



CUSTOMER REACH®

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Trends for the Call Center Industry

Recently the two studies crossed my desk; Dimension Data study the “Top Eight Trends Shaping the future of Contact Centers”, and the Ventana Research study on contact center maturity and I thought it was a great starting point for some crystal ball gazing into our collective future.

Over the few issues of Customer Reach I wanted to share some of our thinking opposite these two reports and where insight call center and contact center operators need to focus to succeed and continue to thrive in this shifting marketplace.

First let’s examine the Top 8 Trends as identified by Dimension Data, the “top eight” list is;

1. The Role of the Contact Center is Shifting and Changing,
2. Sourcing & Service Models,
3. Process Management Orientation,
4. Self Service,
5. Performance & Productivity,
6. Integrated Architectures,
7. Procurement & Support Models,
8. Customer Experience,

The Role of the Contact Center is Shifting and Changing.

I agree completely with this point, the rate of change within the contact center space has continued to accelerate over the past ten years and increasingly the call or contact center is being viewed today as a strategic business unit in as a strategic asset. The shift from a cost center to that of a strategic business asset is shifting the focus away from cost-cutting and cost containment and instead is increasingly focusing on cost management, and value creation and retention. This isn’t to say that cost is now unimportant; we shall see that a number of the other top trends still focus on cost reduction, but it is no longer the sole or primary reason for change within the call center. The shift to a value focus however exposes the costs incurred with some of the cost reduction initiatives that center embarked upon in the past five years. Some of these chickens are coming home to roost. These include addressing issues such as staff retention/attrition, business alignment across functional silos.

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Sourcing & Service Models.



There is no longer just two ways to manage your contact center inside or outsourced; today the options are virtually limitless with co-sourcing, home sourcing, virtual agents and increasingly blended environments. This is a reflection of both the increasing maturity in the contact center space as well as the increasing plethora of options available to centers of all sizes.

Maturity of contact centers and the supporting marketplace and infrastructures mean that companies with more than one center are looking manage these resources on an enterprise rather than individual or silo basis and are increasingly moving towards global market management. The increasing availability of technologies that were once the sole domain of large, sophisticated, robust and expensive application suites, to an ever shrinking breakeven level has been driven significantly by ASP or Software as a Service organizations that today can offer virtually any call center technology on a per agent per month basis.

Process Management Orientation.

With contact center representing the primary channel for interacting with our customers process management has always been a key requirement. The recent shift from cost to value has forced organizations to increasingly look at how their internal and customer processes impact on the customer experience and on customer loyalty. Our experience has shown that virtually every contact center can be operate more efficiently and most can be operated more effectively. The key challenge to most operators is how to attain the best bang for the buck in terms of maximizing the customer experience and thereby protect the existing revenue stream while at the same time ensuring the center operates as efficiently as possible. This shift in orientation means that companies will be increasingly looking to streamline processes and self service will continue to grow in popularity (a hold over perhaps from the cost reduction models we are used to working with). We would expect that the most significant opportunities will continue to be ignored by many operators, due to fact that these changes are not easy and require significant effort though the returns are almost always significant. These hard strategies include mapping processes across the enterprise rather than just with the silo and addressing alignment issues on an enterprise level.

Self Service.

Streamlining of processes leads us inevitably to automation and self service. Self Service hold out the carrot of an improved functional process at a significantly lower operating cost. Where it is executed well and where it is appropriate it can work extremely well.

Key Self Service initiatives include speech recognition which is in use or planned in almost 50% of call centers, it is no longer the sole domain of larger centers. The next level of speech recognition is the fully virtual agent that can at times be so well designed and implemented to actually appear to be a live agent. Both of these examples as well as considered and rational expansion of existing and next generation IVR's can assist companies to deliver improved effectiveness and efficiency within their contact centers.

The majority of organizations will continue to try to shortcut this exercise and where the proper due diligence hasn't been completed they will run the risk of offending customer and eroding loyalty. Of course this result isn't solely attached to self service as this is a risk with any of the trends we are discussing here, but self service which eliminates a live communication channel can do far more damage before the real cost is discovered than can occur in the other trends examined here.

Performance & Productivity.

Increasing focus on value creation and effective cost management (Trend 1) will drive an increased focus on Performance & Productivity. Agent analytics has become the fastest growing sector of the call center industry according to the experts at Gartner and Datamonitor.

