



Reducing Turnover: Five Pitfalls that Prevent Success

It is no wonder that in today's fast-paced, changing work environment, attrition rates are high. Nowhere is that more evident than in a customer contact center. By its very nature, the atmosphere is hectic and intense. Phones ring constantly and e-mails abound as customers by the hundreds seek answers about the organization's products or services. The environment is usually tightly structured with the focus on quantity and speed. In this highly charged setting, it's not surprising that employee retention is an ongoing challenge. According to GartnerGroup, overall attrition is averaging 15% per month.

With a competitive marketplace making it difficult to find skilled workers, it is important for an organization to hold on to its top performers.

The costs of replacement — the actual dollars spent to attract, hire, and train new staff — are well documented. Now consider this: it is becoming increasingly clear that the effects of turnover are far greater than just replacement costs. High turnover begins a downward cycle that leads to:

- reduced intellectual capital
- decreased productivity
- lower service levels

These factors, in turn, lead to lost customers, which significantly impacts the organization's bottom line.

Research confirms this pattern. A recent study by Towers Perrin cites a direct link between employee turnover and loss of customers. Companies that kept their turnover rates below 10% enjoyed a greater customer retention rate than companies whose employee turnover was around 15%. Another report on four high-turnover industries by Sibson & Co. found call centers experienced turnover rates of 31%. The same report also showed high turnover reduced

call center earnings 43% for an estimated industry-wide cost of \$5.4 billion.

With a growing understanding of the consequences of these two sides of the service coin — the costs of replacement and the resulting loss of customers — companies continue to invest in reward and recognition programs to try to improve service and motivate employees to stay. It is therefore disheartening for them to continue to see high turnover in their ranks. Why aren't these programs creating the desired effect? The answer may lie in the following five pitfalls:

1 Vague Vision and Values

Experience confirms that if there is a failure in the performance of the rank and file, it almost always stems from a failure at the very top of the organization. Senior management must articulate a clear and compelling vision for the organization in order for it to succeed.

It is not enough that your marketing materials say, "we are customer-focused" or "service is our

business." These values must be expressed in everything you do — from hiring practices to customer contact policies to your performance management system — they all must reflect the service-centric orientation.

Employees want to believe in and contribute to making their company's vision a reality. People join and stay with companies where they feel that they are able to truly "serve" their customers and make a difference in the organization.

2 Mixed Messages from Management

For an organization to really be concerned about customers, it must first demonstrate concern for its employees. Too often, a company will institute a lofty, well thought-out policy of how customers are treated, only to treat its own contact center employees in a completely different manner.

The unintended message is that we need to treat our customers well, but it doesn't really matter how we treat each other. Don't be surprised by personnel turnover or lack of results when there is disconnect between how service representatives are asked to behave and management's behavior towards them.

We live what we learn. Hold your managers to a relationship standard that is as important as your bottom line — for how they treat their employees will ultimately be reflected in the way their employees treat customers.

3 Limited or Lackluster Training

Employees want and expect opportunities for personal growth and development. Study after study ranks training near the top of benefits that employees value.

Companies are experiencing first-hand that a willingness to invest in employees dramatically influences an employee's willingness to stay. Employees want to continually upgrade their skills and have come to expect that their employers will help them do so. In fact, **research** shows that employees are three times more likely to leave a company that does not provide job-related training.

Inadequate or incomplete training, on the other hand, has many consequences. Agents may lack both the product knowledge to respond to customers accurately or efficiently and the interpersonal skills needed to build and strengthen customer relationships. Not only will the company lose valuable business that they may have spent years developing, they may also lose the energy and spirit of key associates who feel disenchanting and dissatisfied with the support they receive.

4 Hiring that Misfires

Working in a customer contact center can be very stressful — it is not for everyone. The nature of the work is often repetitive and routine. Faced with hour after hour on the phone, dealing with the same issues over and over, and limited opportunities for advancement, no wonder agents burn out.

