THE TAYLOR REACH GROUP INC.
REACH YOUR GOALS, REACH YOUR POTENTIAL... REACH BEYOND!

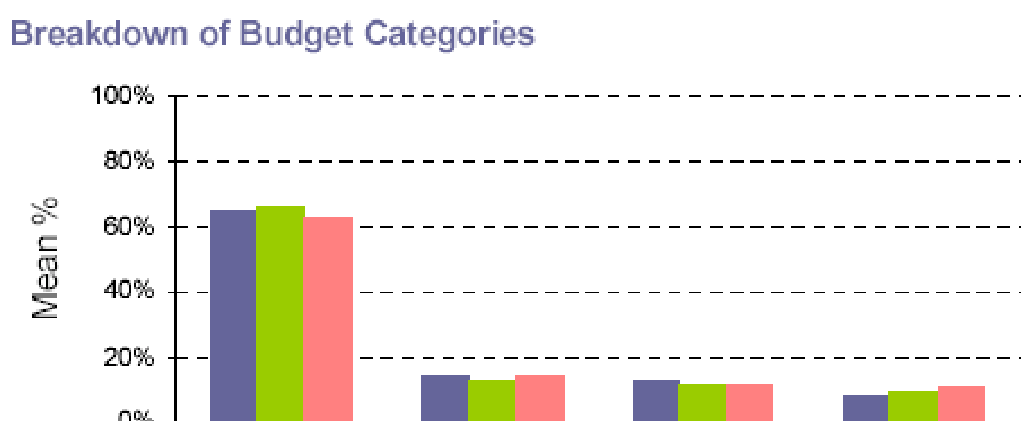
CUSTOMER REACH

VOLUME 2, ISSUE 2 FEBRUARY 2005

Staff Composition

Direct labor costs are the single largest cost element in every call or contact center. In most organizations this cost is 60-70% of the total operating expense. With this level of investment effectively configuring, managing and retaining staff in your center is one of the most important challenges any manager faces.

The chart below illustrates the breakdown of operating costs in a call or contact center.



	Labour related	Technology	Communications	Other
2002	65%	14%	13%	8%
2003	66%	13%	12%	9%
2004	63%	14%	12%	11%

Effective decisions related to the mix of staff, their hours, compensation and scheduling has a significant impact on an organizations ability to meet their performance and budget targets. This document will focus on developing the most effective staff 'mix' or composition.

When looking at what is the optimal make up of your call center staff we must review a number of factors that drive call or contact volume to the center, these include:

- Hours of operations,
- Call volume by day-part,
- Customer profile, by industry segment
- Desired performance standards,
- Local wage and benefit costs,
- Depth of Knowledge and Training required,
- Company policies related to; hours worked, exempt/non-exempt employees and company and/or state regulations related hours worked as 'Full Time, Part-Time or Casual/Temporary staff'.

By reviewing the above 'drivers' and variables we can get a picture of when customers call, the busy (peak) and slow periods of the operating day, what the local (labor) market supports in terms of wages and what constraints may exist either based upon company policies and procedures of based upon government regulation.

In virtually every call or contact center a mix of staff is employed. Very few centers today operate with only a single class of employees (i.e. full time only). Best Practices vary by center with the most common split being 75% Full-Time and 25% Part-Time staff. In centers with a high degree of seasonality and volatility in their call center volumes you will often see splits such as 40% Full-Time, 40% Part-Time and 20% Casual or temporary.

The benefits of optimizing your staff mix include;

Staffing that more accurately matches call demand. By having the flexibility to schedule staff in smaller hourly blocks you are able to work to four hour (and in some cases 2 hour) minimum staffing blocks, this is significantly more efficient that staffing only in 8 hour blocks of time.

Improved flexibility to ramp up capacity quickly. Due to the nature of part-time or casual/temporary staff, you are able flex up or down their hours to match the increases or decreases in call volume. This improved flexibility also allows you to respond to changes in call volumes and arrival more quickly.

Reduced overall labor costs. Part-time staff generally commands a lower hourly wage than full-time staff. In most organizations part-time staff receives little if any benefits. Both of these factors serve to reduce the overall operating expense in the center.