This challenge has spurred and will continue to drive an increasing number of organizations to implement Service Level Agreements (SLA's) and Key Performance Indicators (KPI's). The risks here are primarily that the companies may not know what the SLA or KPI's should be and fall into the benchmarking trap (what is good for someone else might be good for me) rather than assess what their customers expectations and their resilience to change.

Of course there is lots of room for improvement with agent utilization at only 59% on average. Expect to see increased adoption of forecasting and staff scheduling applications as centers strive to improve the return on their single largest investment...their staff.



Integrated Architectures.

IP telephony is now mainstream and with it we have seen organizations start to view their voice and data infrastructures on an integrated and enterprise level. This shift can result in significant benefits to the organizations make this leap, though if poorly planned and executed it can lead to a very expensive and uncoordinated exercise that can actually damage customer loyalty and employee morale and confidence. The most common mistake is to fail to step back and envision the integrated architecture as a single entity, by not embedding the singularity of this viewpoint companies often attempt to cut corners, to save cost, but actually end up with higher expenses and less functionality. Add IP isn't just about carrying voice over your data network, it must be about redeveloping your network to deliver two mission critical service to the company and not just one. Only when this is completed can organizations truly leverage the opportunities and capabilities that a robust distributed network can offer.

Procurement & Support Models.

As the price of entry for many contact center technologies declines, increased competition, IP telephony, hosted applications and Software as a Service more and more companies are avoiding the capital cost associated with their call center infrastructure and moving instead to rent based agreements. This can benefit organizations by reducing their initial capital outlay as well as enabling them to move more quickly to adopt new or emerging technologies than was possible previously. At the same time their on-going costs align better with the provision of service to their customers and less so upon managing infrastructure.

Increasingly contact center operators will move to a rental based agreement and outsource increasingly their network and data management requirements. On the whole this will increase the speed of adoption as outlined above and will serve to further reduce the cycle time of contact center application development. This increase speed of development will cause purchased equipment companies and those who manage their own network and data infrastructures to effectively be penalized as they cannot afford or easily justify the move to new technology faster than their current 5- 7 years cycle times.

Customer Experience.

The contact center business has been around for fifty years and more than two decades we have been hearing how important our call is to the company that leaves us on hold for twenty minutes, but there are signs this is changing. Increasingly organizations are realizing that customer loyalty is increasingly fragile. Customer satisfaction is what the customer says it is and customers will vote with their feet if you fail to deliver the promised (or expected) service. This shift, from 'cost based management' to one of 'value based management' portents a great and potentially positive change in the contact center landscape. Further this shift will create significant opportunities for the early adopters. A key prerequisite of this change is the involvement and understanding of an organizations senior management team of the realities of their own contact center and the expectations of their customers. One of our clients, a Fortune 500 company each month distributes the Voice of Customer cds' to their senior officers and the this group actually listens to them and discusses what they are hearing. Would this company have embarked on a significant overhaul of their customer facing infrastructure without this backdrop? We will likely never know this answer but I would suggest that it is highly unlikely that the budget for this change would ever have been approved without an in-depth understanding that cannot be achieved in a two hour meeting.

