

Contact Centers: Creating the New Environment for Profitability



Reducing stress has become an imperative for boosting Contact Center agents' performance, enhanced customer loyalty, and exceptional ROI.



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Executive Summary

The contact center environment is one of the most stressful areas in corporations today, and the stakes are high. Costs of turnover, disabilities, absenteeism, technology migration, and customer defection are just some of the reasons forward-thinking organizations have begun to address the human dimensions of contact center productivity proactively. The cost of not addressing these issues can be insurmountable.

It has become clear that the critical interface for both retaining customers and developing loyal customers is now with the contact center. Increasingly, it is becoming the focus of integrated efforts to retain customers, market proactively and upsell/cross-sell. Across many industry sectors—from consumer goods to health care to technology to financial services to telecommunications—the contact center has become the new frontier for growing companies, building brand goodwill, and leading the market. With this increased focus has also come increased pressure.

- The outsourcing of technology companies' contact centers offshore has been widely reported and is highly controversial. While offering short-term economic relief to US-based firms, the impact on customer loyalty of delegating customer satisfaction responsibilities to offshore agents could be extremely negative, and some companies are beginning to retrench.
- Customers make contact with contact centers because they want their problems solved, yet a study commissioned by Richmond Events Ltd. revealed that 51% say they feel apprehensive, nervous, worried or mistrusting as they enter a customer experience. Solving a customer's problem will evoke satisfaction, but satisfaction represents a small part of what customers want from the experience, accounting for only 14% of the total experience, according to the study. Whether or not a problem can be solved, customers want to feel confident and reassured, as well as a sense of delight!
- Between one-fifth and one-third of Americans are unhappy with their insurance companies, and satisfaction ratings are dropping. Customer service is quickly becoming a differentiator in the insurance industry, according to TowerGroup.
- Within the telecommunications industry a JD Power Survey has shown that satisfaction with the customer service process accounts for as much as 32% of overall satisfaction, representing a significant opportunity in this industry to upgrade the customer interaction.
- Across all industries, there exists a well-researched statistical link between employee behavior and customer satisfaction, yet agents are typically the most underpaid, under-trained and least valued employees. Some contact centers have turnover rates exceeding 100% annually, and have adjusted their business model to "accept" this crushing burden. However, according to the *Harvard Business Review*, increasing confidence through continuous



learning and skills development contributes significantly to agent satisfaction and agent turnover.

This white paper will discuss the strategic importance of addressing these factors within contact centers across all industry sectors, both to revitalize the contact center environments, and to develop the customer loyalty-enhancing skills agents are capable of providing. HeartMath's scientifically validated approach to contact center profitability will be highlighted through a Fortune 50 case study.



It's not about the call, it's about the customer.



The Chaos in Customer Care

The impact of stress on agent retention, contact center effectiveness, profitability, and customer care

A recent study by Purdue University revealed that the number one reason for absenteeism and turnover among contact center agents and managers is *stress*. Further evidence of the importance of addressing the stress issue comes from a report published in the *Harvard Business Review* that stressed agents interacting with thousands of customers a day can result in strained relations and lost customers, and, staggeringly, a 30-85% reduction in corporate profitability. According to a study done by CCH Inc., the cost of absenteeism alone has risen 30% since 2000, a figure that includes only direct payroll costs and does not include associated costs of overtime pay for other employees, temporary employees, lost productivity, or lowered morale.

Evolution from Call Center to Contact Center

Contact center agents are often the customers' primary touch point. Yet contact center agents have become guardians of handle times and reducing queue loads, rather than enhancing the *relationship* between customer and product—and by extension—the company.

Quantitative measures of call times and queue loads are becoming increasingly obsolete in profitable, effective contact centers. Driven by everything from sophisticated CRM tools to brutal cost pressures, the role of the contact center agent is changing in order to create more business value from a smaller, more highly skilled workforce. Do-not-call efforts, real-time analytics, and personalization tools are placing immense pressure on contact centers to sell during any appropriate inbound contact. Fear of customer defection in these trying economic times also has increased the pressure to resolve, rather than redirect, customer issues.

Contact center agents are increasingly asked to multi-task in order to handle an increasingly complex channel of email, web chat, phone, and CRM responsibilities. This is on top of their product training, mastery of support tools, and constantly expanding knowledge base. (See *diagram 1.*) When the pressures on agents to perform are too high, their customer relationship-building priority is compromised.