Reduced staff 'burnout'. The usual response to high volumes in a center is to try to get the existing staff to work longer and/or handle more calls. While this approach is viable for the short term, it will lead to burnout and staff turnover if it continues over a protracted period of time. The ability to increase part-time staff hours provides and alternative and protects the full-time agents from burnout and the turnover associated with it.

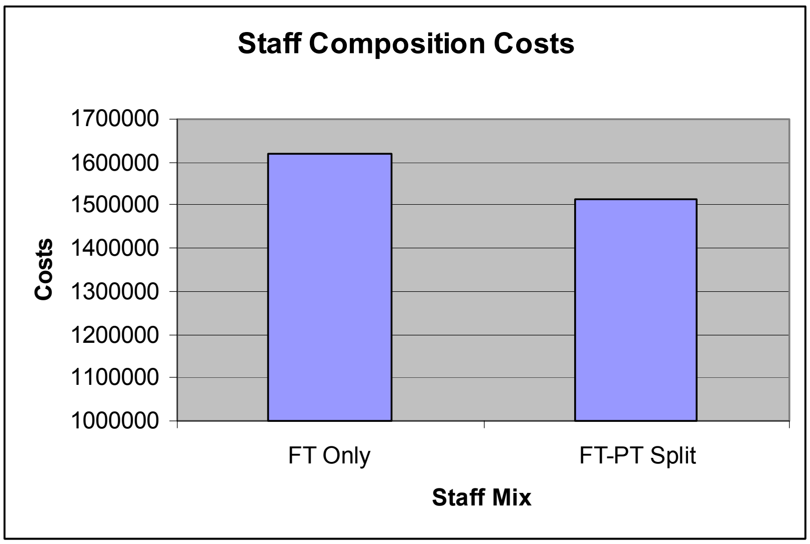
There are some challenges in moving towards a balanced staff mix that must also be considered. These include;

1. Increased training costs. All staff will need to be trained, regardless of the agent class (Full, part-time or temporary/casual). If you move from 100% Full-Time staff to a 50/50 split between Full and Part-time you will increase the total number of agents by 25% and have a corresponding increase in training costs.
2. Due to higher number of total staff, if the conditions which are driving turnover of call center staff are not simultaneously addressed you can see an increase in turnover. This is due to the mathematics of the situation a 25% increase in staff means that if 10 people left last year at a 20% turnover rate (there are 50 agents therefore in the center) and we increase the staff by 25% to 60, we still would lose 20% or 12 staff, with the associated costs.

In fact if the recruiting and hiring processes aren't adjusted to communicate the correct positioning of the position to part-time staff you can also see turnover of this staff based upon an expectation that they are expecting full-time hours and will leave once they realize they will not get these hours.

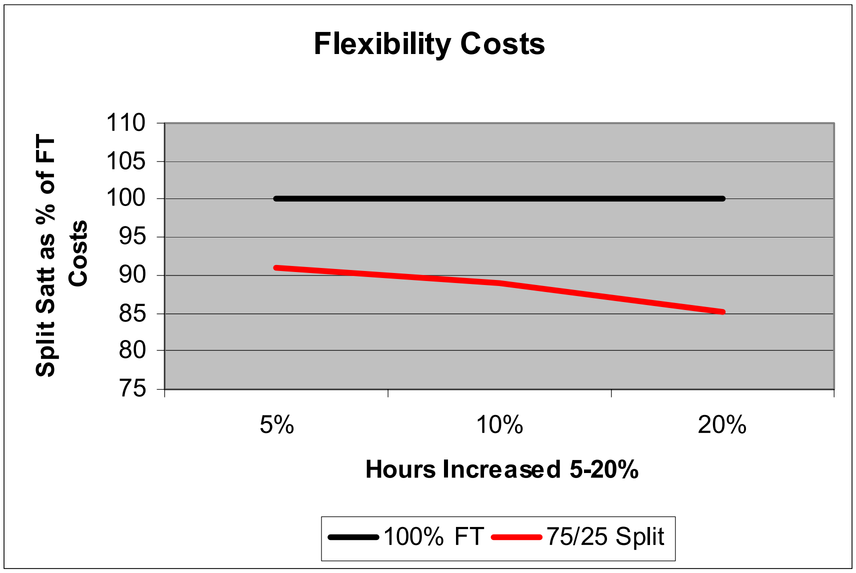
The additional cost of training is a cost required to secure the greater flexibility within the call center and this is a one-time expense.

