. However, some regulated industries have defined service levels. For example, service levels are defined by regulation for cable TV companies in the United States and for telecom call centers in some countries. These levels of service may be regulated through a service-level agreement (SLA). In Canada, Bell Canada service levels are regulated by the CRTC (Canadian Radio and Telecommunications Commission).

It is reasonable to conclude from the discussion here that the correct service level for a call center, apart from legal regulations, is the one that meets the following conditions:

- Minimizes expenses
- Keeps abandonment to an acceptable level
- Maximizes revenue
- Meets caller needs and expectations
- Minimizes agent burnout and errors
- Is agreed upon and supported by senior management

Guidelines for determining service-level objectives

There are a number of methods for determining service-level objectives, but the following four approaches have been distilled from the collective experience of call center managers:

- Minimize abandonment
- Take the middle of the road—follow the crowd
- Relate to competition
- Conduct a customer survey

Each approach requires some subjectivity and judgment on the part of management personnel.

Minimize abandonment

No single service level would satisfy all situations affecting how long callers will wait for a CSR to respond. A number of factors influence caller tolerance, including

- How motivated callers are to reach the call center
- What substitutes for a telephone call are available
- The competition's service level
- The caller's expectations based on past experiences
- How much time the caller has
- The conditions at the locations callers are calling from
- Who is paying for the call

The first approach to choosing a service-level objective essentially involves asking the question, *How low can response times go without losing callers?* This assumes that a higher level of service means lower abandonment and vice versa; that is, as long as callers don't abandon, service is acceptable. But that is not always the case—abandonment is not static and will fluctuate as the seven factors of caller tolerance change. Abandonment is difficult to forecast, and choosing a service level around abandonment is one of the least desirable ways to establish a service level.

Take the middle of the road—Follow the crowd

The "middle-of-the-road" method defines service level as *percentage of calls answered in so many seconds, for example, 80 percent answered in 20 seconds*. The 80/20 objective has been cited in some ACD manuals as an "industry standard." However, it has never been recognized as such, even though many early call centers used it. The 80/20 objective is still fairly common because for many call centers it is a reasonable balance between callers' expectations and the practicality of having enough staff to meet the objective.

Benchmarking the competition

Another popular method for choosing a service level is to benchmark competitors or other similar organizations and then use this information as a starting point. This can be done informally by simply asking for the information or by conducting a formal benchmarking study. Whatever the approach, keep in mind that the results reported and those actually achieved may not reflect the actual situation. Human nature tends to "color" the truth on the positive side, especially when the competition may have access to the responses! Cases have been documented where companies with the same service level objectives—80 percent of calls answered in 30 seconds—achieved very different results.

A more formal way to determine the potential impact of abandonment on overall costs is *incremental revenue analysis*, a variation of the benchmarking approach. Traditionally, this approach has been used in revenue-generating environments, for example, airline or railway reservation centers and catalog companies, where calls have a measurable value. It is more difficult to use in customer service centers and help desk environments, where the value of calls can only be estimated. In incremental revenue analysis, a cost is attached to abandoned calls and assumptions made as to how many calls would be lost at various service levels. CSRs and trunks are added as long as they produce positive incrementals, either marginal/additional revenue or value, after paying for the initial costs. As long as the assumptions are clearly understood and communicated to management, this approach can be very useful when combined with other approaches.

Customer survey

A fourth method for choosing service level is to conduct a customer survey. This involves analyzing caller tolerance.

It is always a good idea to know what callers expect, but random call arrival means that different callers have different experiences with a call center. Even for a modest service level such as 80 percent answered in 60 seconds, over half the callers will get an immediate answer. Some may still be in the queue for three to five minutes (assuming no overflow or other contingency). This significant range of response times means that many callers in a set would claim that the service level was great, while others would describe it as totally unsatisfactory!

There are variations in customer survey methodology. Some managers take samples of individual callers and then compare the responses to the actual wait times for their calls. Others conduct general customer surveys. These samples indicate that waits of up to 60 to 90 seconds are acceptable to a fair percentage of the callers surveyed.

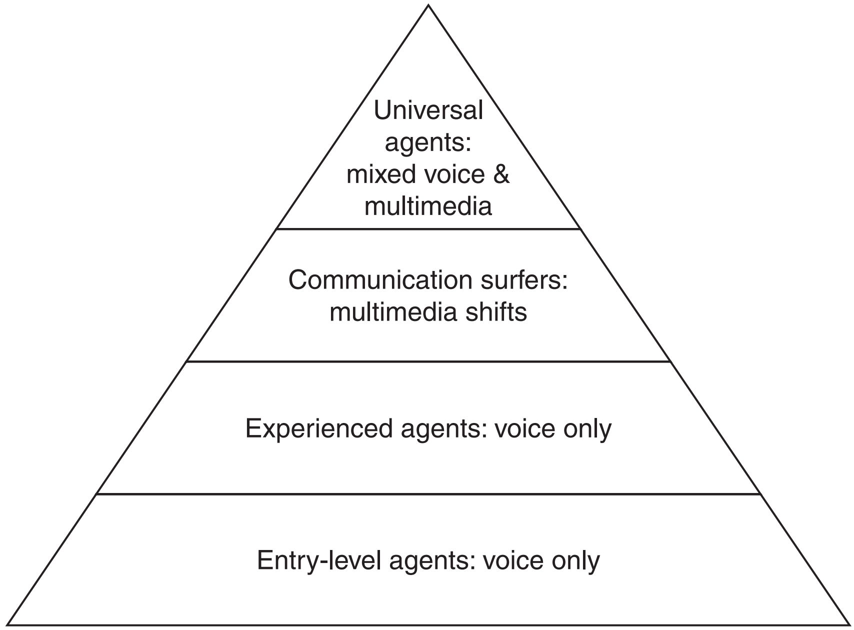
3.7 Creating value through workforce optimization

Call center managers need to understand that successful management means understanding the complex trade-offs inherent in the sophisticated call center operating environment, where the proper allocation, dispersal, and treatment of the human resource are fundamental requirements. Quantifying and increasing the value of workforce optimization solutions is important and needs to be addressed. Typically, analysis focuses on software and infrastructure investments that will yield greater efficiencies resulting from automation. Some call center product vendors, however, take a different approach that assesses the return on investment in the human resource, the employees in the call center.