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



Survey of the Month

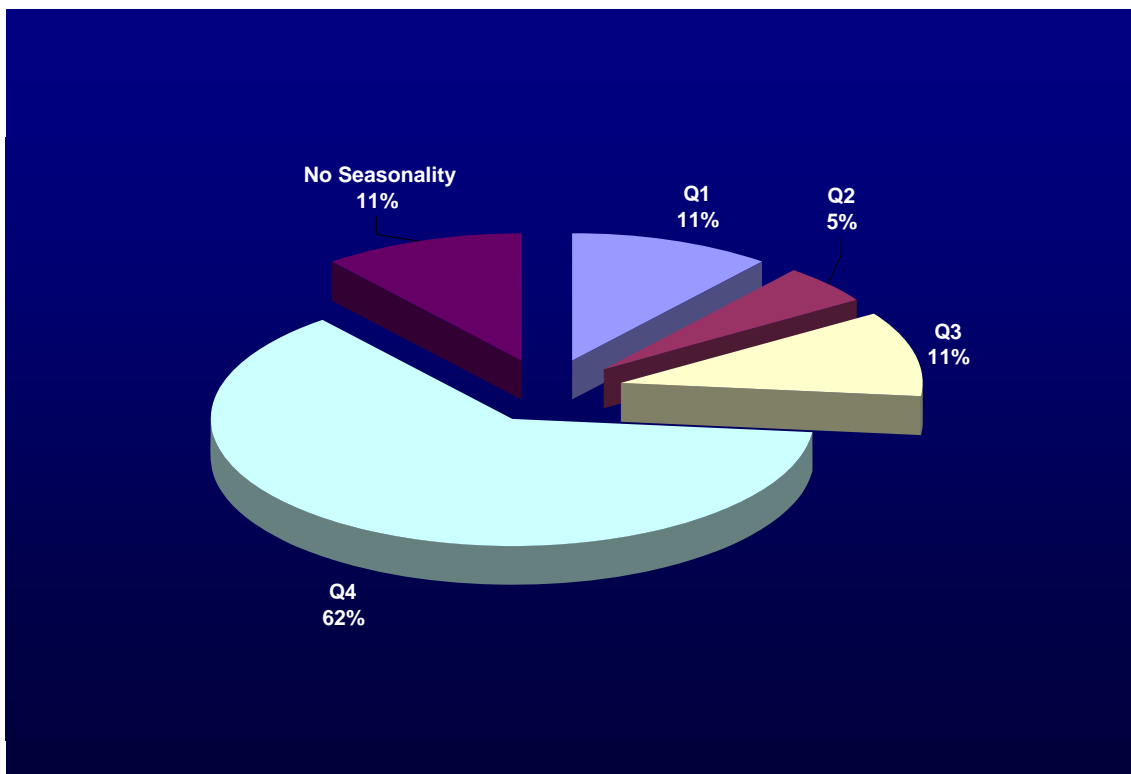


Each month on the TRG website (www.thetaylorreachgroup.com) we ask you to cast your vote in our monthly survey.

Last month we asked;

Can call centers partner with other call centers and eliminate the need to outsource? This question was prompted by an article in the wall Street Journal on Monday April 10th which cited the example of 1-800 FLOWERS and Choice Hotels who have done exactly that.

The question then related to the degree of seasonality that each responding call center was experiencing.



We received more than 200 responses to last month's poll.

Survey Results:

Overwhelmingly and perhaps not surprisingly Q4 had the highest call volume with 62% of respondents indicating this was their highest volume period. Q1, Q3 and those with no seasonality were each represented by 11%. The lowest volume was represented in Q2 with just 5% of respondents indicating this was their highest volume period.

This suggests that 38% of call centers have either no seasonal peak or have a peak outside of Q4. This shows and confirms the possibility for other companies to find potential partners where they could share staff throughout the year and assist both centers in better managing their peaks. Emails received pointed out that training, hiring, company policies, time off and vacation could all prove to be significant issues in relationships of this type. However, we also heard the counter arguments about the difficulty in recruiting 1000 or more additional agents for a 12-week period.

Visit the TRG website www.thetaylorreachgroup.com and weigh in on this month's survey: Do you have an idea for an upcoming poll? If so, we would love to hear it. Please email your suggestions for future surveys to feedback@thetaylorreachgroup.com





Root Cause Analysis- Why You should be using it,

It always amazes me how call center managers, their direct supports and their superiors often fail to use one of the best tools at their disposal, Root Cause Analysis. Of course if you are always fighting fires it is difficult to find time and or resources to research what is causing the fires in the first place. As with any fire there is always a cause; a discarded cigarette, an ignition source, lightening etc. There is always an underlying cause for any event.

According to Wikipedia, “Root cause analysis (RCA) is a term used to denote a class of problem solving methods aimed at identifying the root causes of problems or events. The practice of RCA is predicated on the belief that problems are best solved by attempting to correct or eliminate root causes, as opposed to merely addressing the immediately obvious symptoms. By directing corrective measures at root causes, it is hoped that the likelihood of problem recurrence will be minimized. However, it is recognized that complete prevention of recurrence by a single intervention is not always possible. Thus, RCA is often considered to be an iterative process, and is frequently viewed as a tool of continuous improvement”.