The increased center flexibility can be substantial and provides a more cost effective alternative to extending full-time staff hours. In our hypothetical call center with a shift from 100% full-time staff (earning $11.53 per hour ($24,000 per annum) and attracting a 35% benefits load) to a 75% Full time and 25% part-time (earning $10.50 per hour and a 10% benefit load) structure. Will see a reduction in costs as outlined on the chart below;



The savings from this change in staff mix reflects a 6.5% reduction in overall center costs, which in our model is over $100,000 per annum.

Employing the model above will also allow the center to better manage spike in volumes which require additional hours and/or staff to handle to the same Service Level. The chart below illustrates the impact of 5% to 20% increases in staffed hours required.



The use of part-time staff to absorb additional demand hours will cost effectively allow the center to manage the increased demand. Caution must be taken however to only employ this tactically as permanently increasing part-time staff hours to approaching that of full-time will in some states (or company policies) require the movement of the staff from part-time to full-time status.

Similarly this approach can be employed to reduce part-time staff hours if volumes are reduced without impacting the full-time staff. Reductions in hours that are too severe or longstanding can increase turnover of part-time staff so caution must be employed.

To place the training costs into context; if we once again look at our hypothetical center which employs 50 FTE's and moves from 100% full-time staff to a split of 75% full-time and 25% part-time they will require 25 part-time staff (Some of this staff may move from the full-time ranks which will shrink by 12 staff). If we assume a three week training program for the new staff the cost of training will be $34,700. This cost when compared to the annualized saving of $104,000 provides a return on investment of under 3months.

The challenges around turnover and recruitment can be limited, mitigated or overcome through addressing both of these issues simultaneously with the implementation of part-time and/or casual/temporary staff. Issues surrounding company policies and/or state legislation require attention to ensure that even tactical increases of part-time hours will not contravene such policies.

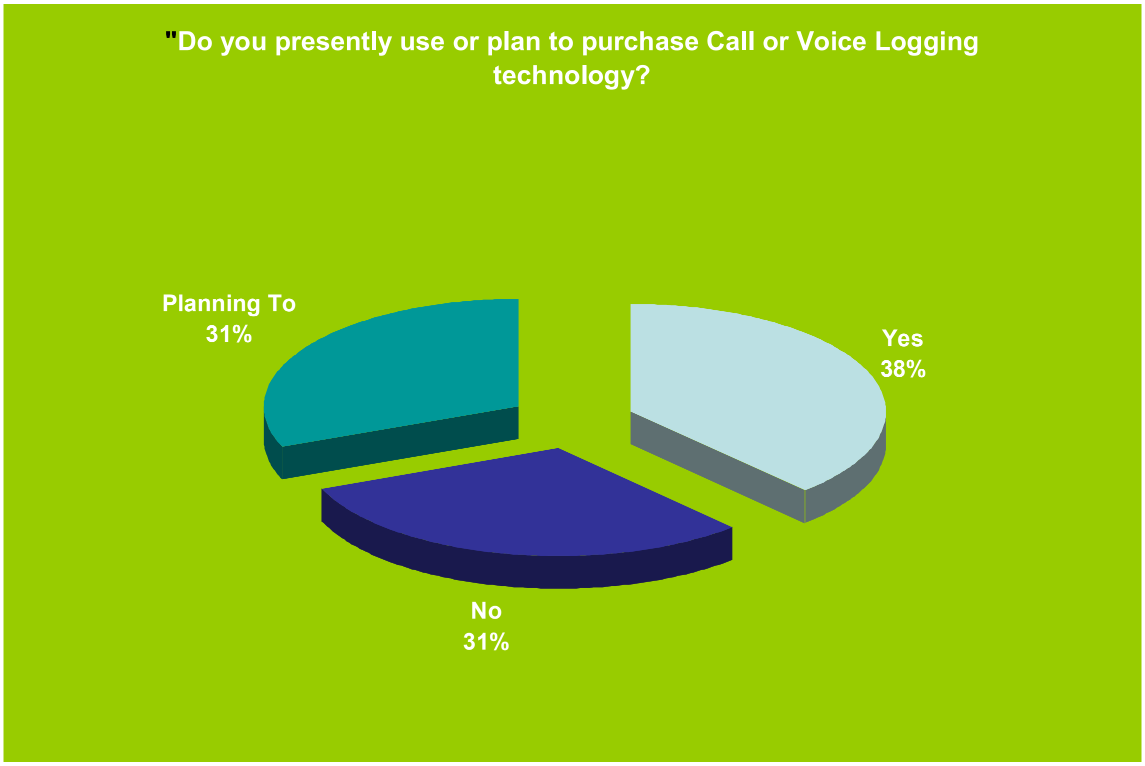
The adoption of an appropriate staff mix to your centers line of business, hours of operation and seasonal fluctuations provides a more effective and more efficient call center that is better able to absorb variations in call volumes while still maintaining the Service Level.

