



CUSTOMER REACH

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Quality Assurance...an Approach

Quality Assurance (QA) is a method for assuring management, owners, customers or anyone that the organization is producing products or services at a predetermined level of quality.

Typically QA is the gathering, analysis and reporting function of an overall approach to quality in an organization. Quality assurance is not primarily a performance management program, but rather a benchmarking and assessment process. Quality improvement efforts can be part of a QA program it is not necessarily a component.

Quality Assurance in many call centers today often misses this essential definition.

It is important for any organization to understand that there are many views of quality for an organization, customers, staff, management, regulators etc. Often each of these constituencies have their own view of quality. In the absence of clear and defined standards of quality each constituency develops its own and presumes that everyone else understands and agrees with their view or quality.

Therefore the establishment, publication and promotion of what constitutes in an organization is critically important. What is quality to one must be the same quality for all. In other words quality requires a consistency of vision.

One approach is to adopt standards set by outside agencies using one of the many canned standards, Six Sigma & ISO 9000 and their subsets being most common. While very easy to find, they have huge overhead to develop, deploy, implement and maintain. They are complex and for most organizations cumbersome. There is now a growing body of evidence that these programs have become their own bureaucracy and add little in value to many organizations except possibly as gimmicks for advertising and sales. Even there, their value is suspect.

Another approach is to return to the definition of Quality Assurance at the opening. To achieve this end the program should be simple, effective, and efficient and provide a clear understanding to whomever is reviewing it of what the organization is doing and how well that is being achieved.

A Call Center QA program should include the following components:

- Customer Listening & Satisfaction
- Customer Relations



- Failure Analysis and Process Improvement
- Monitoring
- Mystery Calling

When taken together the above components form a complete picture of the key elements for the reviewer. To be effective these components need to be reported on in a frank and open manner without the assignment of blame.



Getting Started

Of the five components the one most often installed in call centers today is monitoring. Followed by some form of customer satisfaction survey or scoring.

A recent ICMI and AC Nielsen study of 735 call centers showed that

- 93 percent reported monitoring agent calls.
- 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.
- Apart from agent calls, other types of contacts are also monitored. Four out of 10 call centers monitor email responses, one in six monitor fax correspondence, and one in 14 monitor Web text-chat sessions
- More than one-third of call centers devote one to five hours per week to monitoring, and a quarter devoted six to 10 hours weekly. However, it is not surprising that the 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).

These are good places to start to build Quality Assurance Programs. What is it that management needs



to be assured about? The work and the systems that produce the work result. Therefore start QA design or review by understanding what is the work result, who judges it and how is it produced? What information is needed by all reviewers in order to judge the quality of the operation?

Some key information is needed to do this. That is what are the transactions handled by the centre, their volume, which ones start and end in the centre, which ones need other areas of the organization involved in order to complete, the number of failures that are now produced in the center or elsewhere in the process of the total transaction.

Let's examine a simple call for an order. Customer calls in, call is taken by the switch or ACD, routed to a CSR using some form of menu system, IVR or voice prompts. CSR answers the call, asks some key questions, and enters the responses into another computer system. If payment is required, the system deals with other systems to process credit card information to ensure payment. A system generates a pick/pack order for someone to fulfill. The order is packed, shipped using a vehicle which can be from yet a third party, courier or shipping firm. Finally the product is delivered to the customer.

From a transaction, company or a systems point of view it is complicated. There are over ten points that can fail in the described order process.

If viewed from only the call center perspective this is a straight forward call received, call answered, information gathered, closed call. This has a perceived low likelihood of failure.

From a customer's point of view the process is also simple. Place a call, give information, wait for and accept deliver. Not much could go wrong. For the customer if anything fails, it is a failure. They don't care what went wrong, just get it fixed.

Your next step in developing a QA program is to develop a list of transactions that the centre handles. These will only fall into two general types: value adding or failure fixes. Value adding transactions are, as they sound, those transactions that add (or potentially) or could add value. These would include; orders, subscriptions, pricing requests etc. Failure Fix transactions involve correcting a problem that has occurred in one or more of the organizations processes. These would include; out of stock, order not received, not as ordered, service not delivered service/product not satisfactory, billing errors etc.

Collect information is available about the number of failures or complaints by type. This forms the 'failure' baseline.

