THE TAYLOR REACH GROUP INC.
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CUSTOMER REACH®

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Incentives in your Center, What is right for you?

How do you motivate your call or contact center agents? I have been asked this question hundreds of times. The questions keep coming up because centers are constantly struggling with how to engage their staff. Engaged staff is more productive, has lower attrition, and positively impacts the overall center morale.

Motivation in many centers is a purely tactical activity; Tactical, short term programs and incentives. Other centers take a more strategic approach with over arching incentive, compensation, and recognition programs. Tactical programs are generally implemented to drive productivity increases; strategic programs drive productivity, quality and compensation alignment.

There are number tactics and tools employed in both tactical and strategic programs. In this article we examine theses options to provide an overview to what works, what doesn't and why.

The choices are almost endless: cash, coupons a multitude of gift cards, recognition and rewards schemes, and programs. But what are the most effective programs to put into place? What will work best in your center to help you achieve your goals and objectives?

First let's divide incentives into groups of similar types of incentives: Cash or similar, Travel, recognition, and hybrid programs. Cash and similar programs are by far the most popular form of incentives. They are employed both in tactical short term programs as well as on-going and strategic programs. Cash program employ actual money, similar programs employ rewards that are tied to money, but are not cash. These would include gift cards (Amex or Visa cash cards, Retails cards: Best Buy, Sears, Wal-Mart etc., coupons or passes for Restaurants or movie theatres.

The most prevalent form of agent incentives is still cash. As the old saying goes "it is always the right size and color". Cash programs are the easiest to implement, no issues, or discussions are required to determine if your staff will be able to use the reward and it is easy to budget and track.

Though always welcomed cash incentives can present a number of challenges. These challenges include the appropriateness of the level of incentive: if the cash level is too low, agents may feel that the incentive is not worth seeking or may even feel insulted by a $0.25 incentive which will actually erode morale in the center. It can depress rather than incent improved productivity.

In setting a cash program there is instant transparency regarding the value of the incentive a dollar is a dollar, unlike other programs where the value or perceived value may be unknown or variable. So it is critical that the incentives be targeted appropriately to incent the actions or behaviors you wish to reward and not be set too high or too low.

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At both extremes agents may not be motivated as they perceive the targets to be unattainable or to require too much effort for to little reward. This can be a particular problem with short term tactical programs. Strategic programs often are geared to permanent change of behaviors and as such are often commission based or structured on a similar model. These commission models are less incentives and more part of the compensation model.

Gift cards are employed by many centers. This type of incentive is often perceived to be more effective than cash as it the reward doesn't get frittered away. In the hands or pockets of most agents cash incentives vanish. The money just gets spent with no attributable purchase or result. Gift cards and coupons on the other hand generally result in some specific purchase or event being associated with the reward: a book, CD, DVD, dinner out etc. The connection with a tangible purchase or acquisition positively reinforces the value of the incentive each time the agent thinks about what they did with the incentive/reward.

As outlined above caution must be taken in developing the criteria for the reward and specifically with gift cards and coupons the suitability of the incentive to your staff base. For example in a center where the staff earns minimum wage and incentive usable only for electronics may be less well suited to staff that are having trouble buying groceries and cash or grocery gift cards may be better suited to your staff.

Travel incentives are generally employed in long term or on-going strategic programs. Often they are structured to reward the top X performers with a trip to a nice destination (resort or similar). Suitability and appropriateness for your staff is critical in programs of this type. Common in sales call centers travel incentives generally require longer periods of time from start to finish and can be challenged to retain relevance throughout the program. If the trip is for the top sales person and the same person wins each time, other staff will quickly (and sometimes instantly) lose interest in the program as they do not feel they can win. This perception can be a challenge with any 'all or nothing' program structure.

Studies regularly inform us that agent's value recognition equal to or above cash compensation. As any centre manager will tell you it is important to recognize achievements by agents if you wish to keep your staff motivated. There are too many recognition programs to address all of them individually here but some of the most common programs would include: Employee of the month awards, choice parking privileges, choice of shifts, and choice of lunch or break schedules. Some of the most interesting programs can involve contact centre radio stations where the reward is selecting the programming, or coaching the CEO or similar senior executives as they take calls for a day.

Hybrid programs will involve one or more of the above incentive models. These are often structured to reward points for various achievements and performance results. Hybrids can incorporate short term incentives for tactical objectives within the overall point structure. Hybrids can be extremely effective as they can evolve constantly so they are never perceived to be boring or mundane. As they can reward various activities sales, volume, most up-sells, highest customer satisfaction, peer mentoring etc. they hold a broader appeal to agents versus an 'all of nothing' incentive. This said Hybrid point systems require more design and management time to build and operate these programs.