Assessing value creation

Personnel costs usually account for 70 to 80% of overall operational expenses in contact centers. Leveraging these personnel resources efficiently through workforce optimization solutions can potentially provide significant returns. However, most models for assessing value creation only consider the benefits derived from streamlining the processes of forecasting and

Figure 3.7
Ascending levels of CSR skills experience.



scheduling call center staff to meet service goals. These models may result in significant gains through the automation of various functions, but they fail to address the real complexity of workforce optimization and are far too simple to portray accurately the real meaning of workforce optimization.

The major factors involved in managing and maximizing CSR productivity and the quality of customer interactions while maximizing the number of contacts handled per agent hinge on the ability to match the volume and type of customer contacts precisely. These factors include availability of agents by skill type and contact media type (e.g., e-mail, phone, or fax). Done effectively, the returns for each call can be maximized and result in a maximization of returns for the entire call center. (see Figure 3.7)

Staffing and customer service

To paraphrase a well-known authority on workforce optimization, Dr. Richard Coleman, founder of Coleman Consulting Group, it takes an organization as sophisticated as a contact (call) center to show how developing strategic staffing plans relies on understanding the complex trade-offs inherent in each staffing scenario. The effects of seemingly insignificant staffing changes are far-reaching. Staffing plans dictate the kind of service customers receive and, ultimately, the profitability of customer relationships. The implementation of best practices and an understanding of the mathematics behind workforce optimization, as described previously in this chapter, are essential to successfully leveraging the center's human capital.

Most call centers lack the tools to assess the rationale behind their service-level agreements effectively. As noted previously, government regulation dictates the service level required in some industries, for example, public utilities. Missing the service commitment in these industries can result in fines and subsequent damage to businesses. In other, unregulated sectors, most organizations set service goals according to industry benchmarks, which can be a somewhat arbitrary process. However, the difference between 70 and 80% of calls answered in 20 seconds is recognized by customers who communicate with the call center. On the other hand, the marginal benefit to the customer of moving from 91 to 93% of calls answered in 20 seconds may have significant cost implications and not make much tangible difference in the quality of the customer experience. What is also lacking from these arbitrary models is the ability to quantify the significant *customer loyalty* and *profitability gains,* above and beyond efficiency gains, that an enterprise can expect to achieve by optimizing its workforce.

The customer experience

The automation of workforce measurement is intended to ensure that customers remain loyal, that a mutually profitable relationship exists and is retained, and that the impact of workforce optimization will not lead the company into an unprofitable or nonviable direction. These objectives can be realized by establishing and sustaining a strong customer experience. The process begins with the people who most frequently interact with customers—call center employees—the mangers, supervisors, and CSRs who are the front line of customer contact.

The call center employee environment

By strengthening the link between employees and customers, workforce optimization enhances profitability. The call center is often the only means for the organization to regularly interact with customers. Unfortunately, the typical working environment of a call center does not foster a harmonious relationship between the company and the call center employees, for several reasons:

- High stress

- Limited work space
- Pressure
- Intense and fast-paced activity
- The perception of most employees of their function within the enterprise, a perception that often belies the important role of the call center employee in the organization.

Working in a call center can be a thankless job, and a reflection of this fact, noted previously in this book, is the extremely high staff turnover relative to other industries—ranging somewhere between 20 and 35% annually. In many centers, CSRs are treated as nothing more than an overhead cost rather than as critically important to increasing enterprise profitability. This view is changing as corporate executives realize the importance of customer relationship management (CRM) and the call center role to corporate CRM strategy. (Chapter 6 describes in detail the contribution of call centers and call center employees to an organization.) Organizations that are able to channel the human potential of the call center realize a significant benefit from this corporate resource. Those that succeed in positively influencing employees' attitudes about their jobs begin by including more flexibility and improving job recognition. *Employee job satisfaction has been demonstrated to be one of the most significant determinants of the quality of customer relationships.*

Training, recognition, and employee empowerment

Many call center employees believe that they have little control over their own schedules and even less over how their current position might translate into a career path with future growth opportunities within the organization and beyond. When questioned about what can be done to improve their job satisfaction, the vast majority of employees cite *increasing recognition for the important work they do and providing more flexibility in scheduling to allow for outside commitments.* Most CSRs would also like to have the opportunity to schedule their own enrichment training, to improve their skills, or to learn about emerging technologies or products that may assist them to advance in their field of employment. They also want to be able to move into higher-paying or more strategic positions within the organization. In some centers, higher-skilled positions command higher salaries; for example, CSRs trained to handle e-mail customer contacts often earn more than those responsible for phone communication alone.

Naturally, a certain percentage of CSRs will always perceive their work as a short-term job rather than as a career, but improvements in working conditions can substantially impact the turnover resulting from CSRs changing jobs for slight improvements in their work environment. Anecdotal evidence from a Gartner research report indicates that 85% of CSRs who leave their organizations leave of their own volition, while only 15% are terminated due to poor performance. Of the agents who leave on their own, some move on to other opportunities for reasons beyond employer control, for example, a career change. It would be impossible and even undesirable to eliminate the natural turnover of the poorest performers and those employees looking for different opportunities. In many cases, however, CSRs don't leave companies, they leave managers!