If we go to see our doctor we would rather that he addressed the cause of our sickness and not just the symptoms. In our business lives, however, we can often fail to see or understand the causal events that are making our lives miserable. So how can we move from fighting the fires to preventing them? How can we do this without investing in expensive technology, costly consultants and with no additional resource bandwidth? The phrase “out of the mouth of babes” comes to mind. You see I have been practicing root cause analysis for many years and had developed a fairly robust approach of employing process maps, live call monitors and recording as well as stakeholder interviews. All of which I must say has worked quite well and has stood me in good stead with my clients and customers. When babysitting my granddaughter recently I was reminded of another approach and one that is extremely effective for drilling down to a root or underlying cause. “Why is the sky blue?, Why do we have day and nights?, Why doesn’t the sun go out?, Why does the moon move around the sky?, Why do the tides move in and out? Of course anyone who is familiar with six sigma understands the ‘5 whys’. Following my most recent interaction with my granddaughter I gained a new appreciation for this approach.

Again from Wikipedia, “The 5 Whys is a technique used in six sigma methodology to help determine the root cause of a defect or problem. Often it takes roughly five iterations of asking why to get to the real cause of a problem, although the real key is to just start asking why” The penny dropped, using the 5 whys could be a far simpler tool for quickly assessing the root cause.

So we tried it out on one of our clients;

“41% of all callers were complaining that the service promised was not delivered”,

Oh says I “why would the service not be provided?”

“The customer must complete some preparation in order for us to provide the service. A lot of times they don’t prepare and blame it on us”

“So what percentage of the complaints are real and what percent is the customers?”, I asked.

“I don’t know came the response, we don’t measure that”

“Ok, so I’ll ask, why don’t we measure that?”

“We don’t have a mandate from corporate to measure it”

“You said you didn’t have a mandate from corporate. Aren’t there service standards in place?”

“Well yes, there are, but complaints aren’t really covered.”

“Why aren’t complaints covered?” I asked gamely.

“The operations staff doesn’t want us to measure complaints.”



“And why don’t they want to measure complaints?”

“Because since some of the customers are lying it will make the operations staff look bad and they don’t wish to be seen as doing a bad job”

At this point I had to agree I could see that point of view. After all who wants to look like they are doing a bad job? The operations staff also completed ten of thousands of service deliveries successfully each month. Though not wanting to bail out of the process, I adjusted course and went back at it, “You said there were service standards in place. Is there not a standard for service complaints?”

“There actually is, but we don’t report on it, because it just gets the operations staff upset. They tell us it is only a goal.”

“Ah ha! So these are service goals rather than service standards for complaints. So you don’t track them because a percentage of your customers may be lying. Do I understand this now?”

“Yes, actually you have put it quite well.”

There we have it. Not quite done in the suggested 5 why questions; but the underlying cause for the high percent of complaint calls is the lack of service standards. While management claimed to employ service standards in the case of complaints, they were really just goals. Therefore they were untracked and unenforceable. But maybe I am congratulating myself too quickly. Let’s fast forward a bit through the process:

We met with the senior management team and reviewed the service standards.

We found that many standards were really goals and most were not tracked or met.

We secured agreement that in order to have any effectiveness a service standard had to be tracked, analyzed and managed,

We secured agreement on all standards fairly quickly based upon a 5 nines success rate 99.999% success.

Then we bumped back into the problem with those lying customers. In all fairness it was not me who had the epiphany, but rather one of the senior group.

“So tell me” he asked “is your lying population concentrated in just one sales territory?”

The answer as suspected was “No they are all over town”,

“Good then why can’t we just accept that a percentage of our customers will be less than truthful, because I’m sure the liar density in this town, like others is pretty equally distributed”

Well that did it. We agreed to a meaningful service standard for complaints; accepted the truth that liars don’t all live on the same block. We moved forward and implemented meaningful service standards across the organization.

There were more than a few missteps along the way but at the end of the day we saw the number and percentage of total calls represented by complaints drop from 41% to less than 7%. Of course like any improvement initiative it never comes to an end. I know that today we are still working to improve the success rate for the service standards and we are still looking for those customers who are less than truthful.

A final thought if you ask the question as to why things are done a certain way and get the answer because we have always done it that way; don’t despair. There is always a better mousetrap, a better way of doing things. We just need to discover them. Root Cause Analysis can be a very valuable tool is helping you to understand why.



At TRG, we believe in happy endings.
To turn your call centre problems into personal and professional triumphs, just call
Colin Taylor at (905) 426-5055 or visit us at www.thetaylorreachgroup.com



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Newsworthy

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

Bad accents tops dissatisfaction list

A new international contact center survey reveals that Americans balk more at customer service agents with hard-to-understand accents than with those who don't understand the problem they are calling about. Conducted for NetReflector the research explored customer experiences of interacting with contact centers in nine countries around the world. When asked what frustrates them most about contact centers, U.S. respondents say bad accents (29%) are their top complaint followed by rude or condescending agents (18%), being made to wait too long on the line (17%), or having to listen to an agent "upgrade" their services (15%).