So which type of program is right for your centre? Incentive and reward programs can be wonderful tools for centre management to get more from their staff when properly implemented, but they can also increase costs, reduce efficiencies, increase staff turnover and erode employee morale when they are poorly conceived and executed.
While there is no one-size fits all solution, the following checklist can help you to determine what will work best for you in your centre.

1. Analyze your staff and the suitability of reward types,
2. Align the objectives of the reward program to centre objectives,
3. Determine if you should employ a tactical or strategic program,
4. Identify the behaviors you wish to incent and improve,
5. Quantify how you will measure these improvements (always employ objective over subjective measurements),
6. Quantify the impact of the program on the centre, what will we realize as a result of the reward program,
7. Assess the amount of time it will take to build and manage the program,
8. Quantify the costs to operate the reward program (hard costs: the rewards themselves and Soft costs: management and reporting),
9. Develop a Return on Investment (ROI) model for consideration by management.

Whatever programs you choose to implement consult your staff in the development of any program, it the agents after all that you wish to engage through the incentive program.

Let us know what you think of this article, please visit www.thetaylorreachgroup.com or send us an email at info@thetaylorreachgroup.com.

Outbound, Outsourcing and the new world order

With the introduction of the Do Not Call (DNC) list most people both within the call and contact centre industry and those outside of it, assumed that this would be the death knell for outbound calling. The DNC eliminated huge volumes of people who you couldn't phone. While there are exemptions and exceptions it forced many firms and organizations to change the way they do business.

Telemarketing or outbound calling was once the primary activity of call centres. Companies employed outbound telemarketing because it works; thirty years ago people often were genuinely happy to receive a call from hundreds or thousands of miles away. Over time more and more companies and organizations began to use to outbound telemarketing themselves or contracted with a third party outsource agency to place call on their behalf. The introduction of predictive dialing greatly improved the number of calls that an agent in a call centre could make and the number of calls soared. Pretty soon consumers were receiving two, three five calls a day and their frustration with telemarketers calling to 'sell them something' became common.

Enter the Do Not Call list and the frustration with telemarketing calls crystallized into 150 million Americans signing up. In Canada a DNC list has just been (September 30, 2008) launched and on the first day the number of people calling overwhelmed the operator. It is likely that we will see more than half of all Canadian phone numbers registered under the DNC.

According to Contact Babel legislation has had an impact on outbound telemarketing activities "14% of respondents said that their outbound calling had greatly reduced due to legislation, although 56% said that it had reduced in some way (which is up from 41% last year)". This reduction of outbound activity has been seen over the past decade from approximately a 50/50 split between inbound and outbound to today only an estimated 18% of call centres would define themselves as exclusively or primarily as outbound.

So with fewer people to call what are companies and organizations doing? Perhaps surprisingly they are still calling. Sales calls to new customers are still the number one activity even though the universe of 'call-able' numbers has been greatly reduced, cross selling and customer service activities represent other significant segment of outbound telemarketing.

Increasingly companies and organizations look at outsourcing and off-shoring their outbound calling requirements and much of this activity is provided through third party outsource agencies. There are a number of reasons for this:

- Outsourced firms tend to cost less than completing the work internally (much less if an offshore provider is employed),
- Access to skills, staff and technology that the company may not possess internally,
- Compliance issues related to legislation (DNC)

Outbound calling completed by third party firms will generally be completed on a cost per hour basis, on a dollars per sale basis, often called 'pay for performance' or P4P, or on a base plus bonus structure. These rate structures reflect risk and which of the parties (outsourcer or client) is accepting the risk. As expected cold call selling is often outsourced on a P4P model as it does not cost the company any money unless the outsource firm actually makes a sale. Of course this is not completely true a company the sponsors high volume P4P campaigns does run the risk of eroding Brand value due to the volumes and/or quality of the calls. Hourly rated programs tend to be service and customer satisfaction type of calls and Upselling, cross-selling and renewal activities are often structured on a base plus bonus basis.

There is a high correlation between P4P programs and offshoring. A casual study completed by the author found that more than 75% of P4P program opportunities reviewed were targeted to offshore firms calling into North America. The reason for this is cost. While it is virtually impossible to make a cost comparison on P4P activities as the unit price varies by product and/or service it is possible to look at hourly costs to establish as baseline. A recent survey completed by The Taylor Reach Group, Inc. found that hourly rates varied across Canada from a low of $20 per hour to a high of $32 per hour for outsource firms located in Canada. Generally Toronto (and other major urban centres) had the highest rates and more distant and/or rural locations had the lower rates.