The Evolutionary Path of Contact Centers

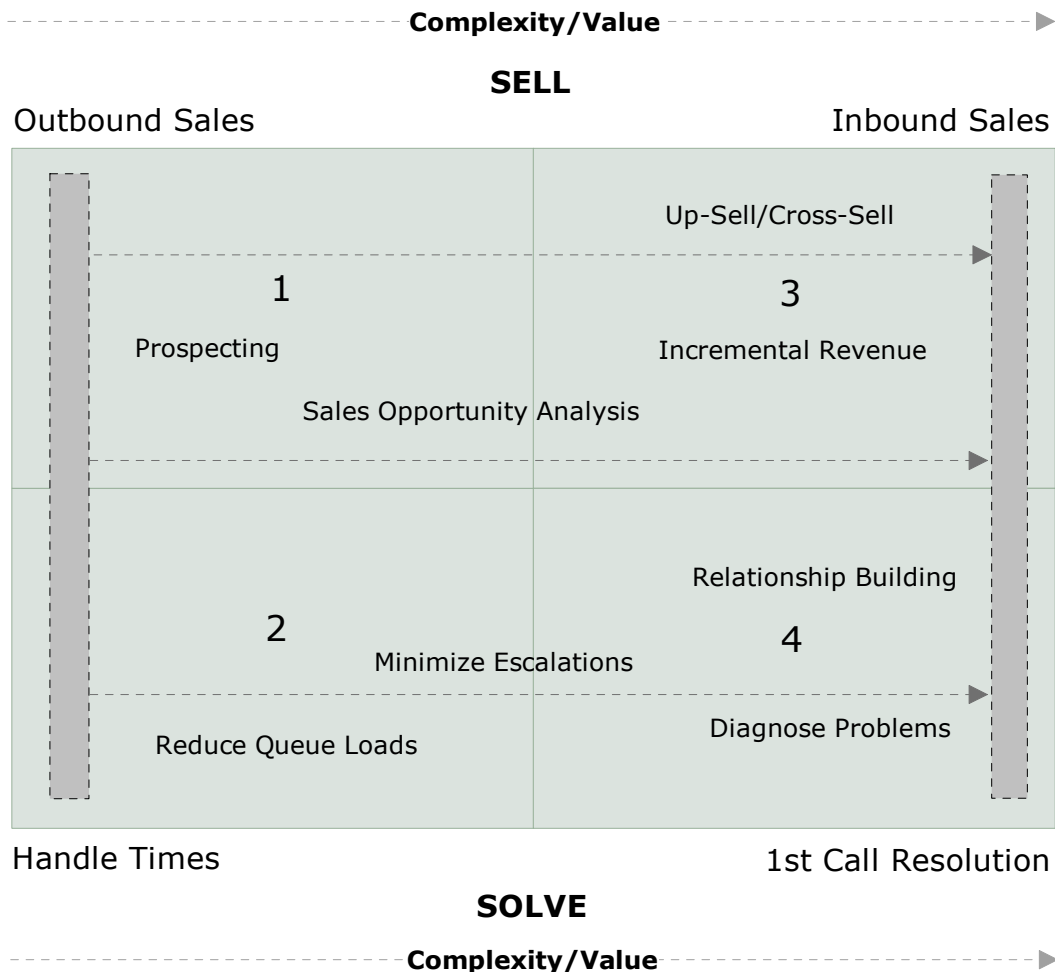


Diagram 1

Upgrade the Contact Center workforce to build value and loyalty through *interaction*, rather than simply respond to calls. This is the evolutionary path.

The Escalation of Stress

Most in the contact center industry would agree that stress is escalating as a result of the multitasking, increasing complexity of the products and resulting problems, offshore outsourcing, and a hundred other factors. Furthermore, stress to a contact center workforce is debilitating at best, immobilizing at worst. Stress is like an endemic force that makes all of the *points of failure* within the contact center more fragile and more prone to malfunction. (See diagram 2.)



If stress is reduced, the points of failure become instantly more resilient to breakdown. Because labor represents about 70% of the cost of operating a contact center, human breakdown—in the form of employee dissatisfaction, management-staff disagreements, high attrition, absenteeism, etc—is the most visible sign of persistent and escalating stress.

Amidst these realities it is imperative that contact center management invest in upgrading the workforce, and, importantly, making its investment with reference to the *customer* and not just the *call*. The contact center workforce needs to know how to achieve a degree of immunity to stress in order to serve the customer more effectively and generate superior results in incremental revenue and first-call resolution measures.

Stress Impacts on Points of Failure



Diagram 2

HEARTMATH:

- Optimizes the Environment
- Facilitates Change in Performance Improvement (PI) Initiatives
- Sustains Change in PI Initiatives
- Positively Affects *all* Pain Points



Building a High Performance Contact Center

As more mainstream customers adopt self-help via web forums, searches, and technical support FAQs, and solve the simple problems on their own, callers tend, on aggregate, to have more challenging issues. Contact can morph into *combat*. Customers and their problems are more demanding and agents need the tools to interact with their customers in a way that builds loyalty. Agents build the brand, or, said a different way, they reinforce and repair it.