CRMAAdvocate

Australians prefer phone contact to internet

Almost three quarters of Australians still prefer to contact customer service departments via the phone, according to new research.

The global NetReflex study found that 74% of Australians favored phone contact with organizations over email, chat or mail, making it third behind the US (76%) and Canada (75%). Most respondents cited personal contact, speed and convenience as their reasons for preferring phone contact.

The definition of good customer was consistent: across the world, with a good customer service experience generally defined as one in which the customer interacts with a knowledgeable service agent who can handle problems quickly and effectively. However, the costs of a bad customer service interaction, regardless of the reason, run consistently high across the globe: the poll finds that 86% of respondents would likely or very likely move to a competitor following a poor experience.

CallCentres.net

Outsourcing contracts failing to deliver, says report

A record number of outsourcing contracts are failing to meet expectations, with one in two suppliers under performing. A new survey has found that nearly 50 per cent of UK blue chip companies still enter the outsourcing selection process without knowing exactly what they want or how best to source it. While one in three firms admitted that their deal failed to meet their needs, a staggering 23 per cent took the services back in-house. The research survey, by sourcing advisory firm Orbys Consulting, in conjunction with Henley Management College and Benchmark Research, concluded that the majority of firms had followed unsuitable sourcing approaches. "The survey has some clear messages about successful outsourcing," explained David Birchall, director of advisory services at Henley Management College. "Care in preparation and capability development, a good company



structure, regular formal reviews against key performance indicators (KPIs), early remedial actions to address emergent problems, relationship building and a performance improvement culture are keys to success." Although the research found that overall satisfaction levels are high, with 55 per cent quite satisfied and a further 27 per cent very satisfied, there was a significant level of failure of deals to meet expectations. Around 40 per cent of UK firms experienced problems during the life of their outsourcing deal, including loss of pricing competitiveness and supplier inertia. Furthermore, 59 per cent of blue chip companies had to renegotiate their contract. Mark Sukiennik, director of Orbys Consulting, added: "The fact that overall satisfaction is relatively high despite the failure to meet expectations, the high incidence of problems and only partially effective corrective action, suggests a surprising level of acceptance and complacency with this standard of underperformance."
eCCF

Record number of call centre workers want to work from home

More than 90 percent of call centre agents would rather work from home, a new survey has claimed. CSRs admitted that they would rather take calls from the comfort of their own home, rather than travel to purpose-built out of town offices. The 1400 person survey also found that a large portion of the population is willing to work in a call centre but they are prevented from doing so for geographic reasons. The report, which was conducted by call centre recruitment group Teleresources Consultancy, was launched to coincide with a new partnership between Teleresources Consultancy and UK Virtual Call Centres. Vanessa Forster, Teleresources consultancy director, said: "Even though we are well aware of the scope and benefits that home working can confer to the sector, we were still surprised by the numbers of people who expressed an interest in working from home through the survey. For contact centre operators who struggle to meet staffing targets and make agonizing decisions over whether to close an existing centre in favor of new locations closer to new labor pools, tapping into a local, home working resource can make all of the difference at peak times. This is clearly good news for the major operators but also for individuals seeking to improve their earning potential." Forster continued: "The findings also demonstrate that despite mixed perceptions in the past, work in contact centres is increasingly regarded as a respected career option with plentiful opportunities to progress. The industry has campaigned tirelessly to promote the UK as a cornerstone of quality in the global contact centre market and it is pleasing that this message is clearly feeding through to the workforce."
eCCF

Ask the Experts

How can we better align our internal and external customer satisfaction measures?
Samarath C.

Expert Response:


In most organizations there is a great disparity between what is measured internally to gauge customer satisfaction; quality assurance, monitoring checklists etc. and what is employed externally; direct customer interviews. In general the internal quality assurance process measures our success at doing those things we feel will improve our customers satisfaction with their transaction.. The actual customer interviews illustrate what is really important to our customers. If we are going to make significant in-roads in improving customer satisfaction we must align these two points of view.