This compares with hourly rates in the $12 to $14 dollar range offshore.

There are challenges and risks to bear in mind before you rush to offshore your outbound telemarketing activities. From an effectiveness perspective these include; language issues, geography issues, inflexible scripting , issues understanding the product or service if it is not prevalent in the culture of the off shore location; and issues of context if the offshore agents are not familiar with the culture in North America. There are also risks from a financial point of view. The stated rates do not include the cost to source, vet, negotiate, or contract with an offshore service provider. Nor do they include the 20%-30% premium to manage an offshore partner. Lastly offshore outsourcers generally have a lower sales conversion rate due to the challenges above. Once these considerations are taken into account to costs offshore become similar to those onshore.

If you are contemplating outbound telemarketing outsourcing to a third party firm should certainly be considered. You need to ensure that the rate structure is appropriate to the type of calls you wish to have placed (sales, service, satisfaction services etc); that the technology employed is appropriate (predictive, progressive or preview dialing); and that risks related to legislation are mitigated through a compliance program. The first organization to be fined for violating the US DNC was AT&T, through one of their outsource partners. Don't let this happen to your organization.

Outbound telemarketing is not going away any time soon. Companies and organizations that employ or wish to employ outbound calls will need to be vigilant and know and mitigate the risks. Third party outsource firms have developed compliance programs to ensure that their actions are compliant with the rules. Outsource firms have significant risk to their livelihood if they are not operating under the rules, far more than most of their clients would have. And as a result these companies will have and continue to invest in maintaining their compliance.

Let us know what you think of this article, please visit www.thetaylorreachgroup.com or send us an email at info@thetaylorreachgroup.com.

Newsworthy

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

Indian call centre worker 'froze customer's account and changed his identity' as revenge for having service criticized

By Luke Salkeld

Telephoning a bank's call centre can be a frustrating experience. And after he was finally put through to a 'rude' and 'arrogant' operator, George Bates felt justified in making a complaint. Taking part in a follow-up survey to monitor customer satisfaction, the 23-year-old made clear his opinion of the call centre employee - who took revenge by putting all of Mr. Bates' finances on hold. When he contacted the bank later that day, the self-employed carpenter was unable to access his account for 'security reasons'. He then visited his local branch and was horrified to discover his identity had been swapped to that of a Ugandan divorcee ten years his senior. Mr. Bates also discovered his overdraft facility had been withdrawn and several direct debits had been cancelled - landing him with £60 in charges. He said: 'This arrogant phone operator has obviously seen that I've given him bad feedback and decided to change all my details in revenge. 'I rang up and I couldn't understand a word of what he was saying. He was rude, arrogant, and very pushy. 'He was really unhelpful but he had the cheek to pester me to give him a good rating after the call.' He continued: 'When I heard my details had been changed to Ugandan I was terrified that my account had been emptied by somebody else and I'd never have my money back. 'His spiteful actions have caused me a massive inconvenience and I've changed banks now because I'm scared he could still access my account.' Mr. Bates' rang Abbey's telephone banking service last month to extend his overdraft by £200 to cover direct debits which were due to come out of his account. The operator, who spoke with an Asian accent, extended it from £1,500 to £1,700, but refused to extend it a second time in one day. Mr. Bates claims the worker then pestered him to give maximum scores of seven in an eight-question automated survey which customers take following a call.
The frustrated bachelor answered the questions with ones and twos, the lowest scores, because the phone operator had been so unhelpful. But when he rang up the following day to try and extend his overdraft again, he failed to access his account using his correct name, date of birth and account number. He was advised to visit his local branch but was unable to get there during the working week - and then had his

cash card swallowed by a hole-in-the-wall dispenser.
The next week he visited the Abbey branch in Broadmead, Bristol, where a manager informed him he was listed on his account as a 33-year-old Ugandan divorcee born in July 1975. The bank manager corrected his details but over the next few days George discovered his overdraft and six direct debits totaling £750 had been cancelled - incurring 4 different charges totaling £60. Mr. Bates, who is single and lives in Bristol, then went back to his bank to demand his overdraft and direct debits were reinstated. All the changes have now been rectified, and Mr. Bates offered £200 in compensation. But he is still not a satisfied customer. He said: 'I am not happy with the service and the fact that the call centre Abbey uses is in India. They offered me £200 compensation but that's not a good apology to me.