Several factors are essential to building a profitable, high performance contact center:

- Provide emotional management tools to agents
- Teach agents to be customer-centric – “how they would like to be treated.”
- Create a culture that’s fun to work in
- Develop incentives that motivate and reward relationship-building strategies.

In order to build customer interactions that are positive and sustain this interactive skill over time, agents need emotional tools. It is all about optimizing the result of the current call, rather than using tools simply to speed to the next call. Accurate resolution coupled to customer satisfaction is the new paradigm of the contact center bent on becoming a profit center and brand builder for the company. (See *diagram 3.*)

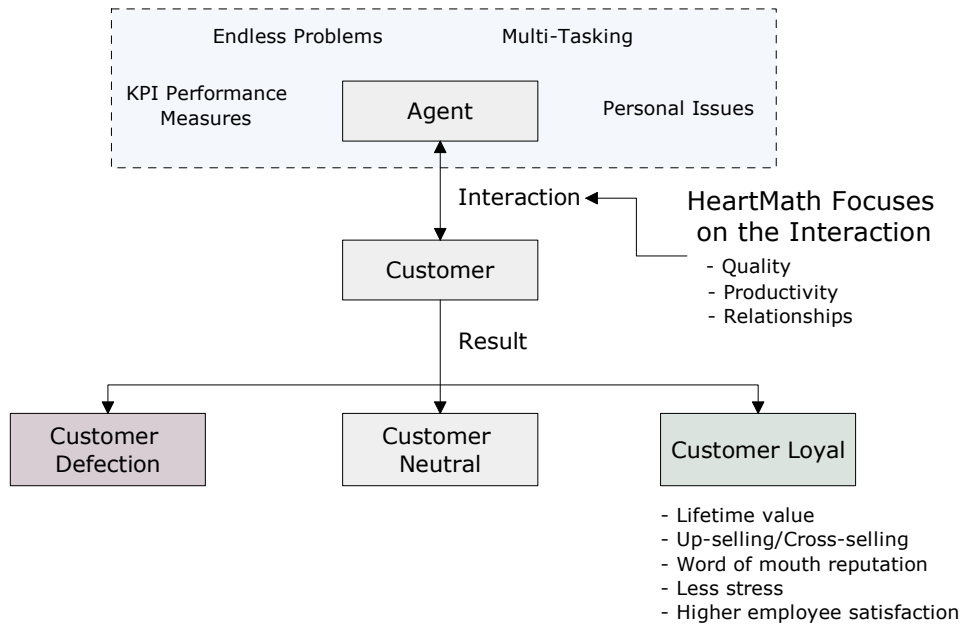
Agents can be taught to be customer centric in their interactions, but unless they have the emotional management tools they often have a difficult time implementing it and more importantly, sustaining it over time without getting burned out. Creating a fun, motivating workplace environment is essential for many reasons, not the least of which is that many agents arrive at work already stressed from personal, family or financial pressures. If the workplace environment is too pressure-packed, their performance can easily spiral down, as will customer loyalty.

Some contact centers choose to hire on sales skills and teach the technical side, while others prefer to hire on problem-resolution skills and instill the sales techniques at a later date. The most important step, however, is to make certain that your agents are skilled in rebalancing their emotional state so that they can interact with their customers in a manner consistent to building loyalty and brand preference. And finally, rewarding the behaviors that produce strong customer relationships reinforces the message that the organization *truly* cares about the customers and the agents who serve them.



Customer Interaction: The Point of Loyalty

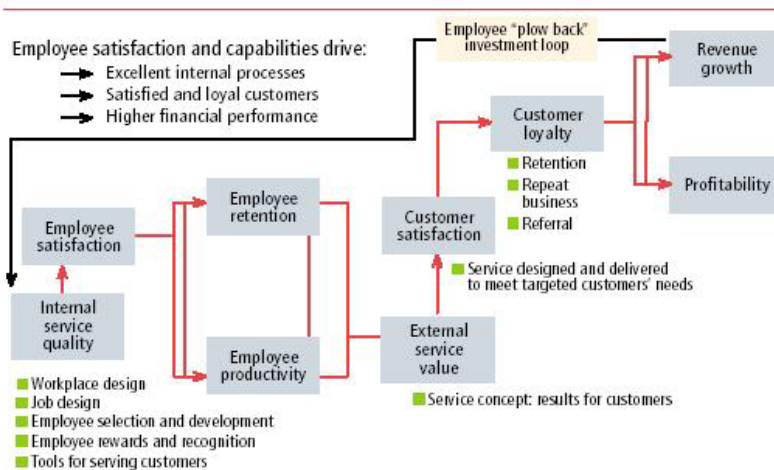
It's not about the *call*,
it's about the *customer*.