With a complete transaction list identify the volume of transactions by type and period. Rank the order of transactions by volume, value and the number of failures per 1000. This is the baseline numbers from which to start the overall reporting on.

The focus of QA programs is on the system not primarily on an individual. People are the 'face' of the organization and a conduit for assessing quality, there is an opportunity to assess individual though the information has less validity on an individual basis.



Monitoring

With monitoring start assessing each of the transactions being done. Is the transaction done according to the specifications process flow and standards defined by the organization? For each of the observed transactions track the results to success or failure. Monitoring with this approach focuses first on what the system is producing and not whether or not an agent is performing.

Assessing the individuals' performance in following the defined process, procedures and flow of the particular transaction provides an assessment of how well the agent performed or adhered to the expected processes. Deficiencies identified in the course of this monitoring can then be shared with the training and coaching staff for individual coaching and training.

It must be kept in mind that any assessment of individual performance almost certainly lacks statistical validity. The majority of centers will only monitor their agents on 10- to 20 calls per month. If an average agent handles 50 calls a day then this represents only 1 – 2% of the agents' calls. This is sufficient to identify significant issues but is unlikely to uncover minor issues or misinterpretations by the agent.

The same approach of keeping records about customer complaints (which by definition are failures) and their resolution, if any, will produce a data set for tracking and analysis. Again, the primary issue for management is what produces the errors not who. This can only be determined with enough data and incidents. What that number is, is outside the scope of this document since each depend on the circumstances of the situation.

Customer Listening and Satisfaction (CLS)

CLS consists of two parts. Management, at all levels benefit from listening to actual, unedited calls. Ideally this is done between an hour to two hours of conversations with customers and prospects every month or quarter depending on their level of involvement. This can be facilitated either in person or if the technology is available via CD. This gives management a perspective and insight into customer issues and behavior that is direct and unfiltered.

At the same time on a quarterly basis a survey of callers, customers and prospects should be completed to ensure statistical view of the center, its trends and the organizations performance/progress. This must include all the critical segments for ongoing tracking; but should also key issues or concerns on a rotational basis as those are identified and focused on for understanding or resolution. This is usually best done by a third party or a different group to the people already handling calls in the centre to avoid any slippage, bias or perception thereof.

Customer Relations

'Customer relations' refers to any call or incident that requires escalation above the level of senior agents. These events combined with Customer complaints form the first line of warning to an organization. Usually agents and senior agents have been trained to handle all the calls into a centre. Any that require escalation indicate that something in the system or process is not working and requires attention or identification as an unusual 'one-off' which is out of the normal or ordinary.

Dispositioning and tracking of these quickly produces patterns that can be reported on; and processes or policies developed to add to the agents arsenal of tools and techniques to handle similar calls when they



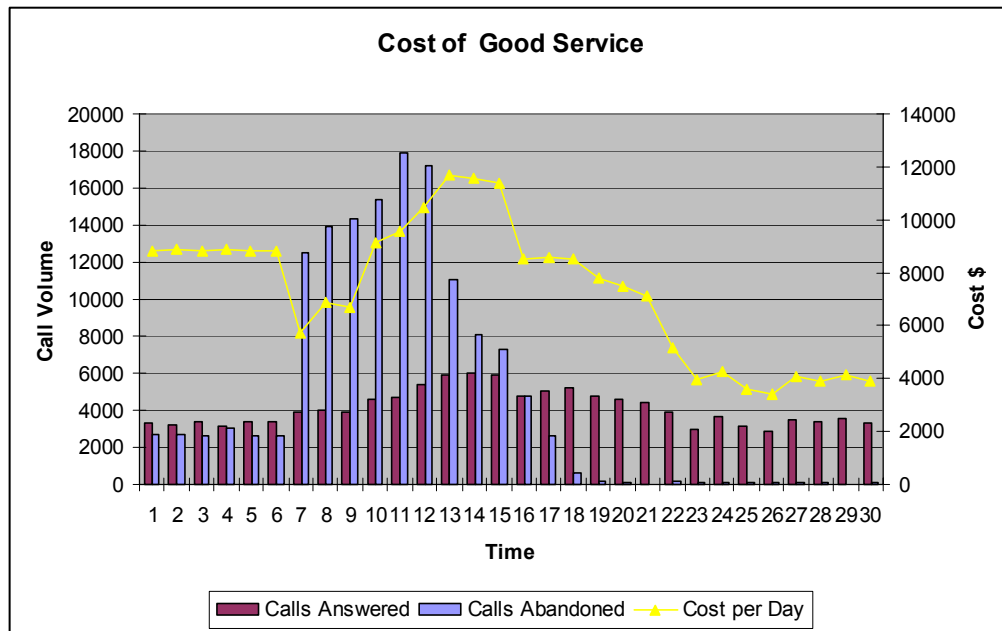
arise again. Accurate tracking and summarizing is essential for this to succeed. Frequency of reporting and format need to evolve depending on the organization and its ability to react. A caution here is needed. Reacting quickly to fix an individual issue is great. However, without good records and reporting, single or low frequency incidents which require a systemic or organization approach can and do get lost in the noise of day to day operations.

