

### Introduction

The UK contact centre industry stands at a crucial point in its short but highly successful history. Although there has been a great deal of speculation around the future of the profession, the projections of decline have not been experienced. In fact, by the end of 2003, it was estimated that around 790,000 people were directly employed in UK call and contact centres (DTI: The UK Contact Centre Industry - A Study). However, the increase of online customer service and the rise in offshoring to low cost locations, mean that there is no room for complacency.

For many organisations, contact centres are the future of customer service. Offering efficiency, economies of scale and consistent customer relationship management, the attraction of contact centres is undeniable. But it's not that easy ...

High employee turnover, unsatisfactory customer service results and difficulties attracting and selecting the best people are common problems that have to be grappled with if you operate a contact centre. Too often contact centre managers watch their best performers leave, question the effectiveness of recruitment processes or cringe as they listen to some of the 'less motivated' advisors deal with customers.

In a time when customer service is one of the few remaining opportunities for competitive advantage, there is critical need to get contact centres 'right' - transforming them from 'cost centres' to the key drivers of profitability.

### The Research

The prevalence of 'people-related' contact centre problems suggests that there are some fundamental flaws in the way people are being recruited, trained and managed. As Business Psychologists, Kaisen Consulting were prompted to carry out research to uncover common practices in contact centres across industries and sectors, with a view to identifying where improvements could be made. This research aimed to explore why these problems are so endemic and widespread, and to shed some light on these issues using a psychological perspective.

Kaisen Consulting use psychology to ensure organisations get the 'people bit' right: their assignments cover areas such as leadership assessment, selection processes and the wide range of people issues involved in change management. Their work with contact centres includes ntl., Marks & Spencer, Sky, William Hill, and Royal & SunAlliance.

The research involved 15 companies in a range of industry sectors, including retail, utilities, airline, travel, financial services and telecommunications. The sample included organisations that employ Advisors for both sales and customer service. The research was conducted by observing contact centre practices, and through semi-structured interviews with contact centre management, team leaders and Advisors. These interviews were supported with desk analysis of documentation such as performance management systems, job profiles and recruitment interviews. The output of this research was a series of observed paradoxes between what was happening in practice in contact centres and what psychological theory would suggest should be done.

### Structure of the Findings

The research focused on three main areas (click on links to view):

1. [Selection Methods](#): Attracting candidates and making selection decisions
2. [Training](#): Getting people up to speed and continued development
3. [Management](#): The way that people are managed and how performance is measured

Each of these three sections are further divided into:

1. **Key findings:** Common practice in contact centres
2. **Comments and conclusions:** An evaluation and interpretation of what is being done
3. **Recommendations:** Ideas on how things could be done differently

This will then be followed with a case study of psychology in action, taking William Hill as an example.

## Selection Methods

### Key Findings

**Agencies:** Agencies are widely used to assist with volume recruitment, largely due to the convenience of using external support for mass recruitment. However, many companies reported dissatisfaction with agencies; the main complaint being that agencies had limited understanding of the precise needs of the client, its type of business, strategic goals, working environment and culture. Clients also questioned agencies' commitment to providing high calibre employees. It was commonly observed that many agencies' primary motive was to receive a placement fee: there was less concern about the quality or suitability of the employee. Consequently it was unsurprising that several companies had tense relationships with their agencies.

**Newspaper Advertising:** Adverts in job sections were found to generate good candidates, but the volume was typically low. Regional newspapers were commonly found to be the most effective means of attracting high performing Advisors.

**Biographical Factors:** No specific age groups were targeted, however applicants were typically at the lower end of the age spectrum. Education and qualifications were also typically not targeted. Many companies reported that they had previously selected on the basis of customer service experience, but there is an increasing trend away from placing relevant experience as a prerequisite.

**Personal Qualities:** Most companies had a set of desired competencies which formed the foundation of the assessment process. Typically desired factors included:

- Communication skills
- Self-confidence
- Flexibility
- Team working
- Problem solving
- 'Professionalism'

However, many organisations were concerned about whether the profile of competencies they used as the basis for recruitment resulted in identifying the 'best candidates'. There was also a lack of clarity about which qualities were the drivers of trainability and employee motivation.

**Assessment Methods:** The most widely used assessment technique is a structured one-to-one interview based on the competencies outlined in the candidate specification. Other methods used included:

- Scored CVs
- Pre-selection questionnaires
- Telephone interviews
- Group interviews
- Typing tests

There was limited use of assessment centres in our sample but, typically, recruitment processes comprised two or three of the above assessment methods.