The Solution

Groundbreaking research first published in the *Harvard Business Review* on the *service-profit chain* has demonstrated convincingly that there is a clear link between employee satisfaction, customer satisfaction and superior financial results. Long-term growth and profitability starts with leadership which focuses on the internal quality within the organization, leading to improved employee satisfaction, productivity and, ultimately, customer loyalty. (see diagram 4.)

The service profit chain



Source: Gartner Research
Revenue Growth and Profits Start With Employee Satisfaction

Diagram 4



There are two primary leverage points in the contact center: the agent interaction with the client, and the manner in which the contact center facilitates the interaction—the culture of the contact center—so that it is aligned with the new paradigm of accurate resolution and customer satisfaction.

Contact centers have spent billions of dollars on acquiring state-of-the-art technology and systems. The new frontier for companies seeking a strong competitive advantage will be to develop state-of-the-art agents—agents who delight the customer, are highly productive and have positive attitudes. By empowering agents with the skills and tools to manage their stress and build positive, enduring customer relationships, everybody wins:

1. The customer wins by enjoying a positive customer experience, feeling cared for and having their problem handled efficiently and effectively.
2. The company wins by improving customer loyalty and profiting from reduced attrition and absenteeism, and by having a language shared by managers and front-line alike that creates a healthy culture.
3. The agent wins by relieving the discomfort of stress, feeling confident and in control of the calls, improving their KPIs and learning skills that benefit what they care most about – their family life, their health, and their relationships.

For more than twelve years, HeartMath has studied the physiological and psychological dimensions of improving agent behavior, leading to improved customer interactions and significant business performance improvements. Working with clients such as HP, Cisco, Sprint PCS, and PacifiCare, HeartMath’s Contact Center Programs focus on the two primary points of leverage (see *diagram 5*) in order to help the agent more effectively interact with the customer and their problem/opportunity in order to drive higher metrics in first-call resolution and/or incremental revenue.

KEY LEVERAGE POINTS



CURRENT

- Agent KPIs flat
- Changing agent roles
- High customer defections
- Stress issues
- Attrition and Absenteeism

TARGET

- Continuous improvement of KPIs
- Managing change for increased productivity
- Customer loyalty
- Effective stress reduction
- Improved retention

CURRENT

- Entrenched Competition
- Not invented here syndrome
- Set philosophy
- Non-optimized performance
- Undiagnosed problem

TARGET

- Competitive advantage
- Benchmarking best practices
- Optimal performance
- Open communication and healthy culture

Diagram 5



Case Study: Fortune 50 Company

This contact center was the frontline of technical support for the company's technology product lines. The business goals of the program were to improve retention, improve call quality, and boost productivity through the HeartMath approach of reducing agent stress, improving communication and improving morale. The ultimate objective was to increase customer satisfaction and loyalty. By training the technical personnel to modify the stress reaction before, during, and after difficult calls, while applying new communication skills to the interaction, it was also expected that employee engagement would increase, resulting in reductions in turnover combined with improvements in productivity. The changes in the firm's key performance indicators were:

- 67% reduction in intent to leave the job (decrease in turnover—job satisfaction)
- 16% increase in productivity
- 100% reduction in stress, anger, exhaustion, tension and depression
- 38% improvement in communication between staff and managers
- 33% improvement in listening to customers and fellow employees—customer relations.
- 36% improvement in feeling cared about by the organization—staff satisfaction.

The total estimated savings realized by the firm from the HeartMath training program was \$436,700. ROI was estimated at a robust \$17 for each dollar spent on the training.

The key driver of these results was: agents and managers learned techniques that were used in real-time to transform their physiological reactions from stress, thereby boosting their performance when dealing with customers. (While potentially significant, the outcomes of the health care cost savings were not tracked in this study.)

About HeartMath

HeartMath is the world's leader in helping organizations build coherent, dynamic organizations that achieve success on three levels: top line, bottom line, and people line. Featured in the *Harvard Business Review*, our innovative Inner Quality Management (IQM)® framework is the basis for the first scientifically-validated suite of high-impact business programs to help leadership teams, sales organizations, customer service groups, and all functional levels achieve breakthrough, sustainable results. HeartMath's Freeze-Framer® technology for reducing agent stress and improving contact center efficiency, received TMC Labs' 2003 Innovation Award.

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