Fortunately we have the ability in most call centers to do this quite easily. The first step is to compare and contrast what our customers have said is important (via direct customer interviews) and what we are measuring internally (monitoring forms, guidelines etc.). A side-by-side comparison will often yield some surprising results. For example in most situations what our



customers value very highly is a resolution of their inquiry, yet our research indicates that less than half of the centers we spoke with were including resolution on the internal quality measurement scores. Many centers reward those agents who use the customer name or demonstrate good call control with high marks when monitored, but customers often cite the annoyance of hearing their name in each sentence and frustration with not being able to 'get a word in edge-wise'.

Alignment is a critical piece of effective call center management and is all too often overlooked. For more information on alignment in call center operations see the article in September 2005 issue of 'Customer Reach'.

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

Inside TRG

Up coming TRG speaking events

Colin Taylor is speaking on May 25th at a joint itSMF/HDI meeting. The IT Service Management Forum is an international not-for-profit organization for IT Service Management Professionals.

Colin's topic is "Help Desk ROI...Calculating the Return on Intangibles"

Overview: This session will explore the process to determine and communicate the value the help desk provides to the organization employing variations on traditional ROI calculations. This equips the Help Desk Manager with the tools and techniques to position the Help Desk as a 'value enabler' rather than a 'cost center'.

Customer Reach® continues to gain new subscribers

With this month's issue Customer Reach® will be distributed to more than 2,500 subscribers around the globe. Our readers continue to tell us that the publication is meaningful to them and provides them with a wealth of information and great ideas they can implement in their own center. In fact 53% of our readers have implemented change in their center based upon ideas they read about in Customer Reach.

Please pass along your issue to a friend or colleague or suggest they register to receive their own copy they can do so at <http://www.thetaylorreachgroup.com/onlineNewsletter.php>

We need your help. We want to ensure that the articles, polls and questions we feature in Customer Reach are meaningful and applicable to you in your center. Please share with us your comments, ideas and suggestions regarding how we can improve on our newsletter. Please email Michelle Fernandes the Editor of Customer Reach at customerreach@thetaylorreachgroup.com



Back issues of Customer Reach® now available

The entire collection of Customer Reach® newsletters, going back to April 2004 are now available on cd or in PDF. Please contact Crystal MacIntyre at 905-426-5055 or via email at cmacintyre@thetaylorreachgroup.com if you would like to receive a complimentary copy.



Case Study

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

Assisted services company to get attrition under control while reducing expense and improving quality

The Challenge:

Our client operating a busy consumer and business call center in the fastest growing city in the United States, Las Vegas was having problems retaining staff. The call center was a virtual revolving door with turnover approaching 100% per annum. Of course this level of attrition not only meant that the inexperienced staff handled most of the calls, leading to lower quality and lower first call resolution, but it was also expensive to constantly train the new staff. In the end the call center was unable to keep with the demands and was forced to bring a third party recruitment firm in further adding to the costs. Even then they often had positions they could not fulfill. The offered compensation was lower than that being offered to make beds at one of the casino hotels. Given this backdrop of change it was not surprising that call center staff morale was at an all-time low.


The Process:

Colin and his team of consultants began by looking at the hiring, staff assessment, training, coaching, quality assurance, compensation and career path open to the call center agents. In short we examined all of the 'moving parts' directly connected or impacting upon new agents. The staff selection and assessments were weak and did not support the activities required of the agents.

The Solution:

Working with our client we developed a skills and competency map which identified all of the skills and competencies that were important for an agent to possess in order to be successful and productive in the agent role. We established some guidelines for this exercise; the skills and competencies needed to be able to be objectively assessed, we wanted to ensure that subjectivity did not play a role here and that the only options for scoring the skills and competencies was a pass or fail grade. In the end 15 skills and competencies as well as the associated tests were developed and put in place to screen all new applicants. The third party recruitment firm was dropped and an additional resource was added to the recruiting team. New recruiting and advertising sources were identified, these included papering the local area immediately around the call center, job fairs and billboard advertising. The job descriptions for the agents were changed to create three distinct positions within the center tied directly and objectively to skills and competencies, quality scores, first call resolution, productivity and leadership.

The Result:

Within six months the center was fully staffed with no 'open' positions. The new agents demonstrated better skills, higher QA scores and ramped up ore quickly then many of the veterans. The caliber of staff improved, the morale in the center improved, in part due to the 3 levels of agents. In addition overall the center improved quality, resolution rates and actually reduced their hiring expense. This was all achieved without increasing the starting rate of pay. The net result was a more effective, more efficient call center, with greater tenure, improved morale and a waiting list of 'hirable' staff. 



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