**Managing Expectations:** Kaisen's research found that very little is done to communicate to applicants about what the job is really like. The information provided tended to emphasise the positive aspects of the role, such as variety, team work, bonuses, with little said about the emotionally draining, demotivating or frustrating aspects of the role.

## Comments and Conclusions

**Agencies:** The use of agencies was most successful when the client organisation was highly specific about what they were looking for. In addition, many organisations reported that close monitoring of service levels from agencies was critical to a successful relationship. In particular, it was found that when clients complained or gave specific feedback, service levels improved. If you are going to use an agency, the most effective approach is to establish a long-term relationship. In-plants, partnerships and preferred supplier relationships were highlighted as steps towards using agencies effectively.

**Newspaper Advertising:** The 'ideal candidate' descriptions in the advertisements were typically over-specified in terms of previous experience required, thereby reducing the pool of potential candidates and possibly ruling out good people.

**Biographical Factors & Personal Qualities:** The 'competencies' sought were very general, with most being the kind of qualities you would want to find in any employee in any job. It is therefore difficult to see how they distinguish between candidates who are suitable for the Advisor role and those who are not. There also appear to be a number of surprising omissions from the candidate specifications. These include:

- **Specific motivation for contact centre work:** Psychological research shows that 'motivational fit' is key to high performance and retention. Moreover, the unusual nature of the contact centre Advisor role requires a very specific 'motive profile'. The omission of motivation from the candidate specifications may go a long way to explaining the high levels of attrition found in many contact centres.
- **'Multi-tasking':** A typical Advisor is required to operate a computer, problem solve and hold a conversation with the customer simultaneously. This represents one 'multi-tasking' aptitude, not three separate skills. It is commonly observed that those Advisors with a strong ability in this area are able to serve the customer more efficiently and avoid the 'pregnant pauses' often heard in conversations with less skilled Advisors.
- **Empathy:** Highly effective Advisors have the 'emotional intelligence' to identify with the customers by building a 'mental image' of the person. This 'mental image', which often includes things like the appearance, lifestyle and personality of the individual, enables the Advisor to treat the customer as a person, rather than just a disembodied voice.
- **Emotional resilience:** Key to success in the Advisor role is the ability to cope effectively with the emotional 'downsides' of the job, particularly customer complaints and frequent rejection on sales calls.

**Assessment Methods:** Organisations take a wide variety of different approaches to assessing candidates. However, assessment methods used do not always measure the factors they are intended to measure. For example, several organisations used group exercises to assess social confidence. However, confidence in dealing with others face-to-face may not translate into confidence in telephone conversations.

The validity of some of the assessment methods used is doubtful, therefore the organisation is exposed to risks in relation to discrimination and recruiting unsuitable people. In some cases it was difficult to see how the capabilities measured in the exercises related to the demands of the job.

The assessment of candidates' performance on the exercises was often based on very complicated and ambiguous rating scales. These scales were open to different interpretations and therefore left the process open to high levels of subjectivity and bias.

The competency-based face-to-face and telephone interviews used tended to focus on past behaviour and not future potential. Therefore there is a risk of ruling out potentially effective Advisors who have not had the opportunity to demonstrate their capabilities fully. This is especially pertinent when one considers the high levels of competition when trying to attract Advisors.

The methods used did not always appear to be cost effective. For example, many organisations used complex interview-based procedures which assessed around 10 different competencies. Due to the complexity of the procedure, a substantial investment in training was required to achieve high inter-rater reliability.

**Managing Expectations:** Psychological research has shown that job satisfaction and retention are related to the impression of the job people form during the recruitment process: i.e. the more realistic the view of the job an individual has before they join, the more job satisfaction they report and the longer they stay. The tendency to 'talk-up' the job can result in candidates' expectations being violated and contribute to low job satisfaction and a higher risk of quitting.

## Recommendations

Kaisen has the following suggestions for improving selection methods following their research:

- **'Cast the net far and wide':** The recruitment process should attract a wide range of applicants and select people on the basis of capability, not experience.
- **Manage agencies carefully:** When working with agencies, they should be provided with a very tight brief and the quality of service and candidates supplied should be monitored closely.
- **Use a 'staged' recruitment process:** To increase the likelihood of identifying candidates with the 'right stuff', the recruitment process should stimulate a large volume of applications and incorporate a number of stages to 'filter' candidates. Use of screening questionnaires is a useful tool for ruling out unsuitable candidates at an early stage.
- **Assess core skills:** The assessment process should be focused on those fundamental qualities which underpin effective job performance but which are difficult for people to develop, such as empathy, motivation and emotional resilience. It is much easier to train people in systems and selling techniques than to train them to empathise with customers.
- **Look for 'contact centre qualities':** Select people on the basis of the personal qualities which specifically predict contact centre success. In particular, assessing candidates' 'motivational fit' with the Advisor role and contact centre environment is critical to identifying high performing employees.
- **Use work sampling:** Using assessment methods which simulate the psychological demands of the job will increase the accuracy, objectivity and fairness of recruitment decisions. For example, use role-play exercises where candidates need to perform a task while talking to a customer to assess the ability to empathise with customers and 'multi-task'.