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.

We recently asked you to identify your current and/or planned activities opposite Call/Voice logging or recording.



Poll Results: 31% of the call centers that responded indicated that they are planning to implement Voice or call recording. This supports a recent COMMfusion and Tern study that forecasted this segment of the Call Center technology market to grow at 13 % CAGR through 2008. 38% of the participating organizations have already deployed this technology and 31% have no plans to do so today.

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.

Call centre jobs scam in India

Indian police have busted a job racket with the arrest of two persons who were allegedly involved in cheating unemployed youths with false promise of getting them lucrative jobs with a call centre. Animesh Raghav, 30, a resident of Meerut, and Amit Kansal, 26, resident of Ghaziabad, had opened a fake company Matrix Tele services and given advertisement in local Hindi dailies that a call centre needed youths with a minimum qualification of intermediate. It offered salary between Rs 10,000 and Rs 15,000 per month. As hundreds of job aspirants flooded the office, the accused took their formal interview and asked them to submit Rs 10,000 as deposit.

The jobless youths were promised that initially they will get a stipend for four months and after that they will get the promised salary. On a tip-off, the Crime Branch interrogated the duo and found that not only the accused did not have any connection with an international bank, HSBC, for which they were supposed to open a call centre here, but also they were operating under fake identities.

Police said that the accused had planned to cheat 1,000 persons. By getting Rs 10,000 from each of them, they would have amassed Rs 1 crore, police said. However, the duo was going slow so that nobody suspected any foul play. But when an applicant expressed inability to pay Rs 10,000, the duo asked him to pay Rs 5,000 instead. This bargaining raised suspicion in the mind of the aspirant and his relatives did some groundwork only to find that the claims were false.
Originally published in Asia Pacific Call Centre News

Indian outsource faces 90% staff turnover

Indian outsourcer Wipro forecasts plenty of growth in IT services, but warns its BPO services, such as call centres, would suffer in the fourth quarter due to a huge staff turnover rate.

Wipro vice chairman Vivek Paul said his company's BPO business faced annualized attrition rates as high as 90%. "We have to get that under control," he said, adding that it was trying to reduce the BPO unit's focus on call centres, which now represent 90%.

"The high attrition rates we have really limit our ability to continue to add people once we get to the scale and range we are in," Paul told reporters from Bangalore.
Originally published in Callcentres.net

Temporary Staff Overused

More than 33% of North American call centers employ temporary labor in their call centers. When you consider the average agent tenure to be between 12 - 24 months and the average agent training to be between 3 - 4 weeks we can see why many centers experience problems with low proficiency agents, low customer satisfaction, higher turnover and high recruiting costs.
Temporary staffing must be employed tactically and judiciously in order to be effective. When temporary staff is employed as panacea for the real underlying recruitment and or staffing issues the organization can suffer
TRG

Service Dissatisfaction is the leading cause of customer defections

According to a recent Purdue University study 68% of customer defections can be linked directly to service dissatisfaction. This is well above the product dissatisfaction at 16% and pricing at 9%.
TRG

Only 30% of Call Centers provide Supervisory training

According to a recent IICM survey only 30% of call centers provide Supervisory training for their front line Supervisors. Other key findings include;

Only 62% of centers train Supervisors to motivate and retain reps even though 93% of the respondent identified this as critical.
TRG

Ask the Experts

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

Distributed Call Centers

Question: "I currently manage a Wireless Voice support team for a Telecom company. Under a recent re-org I will now also manage a Wireless Data support team as well. Both are call center environments. My challenge is the Voice team is in eastern US, and the Data team is in Central US. No possibility of consolidating in one state.