Error Analysis

Management needs to periodically review all errors from the summaries, customer relations, and satisfaction surveys and listening sessions to identify commonalities or areas for correction and change. Front line staff, CSR & supervisors often have little or no authority or control to change policies or procedures in most operations. This is the role of management. This is the tool that starts to improve the quality as defined.

All quality costs. High quality does cost more than most organizations consider appropriate. The issue is that low quality often costs even more than high quality. This is key to understanding that while higher quality which we all inherently see as more expensive may actually cost less.

As an example, look at the following chart. In this example, a call center manager in an effort to reduce costs choked calls. The result was hiding the total number of calls, an increase in the number of abandoned calls, more calls due to pent-up demand and callers taking longer to vent their frustration; increasing AHT and causing agent fatigue and turnover. Costs therefore rose. Once choking stopped, pent-up demand was addressed and all calls handled in reasonable time and quality, the volume stabilized to below pre-change-over levels and the costs were reduced and the service provided improved dramatically.



Mystery Calling



From time to time an issue or concern arises which may or may not be a significant issue requiring attention. These issues must be investigated, though their frequency may be low and therefore not ideally suited for research through monitoring. Mystery calling can be employed to more completely understand the depth and frequency of either behaviors or process incidents. Again use of third party or voices of people not of the centre is advised for avoiding bias and ‘skuing’ results. Mystery calling is tactical and usually revolves around a particular transaction step or group of similar transactions to see what is causing outcomes that are unexpected.

Customer satisfaction studies reveal how customers feel about their customer service experience. They do not reveal why. Customer service measurement reveals the “why” that stimulates continuous improvement. Essentially, satisfaction studies report perceptions and service studies report performance. If a satisfaction study revealed that customers thought food service was slow in a chain of restaurants, valuable information is gleaned. Acting on this information alone would be impractical. Would the chain simply ask employees to work faster? Would it risk serving undercooked food for the sake of quick service? Would it redesign its units to receive food orders more quickly? No, of course not to do so would be to try to fix an unknown.

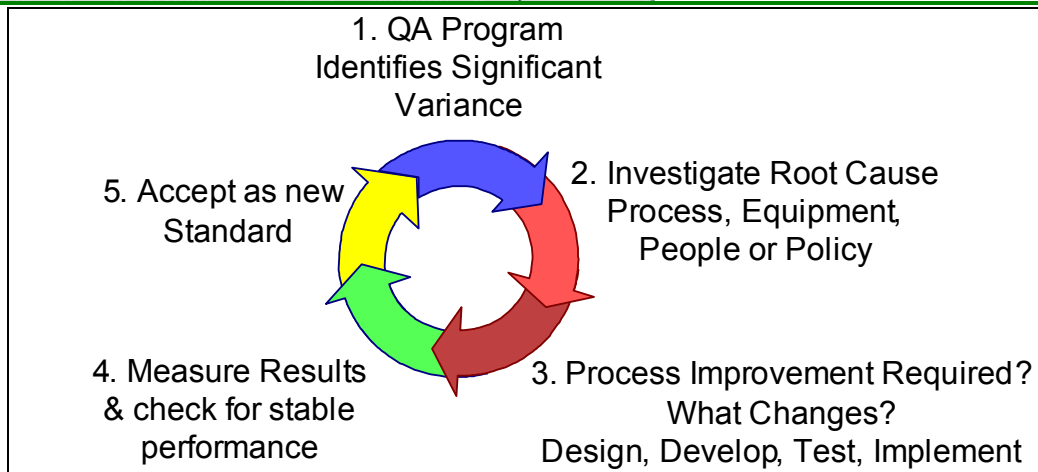
The chain would drill down deeper into the data to determine the root cause, the “why”. The chain would measure the speed of customer service it provides, likely using mystery shoppers to take those measurements. If a subsequent mystery shopper study revealed that table-service customers were waiting an average of 10 minutes to receive their checks, a specific reason for customers to perceive slow service has been isolated. Causes for the delay can now be investigated.