'I've been forced to take lots of time off work which has costs me several day's wages and the stress of it all is really frustrating.
'Even though they did eventually sort everything out I'm still unhappy and I'll be switching back to a bank with call centres in Britain.'
Abbey, who have five call centres in Britain and two in India - one in Bangalore and one in Pune, say they have 'fully investigated' the incident but refused to confirm whether any disciplinary action has been taken against the worker involved.
A spokesperson said: 'An error occurred on Mr. Bates' overdraft. We have since returned his account to the correct position and refunded any charges relating to this error.

'In relation to Mr. Bates' other claims, we can confirm that we have fully investigated these complaints but we do not comment on individual employees.' In 2004, the bank came under fire after announcing plans to close three UK offices, which affected 1,300 jobs and saw the majority of call centre work transferred to India.

The following year following a barrage of complaints from customers, the former building society pledged to bring the jobs back to Britain.
Originally published on MailOnline

New study confirms contact centre absenteeism problem

Australian contact centres are experiencing higher than average rates of absenteeism among staff, according to new research.

The study, released by Direct Health Solutions, found that while the average level of employee absenteeism across all sectors is 3.7%, or 8.62 days per employee per annum contact centres experienced 4% absenteeism, or 9.2 days per employee per year. The public sector had the highest rates of absence, with employees taking 10.8 days on average.

The report found that the average cost of absence was $354 per employee per day and minor illnesses, family responsibilities, and entitlement mentality were cited as the main causes of absenteeism. Over 63% of employers indicated that absence through increased stress levels is increasing, and the main reason for this is workload and organizational change.
Callcentres.com

More calls needed for sales conversion

Financial services providers are seriously missing out on online sales conversions by failing to offer customers a call back option, mystery shopper research has revealed.

The sector is missing out on online sales opportunities by failing to provide visitors with easy access to human contact, according to the report commissioned by Rostrvm Solutions. The study, which also focused on the availability of Call Me Back features, found that just 14 per cent of financial services web sites offer this facility in spite of its apparent success rate.

Ken Reid, marketing director at Rostrvm Solutions said: “There is plenty of evidence to show that while consumers research financial services products online, as many as 64 per cent still want to purchase by phone”. It is astonishing that the industry is still largely ignoring Call Me Backs, which have been proven to significantly increase online conversion rates.

Dr. Max Blumberg, customer management strategist and visiting researcher at the University of London, said: While the Internet is a cost-effective channel for driving new customer acquisition, it is well-documented that a significant percentage of customers still want to speak to a human representative.

This is particularly true for areas such as mortgages or health insurance which require complex user decisions and the penalty for buyer error is high, but it also applies to insurance products.
eCCF

Ask the Experts

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 info@thetaylorreachgroup.com

Inside TRG

Contact Babel 2008 North American Contact Center Report

TRG has negotiated an agreement with Contact Babel, the publisher of the definitive annual contact center report for North America, and we are pleased to announce that TRG will be making copies of the 2008 North American Contact Center Report available at no charge to

Customer Reach Subscribers. If you would like to order your complimentary copy please send an email with 2008 Contact Report in the subject line to info@thetaylorreachgroup.com and we will be happy to send you, your copy.

Outsource Contact Center for Sale

P4P business for sale – 75+ active agents in Call center expandable to 260 seats (140 stations complete, balance only need CPU). Includes 16 seat training center. Three national brands sold. Located in the Portland Oregon metropolitan area. Generating revenue of approximately $3000 per agent per month.

If you would like additional information please email ctaylor@thetaylorreachgroup.com

Case Study

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

TRG proves concept for marketing firm

TRG helped an established marketing company dramatically reduce their sales costs through the implementation of a telesales program.

The Challenge:

This very successful marketing firm has historically sold participation in their program through the use of a field sales force. Company management wished to improve their sales efforts and asked TRG to suggest how this could be done. TRG assessed the process and recommended the creation of a telesales team to generate and qualify sales leads and even sell the product where this was possible. The client didn’t wish to make significant changes to their operating model until the concept was proven and asked TRG to prove the concept.

The Process:

TRG worked with the marketing and management group and developed an effective script and support materials and began to contact the prospect database. The majority of prospects had previously been approached by the sales force without success.

The Solution:

TRG managed the training, calling and regularly reviewed progress with the telesales staff. The script required a number changes and modifications which were made over the first few weeks. Calling was intentionally kept to a low volume until the kinks were worked out of the script.

The Result:

By the end of the ‘Proof of Concept’ phase more than 30% of the prospects were opting into this program. This conversion rate was far in excess of the level required to consider the program a success and the fact that most of these new enrollees were previously not interested testifies to the power of the approach taken.

Classifieds

Services, Offerings and Opportunities for Contact Center and Call Center professionals.

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

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- **Service to Sales Migrations,**

Award winning service...Reach Beyond!

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