The experience of call center managers and the results obtained form research reports point up the fact that a significant amount of employee turnover can be influenced by the employer. Experienced call center managers know that the nature of the call center industry will always produce a higher turnover rate than other industry sectors. The Gartner research report concludes that call center turnover for nontechnical agents will probably never fall under 10–12% per year because of natural turnover. If this statistic is valid, there is still a substantial percentage of employee turnover that falls into the category of *controllable turnover*. Call center turnover in some industry sectors ranges as high as 50%; the controllable turnover percentage is therefore quite significant. The challenge for call center management and for the corporation's human resources department is to determine the personnel policies that are most effective in reducing employee turnover.

Responding to employee needs

One of the keys to reducing the controllable turnover percentage is to understand and respond to the changing way employees view their jobs. There is a requirement for a new approach to employee concerns and, to paraphrase Peter Drucker, it is change in the way companies need to treat employees …organizations need to market membership (employment in) their companies at least as much as they market products and services. People need to be attracted, recognized, and rewarded. In the call center environment, increasing flexibility and allowing for a career path are two ways that turnover can be curbed and a reputation as an employer of choice can be gained—a reputation as an employer with such high levels of employee satisfaction that employees refer the business to potential customers and employees alike.

Some workforce optimization systems offered by vendors of call center services and products provide the tools and best practices needed to increase efficiency and improve employee satisfaction while meeting business goals and objectives. By empowering employees to manage their own time and providing some information on how their day-to-day activities relate to their longer-term career goals, these solutions increase employee satisfaction and loyalty. Some workforce optimization products have a training component as well that offers opportunities for training on new systems or products—within defined parameters—to meet customer service demands and to satisfy employees' desires for more control over their careers. These products include training for new and existing employees, giving them the skills necessary to meet the requirements of critical positions that need to be filled. This pays off in greater efficiency for the organization because it spends fewer resources on recruiting for new positions.

Call center analyst Paul Stockford of Saddletree Research has described how CRM has made companies realize that customer interactions with contact or call center employees have strategic value. As a result, the strategic role of these employees is rapidly being recognized. The result of a well-managed scheduling program—one that considers both customer and agent attributes—has the extended effect of building loyalty among contact center agents as well, with the resulting economic benefits flowing straight to the bottom line.

The impact of employee loyalty

The long-term effects of increased employee loyalty often have a greater impact than the profitability gains resulting from more effective use of training and recruiting dollars. Long-term employee loyalty is critical to retaining loyal, satisfied customers. Satisfied employees are more likely to refer an organization to friends and family, with the potential for new customers as well as sources for recruiting new employees.

As noted, the average annual turnover in call centers is between 20 and 35%, and companies spend an average of $6,000–$8,000 on recruitment and training per agent. Even a marginal improvement in employee loyalty has the potential to generate considerable cost savings. But significant as these numbers are, they do not begin to quantify the tremendous financial benefits of the productivity gains that result from employee tenure. Especially during periods of economic uncertainty, when shareholders of publicly traded companies look critically at costs and earnings, controlling labor expenditures becomes even more important. Because loyal employees have critical customer and corporate knowledge, the benefits of their loyalty during these times quickly spread throughout the organization. Thus, using effective human resource practices and policies to keep employees satisfied results in knowledge and skills staying within the organization and their continual leveraging to serve customers.

Categorical knowledge

Employees with what Aberdeen Research refers to as *categorical knowledge* are able to immediately recognize customer needs and act decisively and appropriately to satisfy them. These employees are far more likely to resolve issues on the first call or contact than less experienced agents with the same skill. Even the most talented new employee lacks the intuition and skills that come only from experience. Veteran employees are valuable because their experience and corporate knowledge translates into less time spent on each contact and greater overall productivity. A recent study by the University of Calgary further confirms the connection between customer satisfaction and employee training and tenure. The study showed that highly trained generalist agents pulled in a 22% higher level of customer satisfaction, and agents with even more specialized training average 11% higher customer satisfaction than generalists. These results demonstrate that *training is very important and advanced training is even more important!*

Employees with categorical knowledge are of benefit to the organization because they have gained experience and a solid understanding of the company's business as a result of the years spent with the company. Their knowledge and ability to satisfy customers transform the call center into a profit center through significant improvements in upsell and cross sell abilities. According to some studies on customer retention, it costs 5 to 12 times more to acquire a new customer than to retain an existing customer. Therefore, keeping customer-focused, seasoned employees is necessary to the overall success of the enterprise. Customers recognize the importance of good service as well. In surveys, customers repeatedly cite the level and quality of customer support as the most important variables in determining whether to do business with companies on an ongoing basis. This finding can be translated into an important axiom for call center management: *Keep the CSR and retain the customer!*

Customer loyalty and profitability

Customers who are not completely satisfied may defect, particularly when offered a better deal, a more convenient location, or the promise of a higher level of service from a competitor. When customers are fully satisfied with a company's service, they will return time and again to make new purchases and to expand their relationship with the organization. The secret to obtaining and retaining that elusive *customer loyalty* is long-term, seasoned employees. They have the power to truly satisfy customers and extend their loyalty—they know the company, the customers, and how to build lasting, profitable relationships.

Although solidifying relationships with employees and customers may be difficult, the effort expended will bring long-term benefits. In fact, reducing customer defections by as little as *5 percentage points* can double profits. Studies show that, over time, companies with higher customer retention rates are more profitable. Incremental increases in retention rates have significant impact on profitability over the long term. Many have written about this correlation between customer loyalty and company profitability. The proof can be found in some of the world's most successful companies—companies like Charles Schwab, Cisco, and General Motors, to select a few household names—where a direct relationship can be established among employee/customer satisfaction, loyalty, and company success. These are also companies that have well-earned reputations for listening to both employee and customer needs and working hard to maintain relationships with profitable customers and with seasoned employees.

Conclusion: managing the primary assets

Many organizations have made significant investments in automating and managing the customer experience in the call center and at other customer contact points, but they have often forgotten the most important element: *the people who actually determine customer loyalty and subsequently, enterprise profitability*. Call centers are the places where many of these people are located and where the customer frequently has the first contact with the company.