- **Build in validation:** Measures should be taken to record data on the recruitment process. This data can then be analysed to ensure the validity and fairness of the process and also identify areas for improvement.
- **Manage candidate expectations:** Ensure that there is a specific part of the recruitment process designed to make sure that candidates understand what the job is really like - 'warts and all'. For example, include a realistic 'day in the life' video or a discussion with an existing Advisor.

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## Training

### Key Findings

**Induction Programmes:** These varied from two to six weeks in duration, depending on the complexity of the IT systems and products. Most of the training was 'classroom-based', involving group tuition and computer-based training. A smaller proportion of time was spent outlining customer service and sales skills. These sessions were predominantly focused on models and theories, with limited opportunities for individual practice and feedback.

**Training Design:** The typical approach was to break training down into modular form. For example, training was provided separately on using the telephone, operating the system, learning about products, customer service etc. Employees were typically tested at the end of each module to ensure that they met the required standard of 'know how'.

### Comments and Conclusions

**Lack of focus on 'critical soft skills':** Training is given a high priority but the focus is technical. It is, however, the soft skills that are recognised to 'make the difference'. Making the customer feel cared for has a significantly higher impact on customer satisfaction than an Advisor's level of adherence to set procedures. The focus of training is thus disproportionate.

**Limited opportunity for practise:** Unlike product and system knowledge, complex behavioural skills such as empathy, the ability to tailor communications to different types of people cannot be effectively developed through classroom teaching. These emotional skills are only developed through repeated practice and feedback over an extended period of time.

**Overly segmented training design:** Modular training does not recognise that skills have to be integrated, such as talking on the telephone while processing data and using the system. When these learning processes are not put together, this can lead to errors on the job, especially when faced with a difficult customer. The result is de-motivating, and there is an increase in the time needed for recovery when a call goes wrong. People may also perform well on each of the separate units of the training, but are unable to perform them simultaneously.

### Recommendations

**Use integrated training methods:** Training should be holistic, that is, developing all of the call handling skills simultaneously. The most effective approach is to begin with a simple scenario which requires the individual to talk to the customer, use product information and operate the system at the same time. Then to 'layer on' the complexity of customer, product and system as the employee develops their confidence and competence.

**Focus on developing 'soft skills':** There needs to be more training in customer service and sales skills. Repeated opportunities to practice these skills in role-play and real situations and receive in-depth individual feedback will develop these essential capabilities more efficiently.

**Build in ongoing evaluation:** There is a need to track performance improvements and developments rather than just 'doing and assuming'.

## Management

### Key Findings

**Use of IT:** Information Technology is an integral aspect of contact centres. This has resulted in a vast array of information being readily available on Advisors, for example the duration and number of calls, 'wrap up' time etc. Team Leaders typically spend a lot of time compiling Advisor profile statistics to give regular feedback.

**Numerical targets:** With this type of information, the tendency is to set a multitude of numerical targets which are closely monitored and regularly reviewed.

**Motivation:** There are a large variety of initiatives designed to increase motivation, some of which are very imaginative. They include schemes such as nights out, 'theme days' e.g. World Cup or Wimbledon, awards and bonuses. But generally, Team Leaders lack the skills to motivate people. Instead their focus is on administration and allocating.

### Comments and Conclusions

**Technology:** The more sophisticated the IT, the greater the focus on numbers rather than the people. Despite the Team Leader role being seen to be about coaching and developing, the reality is that managers spend the vast majority of their time compiling and analysing management information. Therefore team leaders tend to focus on giving feedback but not helping individuals know, practically, what to do with it.

**Numerical Targets:** People who have multiple targets generally feel that they are being watched and monitored continuously. Understandably, highly specified performance targets can be constraining and de-motivating. Conversely, development and recognition results in higher morale and lower attrition.

**Focus on Process:** The focus was too strongly on activity rather than output; i.e. what Advisors were doing rather than what they were achieving. Not only does this impact on Advisors' feelings of job control and autonomy, it can have a damaging effect on customer service. For example, in several companies there were instances of Advisors purposefully disconnecting customers mid-conversation in order to reduce their average call duration scores. Clearly a performance management process that reinforces such behaviour will have a profoundly negative effect on customer satisfaction and retention.