Causes might include slow credit card authorizations, understaffing, a backlog waiting for a manager approval, or lack of equipment or staff training to use computers. That one statistic—the more than 10-minute wait—gives managers a specific issue to work toward correcting. It gives the customer-driven company a way to serve customers better in the short term.

Think of customer *satisfaction* as the end product of a production line. In a retail environment, one stage of the process might involve approaching customers as they enter the store. Another stage might involve having advertised merchandise readily available, supported by prominent displays. All along the production line, customers decide how the business meets their expectations. Customer satisfaction surveys address the end product of the production line, revealing expectations and perceptions in total. By contrast, customer service measurements from mystery shopping allows an organization to target specific point in the production process to gauge their impact on the end result and reveal performance at each identified stage of the production process.

Taking measurements along a production line and comparing them to established benchmarks should sound familiar. It is a basic principle of Total Quality Management (TQM) called Statistical Process Control (SPC). SPC requires that quality be inspected at every stage of the process, not just at the end. TQM proponents equate statistical process control of a production line to mystery shopping of service businesses.

Quality Assurance is the assessment portion of an overall approach to quality in a company.



If the QA program identifies areas of weakness or failure that management thinks needs attention then the steps on the chart above are done.

1. QA identifies areas of failure or process results that are either uncommon, persistent, or have to large a range of variation.
2. Management investigates using root cause analysis, mystery shopping or monitoring results to identify what is causing the problem or variation of results. These are usually in four key areas: Process, Technology (Equipment), People or Methodology (Policies, Practices and measures). On determination of the cause management decides to change or to maintain existing process.
3. Process improvement if determined as required, designs and tests new approach to handling the transaction or process.
4. New process is measured and tracked to determine if it improves the results and whether those results stabilize into a normal range different than the pervious process. If they do then this is accepted as the new standard
5. New standard is accepted as part of the QA process for reporting and quality purposes.

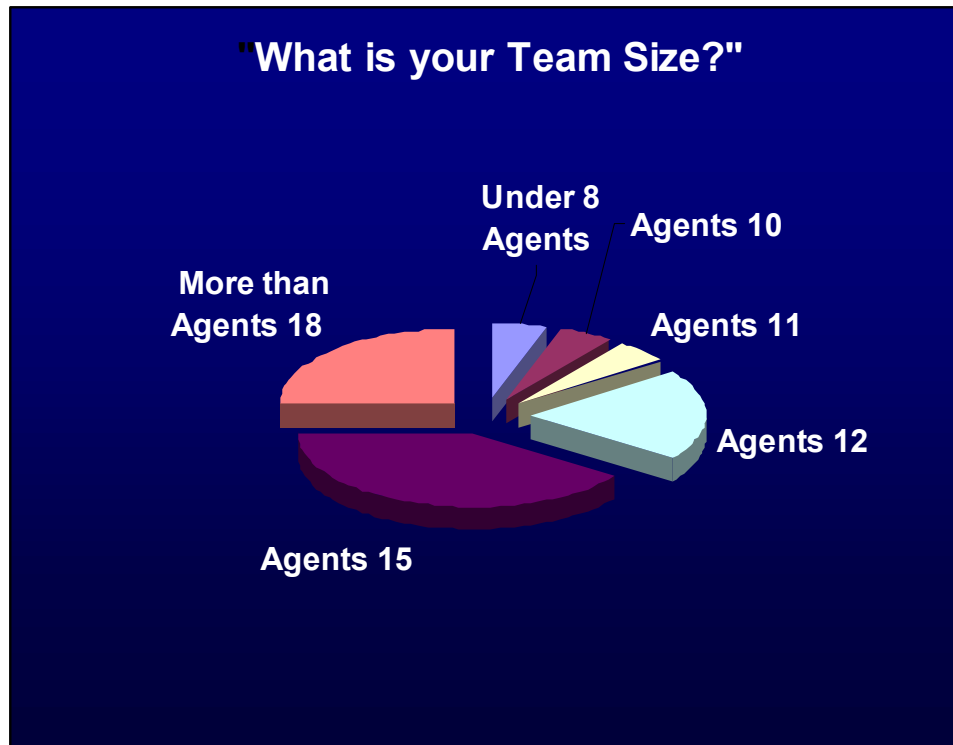
Let us know what you think of this article or any suggestions you have for future issues by email at feedback@thetaylorreachgroup.com.