By properly managing the most important component of a call center—the human resource—and influencing how employees view their jobs and how they perform their jobs in a positive way, sound personnel management practices and workforce optimization systems can begin a chain of value creation that leads to closer relationships with employees and more profitable relationships with customers. By assisting call center managers to manage their primary assets effectively—the call center employees who are behind customer interactions—workforce optimization systems are unique in their ability to impact relationships between employees and customers.

Following are some convenient guidelines for evaluating how well a corporate call center is optimizing the potential of its human resources with good management practices. They indicate how the implementation of workforce optimization systems can benefit the organization.

MAXIMIZING THE RETURN ON HUMAN ASSETS

Performance Criteria for Call Center Managers

- Optimize business practices to ensure employees are working in the most effective ways.
- Incorporate employee enrichment effectively into employee work times.
- Establish the true marginal cost of a labor hour.
- Use workforce optimization software to optimize and schedule employees.
- Ensure employees have schedule flexibility while meeting service-level objectives.
- Ensure that the first call/contact resolution rate meets objectives.
- Ensure that the cost and efficiency implications of customer service goals are fully understood by call center staff.
- Establish the appropriateness of operational service goals and ensure they are cost-effective.
- Establish overlapping CSR schedules to minimize the impact of absenteeism and lateness.
- Be prepared to incorporate new customer contact channels into the call center.
- Organize and arrange physical resources as well as CSR schedules—office space, computers, and so on—to optimize effective and efficient sharing.
- Involve employees in managing their own schedules and designing flexible shifts.
- Recruit and hire the right employees with the right skills at the right times.
- Determine who the best customers are and quantify the lifetime value of these customers.

3.8 Disaster and contingency planning in call centers

An important aspect of managing a corporate facility—one that includes resources, equipment, and people—is disaster and contingency planning. There are several reasons why a disaster and contingency plan should be put in place by every call center operation, and should be rehearsed, like a fire drill, periodically. Not the least of these reasons is maintaining call center services in the face of natural or human disasters. Many problems or contingencies can arise that result in a call center being shut down and customer communication lost, possibly for an extended period, if alternative arrangements have not been made.

Downtime

Several situations can result in call center downtime: natural disasters—storms, snow, flooding—can keep people from getting to the center; construction, often the bane of those who need to maintain continuous communication services because of frequent disruptions to power, cable, or telephone lines; fire; power spikes; cable cuts; computer crashes; and network outages—all can very quickly cut communication links to the outside world. While these disturbances may be localized, affecting only a small number of centers, the cost of downtime to any center hit by a temporary shutdown can be enormous. This is why it is critical for call centers to invest in disaster contingency planning, with the hope that it may never have to be implemented but if required the center and staff are well prepared.

Coping with emergency situations

The following procedures for coping with emergency situations have been developed from the experience of many call centers.

Identify key systems at risk in a disaster or emergency situation

Some of these systems are obvious—switching technology, data processing equipment, and so on. How vulnerable is the business if the package delivery/courier service is not available? Labor trouble in these service organizations can shut a business down. Orders may be taken over the phone, but if they can't be delivered, customers may stay away. Because all organizations depend on other companies, every service that is outsourced is particularly vulnerable, especially order fulfillment, personnel supply, and service and maintenance on internal equipment.

If outside services are critical to continuous operation, there are essentially two choices for setting up a contingency plan:

- Single-source services, ensuring that vendors have enough redundancy or extra capacity to handle defined contingencies
- Multisource services to provide backup in case the primary vendor has difficulty meeting contractual obligations

As noted, contingency planning needs to be applied to every service, from courier services to communication resources such as long-distance services. Organizations that are service providers need to inform customers of contingency plans to ensure continued service in case of snow, fire, or other short- and medium-term emergencies.

Conduct a cabling/wiring/power assessment

Map out every wire and connection in the center with a pictorial interconnection diagram showing the connections between technologies. This will make it possible to check the power protection status of every server, PC, switch, and node. A critical assessment will identify which items are covered by UPS (uninterruptible power supply) units, which have hot-swappable power supplies, and which systems require these resources.

Telephone systems are particularly vulnerable to lightning strikes, and a protection mechanism should be in place to prevent outages in phone service. A lightning strike could short out all phone sets and headsets, leaving CSRs with working computers and incoming ACD calls that cannot be answered.

Identify manual work procedures

A contingency plan should provide for manual order taking if the computer systems go down. Make sure there are always enough hard copies of current product or service catalogs for every inbound CSR so that basic pricing and ordering information can be given to a caller. CSRs also need to be trained in procedures for handling customers when customer data are not available. In addition, contingency planning should provide backup resources as well as procedures for handling the sudden flood of calls that come into the center when the IVR or auto attendant is down.

The Internet can pose another type of contingency planning problem. Can the center react to an increase or decrease in contact volume through alternative means, such as e-mail or text-chat? The more access methods customers have, the more points at which a sudden change can cause problems that may not be disastrous but may require special consideration. On the other hand, the more avenues a customer has to contact a company, the less likely the company will lose that customer to a disaster.

Identify key personnel

It's important to know who will be on call during a problem situation and the specific responsibilities of those personnel. Every staff member should be briefed on his or her responsibilities in an emergency.

Any working group convened for call center contingency planning should include members from other departments, especially people from IT and the facilities management departments, in order to share knowledge. They need to be made aware of the impact call center failure could have on the entire company and on the company's revenue stream. Personnel from other departments need to provide coordinated responses to problems that affect data processing, order processing, shipping, the availability of human resources—in fact, every aspect of the business.

Explore secondary operating sites

Sometimes, the only way truly to prevent disasters is to replicate call center functions in another location. If there's a flood, fire, or natural disaster that affects the central operation, CSRs can continue to operate from another location. Doing this could be as simple as using non call center assets (basic office space, for example) or as complex as arranging to buy contingency services from organizations that provide disaster and contingency services. There are also companies that offer to operate an entire call center from alternative sites in any location, for a substantial fee. These "call centers on call" are not traditional outsourcing services. User organizations pay a retainer to have access to their services as required, such as in an extreme emergency. Disaster-oriented services can provide a range of resources, including equipment, temporary (often mobile) facilities, and data processing and backup functions, as well.