I'd like to cross train the two teams to create two regional teams proficient in both Data and Voice support. This includes using a centralized knowledge base tool, cross training forum, and issue tracking tool for statistical trending and analysis.

Any suggestions on "best practices", different approaches, and/or tools to help in my new charge? I'm open to almost anything except off the shelf products (budget constraints). All tool development would have to be in house.
B"

Expert Response:
This is a big task you have before you. My thoughts are as follows;
1-First you will need to map the skills/competencies, required for both of these functions,
2-Then map the transactional processes that are completed by each group,
3-Map the education/knowledge required for each group,
4-Develop assessment and testing tools to identify proficiency of each group in each of the above areas,
5-Identify agent 'gaps' and develop up-training curriculum to bring the agents up to speed over a relevant period of time.
6-Test again to confirm the training has 'taken'
7-Start swapping calls.

A few other points to think about;
1-You will need to invest resource time to develop the systems (knowledgebase etc.), training and mapping. Remember to budget it appropriately over your year,
2- factor in the lost handling time for training/testing in your forecasts and schedules,
3- Remember that this type of cross-training or universality can reduce you overall labor expenses (through queue efficiency), but you won't see this for 60-90 days after you have completed the implementation.
4-Once you are directing calls to the 'non-native' centers you must continue to deliver these. Skills and training that is not kept current will atrophy and die...losing this capability to handle these calls.
5-The agents will expect additional compensation based upon additional skills. I would recommend that you assess not only the 'if they can do it' in the assessments but also the 'how well they can do it' and use an "Adequacy, Competency, Mastery' model to determine compensation or performance pay. 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 .

Spare Capacity…Got it?...Want it?

One of our clients is looking to try to source spare or excess capacity to help them manage their seasonal requirements. In discussing this issue with the client we thought that there may be other captive or in-house call centers out there that have spare capacity during parts of the year. This may be an opportunity to help our client and to help you. If you are faced with seat/capacity shortages during your peak periods then we may be able to help you gain additional capacity and/or staff at another captive call center. Please let us know if this is something you would like to investigate further and TRG will facilitate further discussions. Please contact Colin Taylor at ctaylor@thetaylorreachgroup.com.

TRG Secures a New Client

The Taylor Reach Group, Inc. (TRG) has secured another new client engagement. TRG will be working with a major charity overseeing and coordinating their telephone fund-raising activities.

The principals of TRG have worked with more than 20 major charities in the past to maximize their fund raising and development strategies. For additional information regarding TRG's fund-raising and telemarketing experience and services please email info@thetaylorreachgroup.com. .

Case Study

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

TRG eliminates need to Outsource

TRG helped an established computer peripherals company eliminate the need to outsource their call center through Operational Innovation and improved processes

The Challenge:

This very successful computer peripheral manufacturer had seen its business continue to grow based upon the overall growth of the market and their own increasing share of the market. Each quarter brought and increase to their sales units and also an increased load upon their technical support call center. The speed of growth had almost completely hamstrung their ability to hire, train and deploy new staff in their call center and they knew they were physically running out of space. They sought out the guidance of TRG principals with a view to outsourcing 50% of their call processing requirement.

The Process:

TRG worked with the center manager to complete a complete end-to-end Strategic Assessment of all of the activities and processes operating in the center. The technology, methodology and human capital areas were also reviewed.

The Solution:

As has happened with many other firms, the root cause was not really in the increasing market share or units sold, but rather it was found in dysfunctional processes, that required the incoming calls to be handled and 'touched' repeatedly throughout the process of providing support. TRG demonstrated that a number of processes were dysfunctional and recommended changes to many of these processes that would dramatically reduce the 'touches' required to meet the customers needs

The Result:

By implementing the recommendations made, the company reduced the number of "touches" and the average handle time (AHT) on each call; increased first call resolution (FCR) and customer satisfaction. In addition there was such a significant reduction in total transport minutes as a result that the company eliminated the need to outsource any of their call volumes.

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(in-house) 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!

Phone or email Colin Taylor today at 905-426-5055

By email at ctaylor@thetaylorreachgroup.com .

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