Poll of the Month

Each month on the TRG website (www.thetaylorreachgroup.com) we ask you to cast your vote in our monthly poll.

"What is your Agent Team Size that reports to a Supervisor?"



Poll Results: Results can provide some surprises. Best Practices have long suggested that Agent teams of 10-12 is desirable, beyond this level it is difficult for the Supervisor to effectively manage and often coaching and development lag behind what is generally provided to smaller teams. In spite of this the results show that about $\frac{3}{4}$ of companies have 12 or more agents reporting to a Supervisor, where $\frac{1}{4}$ of the companies have less than 12 agents reporting to a Supervisor.

Do you have an idea for an upcoming poll? If so we would love to hear it.

Please email your suggestion to feedback@thetaylorreachgroup.com



Newsworthy

In this regular column we review the latest news, predictions and trends impacting on the Customer Interaction Industry.

Ohio Sues Gas Coupon Telemarketer

The Ohio attorney general's office sued a Nevada company, charging that it offered \$200 in gasoline coupons to consumers via telemarketing but instead debited them for unauthorized charges. Continuity Partners Inc. offered the gasoline coupons for a one-time shipping charge of \$1.95, the attorney general's office said. However, most consumers did not receive the coupons and later found that Continuity Partners debited them another \$19.95 to \$597.30 without

authorization. Charges were listed for items such as long- distance telephone, retail and prescription drug discounts and

laundry-cleaning products, the Ohio attorney general's office said.

Originally published in DM News

DMA Issues Privacy Law Guides

The Direct Marketing Association has issued two new documents on complying with new California legislation and Federal Trade Commission (FTC) rules that take effect early this year. Specifically, The DMA wants to alert members to new relating to California's new privacy law, (S.B.27), as well as to the new FTC rule on how to determine the "primary purpose" of a commercial e-mail message pursuant to the CAN-SPAM Act of 2003. SB 27, which went into effect on Jan. 1, applies only if personal information (of a California customer) is shared with third parties for direct marketing purposes but applies to online and offline activities for both for-profit and nonprofit entities. In addition, the FTC issued its final rule on how to determine the "primary purpose" of a commercial e-mail message under the CAN-SPAM Act. This rule takes effect on Feb. 18. The FTC added a fourth category of messages for purely transactional or relationship messages. In this case, the FTC requires messages with both commercial and relationship or transactional content to have the relationship or transactional content appear at the beginning of the message. If they don't, the primary purpose of the message will be deemed commercial.

Originally published in Direct Newswire

ICT short-lived near Buffalo

AMHERST, N.Y. - About 200 workers, hired just eight weeks ago at a new ICT call center here, were laid off last week after ICT reportedly lost a contract with Experian.

Originally published in CCNews.

BPO Survey Shows 42% Mortgage Companies Likely To Outsource in Next 2 Years

West Palm Beach, FL –Forty-two percent of the respondents to a survey of mortgage industry companies said they are likely to outsource at least some services within the next two years, according to a study released today by Ocwen Financial Corporation (NYSE: OCN).

Originally published in ContactCenterWorld.com

Non-compliance with CAN-SPAM Widespread

Spam accounted for 77% of all e-mail traffic in 2004 and virtually all unsolicited e-mails transmitted failed to comply with the Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act, according to MX Logic Inc., a Denver based e-mail security and tracking firm.

MX Logic measures random samples of 10,000 e-mails monthly to measure CAN-SPAM compliance since the law was enacted in January 2004. The highest monthly average measured compliance rate for 2004 was 7% in December, based on MX Logic's figures. The lowest compliance rate was .54% in July.



The firm estimates that as much as 69% of daily spam originates from zombie computers, which are computers hijacked by spammers that are linked to networks without the knowledge of the computer owners.

Ending the increasing spam epidemic will require a long-term effort that includes industry cooperation to improve e-mail authentication and security protocols, said Scott Chasin, CTO at MX Logic.