These are only a few of the options available. It is important to remember that the continued operation of a call center depends on a complex set of connected technologies that are vulnerable to circumstances outside the control of call center management.

Power protection

Power is one of the company's most serious resources that require protection. When a call center goes down, company revenues stop flowing. Call center downtime, whether caused by natural or human disasters, is to be avoided at all costs. Downtime means customer calls are not coming in, orders are not being taken, and customers are getting impatient, even angry. They will turn to other companies to meet their needs. Thus, protecting the center from power outages is an important function that must be performed from the first day of operation.

One of the most common causes of downtime is failure of the electrical power system, often without warning, an event that will take a call center "off the air," usually for some time. Backup power sources are mandatory to prevent downtime due to power outages. The IVR (interactive voice response) system is a good example of a technology resource that will be out of service in a power failure. Once a call center has become dependent on IVR, it becomes a crucial part of the enterprise—handling a substantial amount of call traffic, promoting customer satisfaction, and generating revenue. In some cases, the IVR system handles all inbound calls, either directly or by passing them back to CSRs through an ACD. In this situation, loss of IVR would be as serious as loss of phone service.

Some facts about power problems that can help a call center manager prepare for power outages in the most effective manner are

- *Power problems are the single most frequent cause of phone and computer system failure.* Surveys indicate that the average IVR system has a significant power fluctuation (spike, surge, or brownout) approximately 400 times a year. Increasing consumption in regional power grids will only exacerbate the problem.
- *Power-related damage is one of the most difficult types of damage to recover from*. This form of damage creates two problems: It can destroy hardware, often necessitating costly, time-consuming replacements, and it wipes out data.
- *Multiple connections to trunks, networks, peripherals, and so on increase the number of access routes for power surges.* The more components that are interconnected, including data sources, the more vulnerable the center is to a power outage.

Uninterruptible power supply (UPS)

An uninterruptible power supply (UPS) is a battery system that provides power to a telephone switch or computer. Surge protectors control high voltages that can surge down power or telephone lines, destroying delicate equipment. Power conditioners remove noise, adjust voltage levels, and generally deliver clean power to telephone switches and computers. There are high-end UPS systems available that combine all of these functions in a single unit. Some UPS systems are marketed specifically for telecommunications applications; however, the UPS specifications for power protection of telephone systems are essentially the same as for a computer system.

Power management software is a recent development in the management of electrical power. These products allow users to track power conditions throughout the network from a workstation and provide UPS with more sophisticated features, including the capability of shutting down unattended equipment.

Power protection is an inexpensive form of insurance for call centers. The technology is proven and the added cost ranges from 10 to 25% of the hardware's value, excluding the value of the data that power protection will preserve in the event of a power outage. In fact, call center data are usually far more valuable than the hardware, which can be replaced.

Auditing disaster and contingency plans

There are two major components to a successful disaster and contingency recovery strategy. The first is *contingency planning*, which involves identifying all the elements critical to the call center operation: people, processes and equipment. It also means planning for situations where these elements will not be available with backup strategies for a variety of emergency conditions. The second component is *installing a technology net* that includes power protection, backup power supplies, redundant trunks and carriers, and duplicating any other resources that may be required in an emergency.

To ensure complete protection of the call center, an audit of disaster and contingency plans should also include the following activities:

- *Document every aspect of the center*—from wiring runs to home phone numbers of all critical personnel. This activity includes putting all plans on paper so they will survive a network crash. Staff members need to know where the plans are stored and have quick access to them.
- *Conduct emergency drills involving all staff*—so they are well prepared for a real emergency. They need to know their roles and how to keep the center operating.
- *Identify potential risks*—depending on the geographic location of the center, there may be greater likelihood of an emergency involving a snowstorm than an earthquake.

- *Conduct a power audit*—UPS devices are designed with the assumption that building wiring will provide proper routes to ground and has sufficient load capacity to control diverted power surges. Ensure that building power circuitry meets this requirement.

What needs to be protected? Identify exactly what systems are particularly critical and which are less critical and nonessential in the short term to the continued operation of the center. Establish priorities. Is it more important to be able to take orders? Or provide service? Thinking about these priorities will provide useful insight into the way the call center fits into the company's overall business process.

The key objective in disaster and contingency planning is to take precautions to ensure a minimum continuity of function and connection to customers. The call center is one of a company's most vulnerable departments because it has several complex core technologies and the loss of its operational capabilities means being cut off from customers; therefore, its recovery should be a top priority.

3.9 Outsourcing the call center

Setting up an outsourcing vendor for a corporate call center is a complex task. Putting all of the company's corporate eggs in an outsourcing basket may give many call center managers some uneasy moments. It's difficult enough to ensure that a company's own employees are managing customer relationships correctly. The outsourcing organization is being asked to handle an extremely valuable corporate asset: *the customer relationship.* The importance of this aspect of a corporation's business operations cannot be overemphasized, as will be shown in greater detail in Chapter 6, "Building Customer Relationships with Call Centers."

Market studies and analysis of the views of call center managers regarding outsourcing reveal widespread concern over the benefits of outsourcing. In one recent user study, users reported higher satisfaction levels with inhouse call centers than with outsourced call center services. Nevertheless, another report from IDC on the worldwide call center services industry indicates that it will grow to $58.6 billion by 2003 based on three segments of the call center services market: consulting, systems integration, and outsourcing. Outsourcing was reported to be the largest segment, with 74% of the total market, or $42 billion by 2003.