The sad fact is that many companies still believe that employees can be considered as interchangeable parts. They rush through the hiring process to fill "empty seats" and don't stop to consider the consequences of hiring that misses the mark.

It makes far more business sense to determine if a candidate fits the environment before you hire than have to deal with the consequences

of a mismatch. A GartnerGroup study revealed that supervisors wished their companies did a better job of screening out candidates who in hindsight were not suited for the job. The impact of reps that dislike being on the phone, complain of boredom and resist a structured environment is clear to everyone around them — and it ultimately becomes clear on the bottom line.

5 Mismatched Measures and Rewards

Recognition and reward are powerful motivators. So why don't they always work? One reason is that they are applied inconsistently — one supervisor's "excellent" is another's "OK." Too often, the rewards are unrelated to the desired performance.

Companies must identify what "great service" looks like and make sure everyone is using the same criteria when recognizing superior performance. Choose performance measurements that reflect your customer's goals and values.

Focusing solely on quantity, rather than quality, can create a stressful environment for the employee and a negative experience for the customer.

Equally important are rewards for those who go above and beyond the standard. If you want your customer service reps to go the extra mile, remember to reward them for really listening to the customer and being proactive with solutions. Base your reward and recognition system on standards that everyone understands and can choose to demonstrate.

These **five** pitfalls can be avoided. The first step is to recognize that a service-oriented philosophy begins

at home with an employee-oriented philosophy. The fundamentals of such an approach are...

■ **Develop and Share Your Unique Service**

Vision. In a shared visioning process, build a two-part vision around:

- Why customers love to do business with you
- Why employees love to work for you

It is the journey as much as the destination that counts. A well-crafted process of engagement will get everyone thinking about what it means to be a great organization. Over and over again, groups discover how much they share similar aspirations, hopes and ideals. Watch dissension fade as mutual respect (and employee loyalty) increases.

■ **Model and Reinforce the Message.**

"Do as I say, not as I do" will not motivate people. Start by modeling the desired behavior internally. Send clear and regular messages to associates about the organization and how employees are contributing to its success. And, be sure to provide the structure and time for consistent reinforcement and coaching of a service-oriented attitude and behaviors.

- **Commit to Developing Your People.** A comprehensive initial and ongoing training program sends a strong signal to your people. It says "What you do matters and we're willing to invest in you." Clearly, the payback — keeping stellar performers motivated, raising service quality and making a great impression on your customers — will far outweigh the cost.

- **Get the Fit Right.** Define the attitude and competencies for the service representative position and create a screening process to select

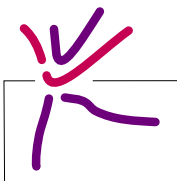
the right match. Conduct initial telephone interviews to hear how the candidate sounds over the phone. Include questions that reveal whether the individual has a natural service mindset, a willingness to do routine tasks and experience in a structured, time-sensitive environment. Taking the time to find reps that “fit” your culture will save time and money in the long run.

- **Set Concrete, Specific and Measurable Standards.** Be sure everyone understands what “exceptional” service looks and sounds like. Develop and use a common language and an agreed upon set of service standards. Create a consistent methodology for evaluating and rewarding individual and team performance against these standards. Ensure that *everyone* in the organization understands and acts in a service-focused manner — and is recognized for doing so.

- **Stay the Course.** Becoming a truly service-driven organization does not happen overnight. Changing attitudes and behaviors is not a one-time event; it’s an ongoing process and way of doing business. Demonstrate commitment to the organization’s vision and values all day, every day.

Companies that win accolades for superior service understand these principles and embed them deeply in their organization’s culture. Their excellence in service is mirrored by their low turnover and bottom line success.

Fred Smith, founder of **Federal Express**, insisted that no company in the service industry could be successful in the long run without trying to create a good working environment for its own employees. Treat your employees like your best customers and you will see a dramatic effect on loyalty — from employees and customers alike.



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