Originally published in Direct Newline

Ask the Experts

The following are actual questions posed to the TRG experts. You can pose your questions on our website.

Malaysia as an Outsource destination

Question: “What is the prognosis and the possibilities and actions required for Malaysia to become a competitive offshore, outsource call center destination?”

Expert Response:

The recent and forecasted growth of call/contact centers in Asia-Pacific is outpacing the rest of the world. In 2003 Asia-Pacific represented 8,600 call centers and 420,000 agent positions. Datamonitor has predicted this market to grow at a CAGR (Consolidated Annual Growth Rate) of 15.1% per annum and to total over one million agent positions by 2008.

With approximately 250 call centers operating today, an industry association in place and a highly multilingual workforce Malaysia should be well poised to capitalize on the outsourcing trend. However Malaysia is handicapped by amongst the highest labor costs in the region. The labor costs, a higher level of staff turnover, than India or the Philippines, a shortage of experienced staff and lack of governmental focus will limit to near term prospects for the Malaysian call center industry. Government support, investment and leveraging the existing number of Regional Head Offices and technology firms located in Malaysia will be critical to developing a significant offshore call center industry in the country. In the near term I expect that the Malaysian industry will grow at about the 15% level over the next year, but at this growth rate it will be losing ground to India and the Philippines.

Let us know what you think of this response. How would you have answered this question? Let us know at feedback@thetaylorreachgroup.com

Inside TRG

Your Input is Requested

Customer Reach is read by more than 500 senior call center executives and practitioners around the globe. To keep this newsletter relevant and meaningful we would like your input comments and suggestions. So please don't be shy, let us know how we can make the Customer Reach more relevant, helpful, applicable and beneficial to you by emailing us at feedback@thetaylorreachgroup.com.

Career Opportunity

While TRG is not a recruiting company we do frequently get asked by our clients to assist them in securing the best possible



person for internal positions. One of our clients is presently looking to fill a new position...Customer Service Manager- This is a new roles based in the corporate office located in the south east. This position will have overall responsibility for customer service within the organization. As a new position the successful candidate will help shape to company's view of Customer Service. This position will require extensive travel and requires excellent Project Management and call center/customer service management skills. If you are interested in finding out more about this position please contact Colin Taylor at ctaylor@thetaylorreachgroup.com.

Upcoming Events

Colin Taylor will be speaking on January 18, 2004 at the Association for the Advancement of Relationship Management event in Toronto. The topic is "Bringing Marketing into the Call Center". For more information please contact Colin at ctaylor@thetaylorreachgroup.com or AARM at <http://www.aarm.org>

Case Study

In this regular column we review the successes that TRG is part of.

Assisted a Major Retailer revise its operating processes and procedures and identified almost \$1 million dollars in operational efficiencies.

The Challenge:

A national retailer specializing in Consumer Electronics operating numerous contact centers was constantly striving to improve the efficiency and effectiveness of their operation. The challenge to Colin Taylor and his team was to improve the efficiency of the process without sacrificing the quality of service or satisfaction of the customers who called the center.

The Process:

Colin and his team of consultants began by examining the transactions and transaction types processed within the center. The engagement assessed the people in the call centers, their skills and competencies, the processes, procedures, operational methodologies, technology application, quality and service practices and business objectives.

The Solution:

The client employed processes and procedure that had been proven effective for many years. By examining the work flow and process flow in detail the consultants identified processes and process elements/steps that were not aligned with the contact center objectives.

By vetting and re-engineering the process maps, procedures and operational methodology we ensured that the objectives of the organization could be met. New processes were recommended that streamlined the process and reduced the points of failure substantially.

The Result:

The retailer reduced its AHT by more than two minutes per call and improved its customer satisfaction. The re-



engineering process improvement and the associated reduction in AHT combined to total just less than \$1,000,000 in annual operational cost savings!

The Taylor Reach Group, Inc. provides Strategic and Operational customer interaction consulting services that deliver Operational Innovation breakthroughs in Contact Center operations.

Award winning service and more than 75 years of industry experience serving 'Fortune 1000' companies (in the past six months we have added 3 more!). Extensive North American and International experience with both captive and outsource centers.

Delivering Operational Innovation to your Contact Center

Contact Center Consulting, Customer Satisfaction, Contact Center Technology, Privacy, Supply Chain and General Management consulting services provided.

Award winning service...Reach Beyond!

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