Call center outsourcing will continue to grow at a strong pace; however, the growth comes with a price tag. Users of outsourcing services are concerned, as they should be, with "staff competence," "flexibility," and "the caliber of operations" at their outsourced centers. The outsourcing business has grown rapidly over the past several years, however, because, by and large, outsourcers do provide good service, and companies need the service, the expertise and the technology provided by these organizations.

Outsourcing and maintaining customer relationships

The outsourcing sector is a very large component of an even larger call center industry, and it is undergoing continual change. Just as in-house call centers need continual monitoring and upgrading, so do outsourced centers. As well, managers who opt for an outsourced call center are beginning to realize how critical customer relationships are and are understandably concerned about losing control over corporate strategies. Turning sensitive service and revenue tasks over to an outside vendor creates stresses that are reflected in tentative satisfaction ratings. It is important for clients of outsourcing operations to manage their relationships just as if the centers were in house.

The fragile business of outsourcing

Outsourcing companies are a major component of the "teleservices" industry and are often the subject of adverse reports in the media, especially if they are public companies. In general, outsourcing centers are larger than in-house centers and are often comprised of networks of interlinked centers. As noted, they are subject to the same human resources problems—high turnover and employee burnout—as any other sector of the teleservices industry.

Growth in the outsourcing business has brought pressure to bear on these operations, requiring them to be very productive and to reflect the corporate cultures of their client organizations. For a variety of reasons, outsourcing services are a fragile element of the call center service market. Outsourcers must cater to a customer base that demands the highest levels of technology and insists that outsourcers provide very sophisticated off-premise technology that can be integrated into their own existing systems. The services provided by outsourcers are a luxury for many client organizations and will be scaled back during bad times to reduce costs and will likely become very price competitive. All of the negative business factors that affect in-house call centers have an even greater impact on outsourced centers: shortage of qualified labor, capital costs of keeping pace with demand and new technology, and the introduction of unproven, innovative technologies, such as Web/call center combinations.

For these reasons, it is difficult to turn a profit in the call center outsourcing business, yet many organizations are attracted to the business opportunity and are willing to "buck the odds." The business opportunity that attracts outsourcers is the growth of new businesses that require some form of call center or customer contact service in their formative stages. Often, when a company is growing the only way to keep up with an expanding customer base is to rely on outside resources. Traditionally, outsourcers have functioned as a bridge—handling high call volumes during peak seasons or during product launches.

Outsourcing is a good technique for testing new concepts, products, or services without incurring capital expenses. A new campaign can be tested on an outbound list without incurring the costs involved in buying communications equipment or hiring additional employees. Outsourcers can offer the latest technologies in the most sophisticated implementations and can readily handle short-term requirements very well.

Managing the relationship

The relationship between a company and its outsourcer needs to be managed in the same way as the relationship between a company and its customers. Organizations that use outsourced call centers can take some specific steps to ensure they get the most out of their relationship with the outsourcer.

The first step is to clearly define the responsibilities and goals the outsourcer is expected to achieve. An outsourcer is a partner, one who makes, or should make, a concerted effort to understand the goals of the client organization if the relationship is to be a long-term one. Some outsourcers have a tendency to put all their clients in the same basket—assuming that the same services will suffice for all business sectors, a belief that is far from the real-world situation. Different businesses need different types of call center services—one size does not fit all!

Organizations evaluating outsourcing services should pay close attention to the experience and special brand of services offered by potential outsourcers. A major consideration should be whether the outsourcer is experienced in conducting business in the same way as the client company. And if so, are they coming into the relationship with preconceived notions of how the business should be run? The evaluation should include checking references and calling in to centers to see how calls are handled. Staff training of outsourcer personnel is another important element in selecting the right outsourcing service provider. Is there a regular program for refreshing the knowledge of CSRs? What are the turnover rates? Other issues that are important to clarify are the following:

- What physical centers will be used for campaigns?
- What is the turnover rate at those centers?
- How skilled and motivated are the outsourcer's CSRs?
- What kind of career path is available for agents—do they get promoted to supervisor?
- How long is the average tenure?

Making the move

Moving to an outsourcing facility is a business decision that is often difficult to make due to "fear of the unknown." When an organization manages its own in-house call center, the strengths and weaknesses of people working in the center are known and managers have learned how to use these characteristics for best effect. Also, acknowledging the necessity to move to outsourcing, especially for the smaller, growing company, can be dispiriting. The sense that you are losing touch with customers, not to mention having to rely on outsourcing personnel who represent an unknown human resource quantity, can be an unsettling experience, not only for the call center manager but also for other internal department heads charged with the responsibility of contracting with an outsourcer and working with that organization.

Some pointers for outsourcers

The outsourcing/client relationship is an extremely important one and should be well thought out before any agreement is signed. The successful outsourcing organization needs to emphasize the connection it offers between the client company and its customers and prospects. They need to rely on their experience, and that of their CSRs, to develop confidence among their client organizations.

Outsourcers have access to a range of technology tools that enable their client companies to closely monitor their communication with the client company's customers closer to the point of interaction—real-time reporting tools are one example. A client sees the results of calls (inbound or outbound) without having to take those calls itself. Other tools—monitoring and quality assurance systems—can deliver complete voice and data records of each call to the client, if required. Like any other service organization, outsourcers must take responsibility for the quality and nature of their services, and should be held accountable by their clients for any errors of commission or omission.

Telephone companies as outsourcers

Telephone companies, also referred to as *telcos* or *carriers* in this book, are a major component of the teleservices industry. They provide the communications infrastructure—cable, satellite, networking facilities, and other equipment essential to every form of electronic communication—and carry voice, data, or video data, both digital and analog. Using their vast networks of communications resources, telcos often provide call center outsourcing facilities as one element of their communication services to customers. There is some advantage to using a telephone carrier to provide outsourcing. For one thing, they undoubtedly have available the most current communication, networking, and call-management technologies. The communications business is highly competitive, and no telco wants to be left behind in the race to offer the latest technology in its core business areas.

Telco service offerings

Often, the outsourcing services offered by telcos are quite comprehensive and may include

- Order fulfillment
- Call handling
- Transaction processing
- Consulting services to improve efficiency
- Methods of using the center to support the company's strategic goals
- Offloading some or all of the in-house call center volume

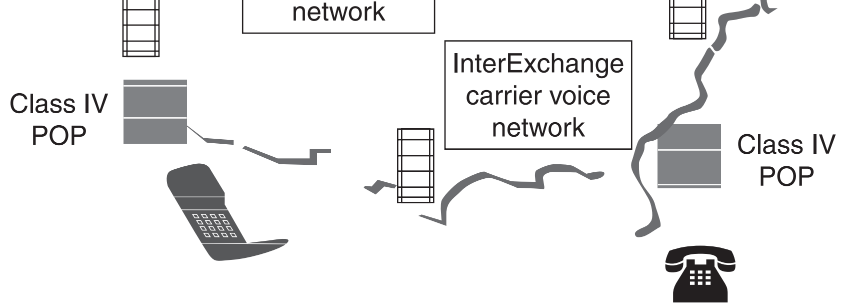
A full outsourcing service contract with a telco could also include handling every aspect of an in-house call center operation, from call distribution and management, queuing, routing and call processing to each and every customer contact, from the first IVR interaction to faxing back order confirmations. Contracting these functions to a telco-based call center offers a considerable benefit to companies looking for a complete outsourcing package that will be maintained at the highest technological level.

Outsourcing is a natural extension of the basic business of telcos. Much of the communication expertise is already present as part of the telco's core business. They know how to handle calls and call centers, and some of their centers are among the world's busiest. Long-distance carriers have long used their own centers as test beds for their own new technology, including some of the enhanced network services that make their entry into the outsourcing field possible.

Increased revenues for telcos

For the carriers, the economics of providing outsourcing services are extremely attractive. Carriers generate much of their revenue by selling telecom minutes to call centers as well as to others. The 800 number traffic, the bread and butter of call centers, is also a key component of their revenue. Anything they can do to generate usage of their networks will enhance their revenues. Both providing a call center with an off-premise solution for IVR or a multisite option that lets the company hold calls in the network while waiting for an agent to become available are services that generate time usage. Discounts that bring long-distance costs closer to zero cents per minute may be offered to telco call center customers who elect to contract for these value-added services. (see Figure 3.8)

Figure 3.8
The 800 network.



Over time, carriers will gradually enhance their call centers by including agents and will eventually provide the same services as any other outsourcer. Some carriers have already taken on the role of call center "consolidators"—combining all the technology pieces under one contract.

Benefits of telcos as outsourcers

To reiterate, the attraction of carrier outsourcing services to the user organization is that they provide the opportunity to get up and running quickly with a center that the organization will help them build. Users can pick from a large menu of service offerings and hardware and software vendors to supply the applications. The carrier takes contractual responsibility to certify that all of the components integrate completely and successfully, and there is a one-number call for multivendor technical support.

Carriers have taken on an increased level of functionality, of the kind normally provided by an outsourcing organization. The advantage carriers have, as noted, is that they can configure their offerings, can push other vendors into working relationships because they are large organizations, can set standards, and have much closer relationships to call centers than the traditional outsourcer.

Choices to benefit the outsourcing customer

The more choices that call center users have, the better. The next few years will probably see a tremendous boom in the types of services a call center can outsource to a carrier network. Carriers will offer all the automated front-end transactions, especially IVR, and routing will be well handled outside the call center.

As a result of carriers "getting serious" about the outsourcing business, outsourcing will become specialized. For example, if a call center application has more to do with routing and automated call handling, the carrier may well be a better choice than the outsourcing vendor. On the other hand, if the application is more agent-oriented and involves customer-sensitive services like selling or servicing existing customers, a traditional outsourcer may be better qualified to provide the service.

Value-added services from carriers

Network services are being provided by the network carrier in the telecom network outside of traditional premise-based call center equipment. This can be a significant source of revenue for carriers because they can reduce toll-free services to a very low level and more than make up the difference by selling other services as value-added features. Networked services can provide virtual or distributed call centering, dispersing CSRs among many centers and routing calls among them as if they were all located at one site. Also included under the network services umbrellas is IVR, which extracts the customer input from the network, then uses this input to determine how to handle the call.

Web integration services

Web integration services are another burgeoning area of activity for call centers that network carriers can help them with. The technologies involved and the expansion of customer contact points pose significant contact management problems for call centers. Managers now need to cope with the technical and human resources issues that have cropped up from the explosion of Web access channels to the center. Live text-chat, call-me buttons, and even simple e-mail messages can create additional handling requirements for CSRs and managers alike.

Using the network to provide some automated handling of evolving customer contact channels—particularly IVR—is something telcos have been doing for years. They have always had the technology and the equipment to do this. When Centrex ACD facilities and the increasing demand for multisite centers are added to the picture, telcos are in an enviable position to offer a range of outsourcing services. For a call center, outsourcing network-based services, paid for either monthly or by transaction, offers a way to be more flexible in the face of unpredictable volume and varied access pathways.

Predicted growth patterns for the first five or more years of the 21st century indicate that there will be a lot of voice over IP (VoIP), even at the desktop, and a shortage of available and qualified CSRs to work in call centers, which will lead to an increase in home-based, telecommuting CSRs in some sectors. Pressure will therefore come from both call center organizations and the outsourcing community to move to network-based services. The growth of e-commerce and the electronic forms of communication that are a part of this business environment will make it extremely difficult to predict how many transactions will be handled electronically, rather than by live CSRs. From the carriers' perspective, increased competition is forcing them to look at service offerings as a way to differentiate their organizations from others in the business.

Ultimately, all of these new methods of conducting business, along with their technologies, will represent an opportunity for call centers to play mix-and-match with their technology and outsourced services. Network-based services will offer a suitable and acceptable alternative to premise-based equipment for a lot of centers and result in new ways of managing the call center operation.

Outsourcing and network-based call center services

Network-based services are any agent-support systems that traditionally occur within the center: call routing, transaction processing, database lookup, screen pop, among others. Over the next few years, there will be some amalgamation of call center outsourcers, not to mention mergers that will undoubtedly occur in the telecommunication sector. There will be competition to offer Internet-based transactions and video-enabled call centers. With these new offerings to expand the range of options for customers to contact call centers, there will be a wide variety of new and improved services, and call centers will be the beneficiaries. One researcher has reported that network-based call center services have been the biggest growth segment in the call center market, estimating that these services will generate more than $4 billion in annual revenues for service providers by 2005. This report further states that 35% of call center agents worldwide will use some type of network-based call center service, with nearly half of those using network services as their primary call distribution method.

The high-tech outsourcers

Another interesting development in recent years is the evolution of some high-tech companies into major outsourcers, largely due to the requirements of their customers for consulting services relating to their products or services.

As call centers become more widely distributed and provide more business functions, the companies that provide products and services to call centers will also change. There is considerable emphasis within outsourcing organizations on the advanced computer telephony integration (CTI) technology described in Chapter 2 as well as technology for linking call centers with other back-office operations. Outsourcers are becoming “engines of growth” in the call center industry.

Outsourcers and specialty niches

Outsourcers often provide an entrée into specialty markets, either geographic or language-oriented. Some of them provide multilingual capabilities to enable organizations to conduct campaigns in other countries and often globally. As noted, other outsourcers provide services to specific industry sectors, such as retailing, financial institutions, fundraisers, collections, communication, and high technology.

The future of the traditional outsourcer

Traditional outsourcers will continue to be a mainstay of the industry. Although carriers are superbly positioned to provide outsourcing services, this business component is not their main focus, and it is unlikely that carriers will ever replace outsourcer organizations that make outsourcing their core business and therefore concentrate on providing call center services to their customers. Further evidence of this is that opportunities for outsourcing have been available for some years, yet only recently have carriers discovered the market for enhanced services, and they do not have a good track record of developing products from technologies. Traditional outsourcers will undoubtedly retain the competitive advantage.

Carriers tend to be slow to enter new markets and develop new products. This appears to be a characteristic of the telco marketplace and is probably a relic left over from the monopoly positions they held for many years in the communications industry. No need to hurry, there is no competition anyway! Carriers are often referred to as “Ma Bells,” an oblique reference to the fact that they have a tendency to “mother” their services and products far too long before introducing them. As a result, they are often left behind by competitors who are not encumbered by the traditions of the monopolies once held by the telcos.

In the past, outsourcers were considered to be primarily outbound entities, providing a range of telemarketing services to organizations that did not have their own telemarketing facilities or that needed some additional resources to run a marketing campaign or customer survey. From this basic entrée into the call center market, outsourcing services have evolved and become much broader and more sophisticated. In fact, outsourcing services now offered go well beyond the original concept of an outsourcing organization. Back-office functions are now offered by outsourcers, and their range of services may include inbound and outbound call handling, customer tracking, quality assurance, fulfillment, data processing, and even help desk customer support—a considerable enhancement of their traditional services.

Customer support or, as it has become known in many industry sectors, the *help desk*, is one area that more and more companies are contracting to outside experts. This is especially true in such industry sectors as personal computers and home electronics, where there may be a high volume of customer support inquiries following purchases that the vendor is not staffed to handle. The advanced technologies that enable calls to be routed and tracked make the help desk function easier and more cost-effective. As postsales customer support becomes simultaneously more important and more expensive, companies are looking for lower-cost alternatives that don't force them to compromise on the quality and level of response.

Challenges and pressures

As noted previously, outsourcers have the same challenges and pressures to manage as in-house call centers. As a group, they have always been in the forefront of technological and operational change in the call center industry and will continue to be good indicators of where the business is going. Several emerging trends and technologies will change the way outsourcers do business in the next decade, and the following paragraphs provide some insight into these factors.

Over the next five years, it is unlikely that the outsourcing environment will change dramatically, despite changes in technology and the operating procedures that these changes will introduce. Although there are several trends pushing the call center in virtualized and various directions, the physical nature of today's centers—rooms full of people, talking into headsets, looking at screens—is unlikely to change in the immediate future.

Any changes in the outsourcing industry in the next few years will reflect changes in the rest of the call center industry—what happens within in-house call centers. The pressure to improve productivity and deliver more and better services directly to the end user will continue unabated and possibly be even more apparent, as customer demands increase and become an increasingly strong component of the competitive business environment. Organizations are continuously working to provide more "self-service" methods of interaction—letting customers interact with and search databases for answers to their own problems—for example, automated systems to transfer funds, travel-oriented services, and Internet front-end banking services that are integrated into those services, with back-end database tools. An evolving series of power technologies will continue to become available to call centers; some will be new, while others will be enhancements of existing technologies. For outsourcers, it will be important to stay ahead of the competition—to use these new technologies to improve efficiency and to differentiate their services from the competition—and to remain profitable businesses.

Summarizing the benefits of outsourcing

From the preceding description of outsourcing, it should be apparent that the benefits to organizations choosing the outsourcing route for their call center operations are not many; they can, however, be significant in content. The following summarizes the three major benefits:

- *Access to advanced technologies*—capital investments in switches, dialers, and workstations and upgrades to hardware and software are all managed by the outsourcing organization, which is generally equipped with state-of-the-art call center systems. Costs can be spread over multiple clients.
- *Vertical expertise*—specialized industry-oriented expertise is offered to meet the needs of financial institutions, fundraising organizations, and retailers, among others. In fact, outsourcers for most industry sectors know how vertical markets function and how to treat customers in those markets.
- *Speed*—seasonal or even more frequent fluctuations in the number of CSRs that a particular marketing program may need can be addressed quickly.