**Motivation:** Motivational events can result in a short-term uplift in morale, but the effect is short-lived because they do not satisfy people's deeper motivational needs, such as the need for recognition and need for achievement. Effort would be better spent developing Team Leaders' ability to 'tune in' and respond to people's underlying concerns.

## Recommendations

**Select team leaders carefully:** Assessing potential Team Leaders' inner motivation and core psychological skills will give a strong indication of their fit for the role. Team Leaders must have a motivation to want to help others to develop and to make their area of the business successful. In addition, they need the communication, thinking and emotional skills to put that motivation into action effectively. Also, remember, great contact centre Advisors do not necessarily make good Team Leaders, the two roles need distinctly different profiles of motivation and skills.

**Use the 'coach concept' for the role:** The Team Leader role needs to be revised. A greater emphasis is needed on coaching and development, as opposed to checking and administration.

**Don't over-control with performance measures:** There is a temptation to measure everything, which is constraining on Advisors and Team Leaders. Focus on key outputs and pick a few key things. Enable people - tell them what you need from them and give them the freedom to act. This will help them to develop.

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## Psychology in Action: Case Study of William Hill

As well as being a major player in the traditional betting arena, William Hill has been expanding into new markets in recent years. Alongside its more traditional high street 'shops', the company is delivering its services to new customers who prefer to place bets via the telephone and internet. And the demand to bet on a much wider range activities - not just the traditional horse racing - has placed increased pressures on those charged with taking bets swiftly, accurately and with courtesy. At first, these pressures took their toll. William Hill's contact centre churn peaked at 130% per year. With conservative estimates of the cost of recruiting and training at £1500 per head, the business decided to take the issue very seriously. There appeared to be three main reasons for the high 'churn' rate:

- **Unsocial hours:** most sporting events, and therefore most bets, take place at weekends. Not everyone was suited to working these times.
- **The unusual and potentially stressful nature of the work:** there were massive peaks and troughs in the work cycle: long periods of 'down-time' followed by highly intensive, pressurised work. For example, at peak times, the centres were handling over 640 calls simultaneously. On Grand National Day, the contact centres handled over 100,000 calls! It seemed that those who enjoyed the pressure hated the quiet periods; those who preferred a steadier workflow were disconcerted with the sudden bursts of frenetic activity.
- **Competition:** the increasing development of contact centre businesses in the region meant that the market for good people was very competitive.

Clearly things had to change. As David Russell, Group HR Director describes, "Initially, we tackled this issue internally and, by refining our existing recruitment procedures, we had some success; cutting turnover by around 30 per cent. However, we soon realised that, to achieve and maintain a significant reduction, we had to take a more innovative and challenging approach to how we selected staff." William Hill needed an edge which would keep it ahead of the pack. It looked to psychology to raise the stakes.

"Realising that the psychology of people is what makes the difference, we needed to think harder about the make-up of the people we wanted, how best to bring them into the business and how we could keep them motivated." says David.

Working with Kaisen, William Hill used psychology in a number of ways:

- **Diagnosing:** getting 'under the skin' of what was going wrong and working out what we needed to do
- **Attracting:** appealing to people who are genuinely motivated for the job
- **Pre-screening:** quickly and fairly filtering out people who are not right
- **Recruiting:** selecting people who will 'live the brand' and want to stay

As David outlines, measuring motivation was an important missing piece of the recruitment jigsaw.

"Our procedures were appropriate in terms of identifying people who could do the job - those who could communicate well with our customers and process their bets efficiently. But what we needed were more subtle investigative techniques which would also enable us to determine an individual's 'stickability': whether someone would be happy, over the long term, to work in this distinct environment."

Psychological research shows that motivational 'fit' is key to high performance and retention. This applies to all contact centre selection, but it was particularly important in William Hill's case. They needed people who wouldn't just cope with the peaks and troughs in workflow but positively enjoy it. Psychologists would typically expect those who get a 'buzz' from the fast pace of peak times to feel bored or even guilty when the pace is much slower. In this case, however, William Hill requires people who respond positively to both the ups and downs in the workload cycle - enjoying the busy times and the quiet times.

Research into the ideal contact centre employee revealed another motivational dilemma. The people who were right for job also had to be 'competitive' in a non-competitive environment. Many contact centres are sales-driven, with staff being encouraged to compete with each other. This didn't apply to William Hill's Leeds and Sheffield operations, but staff still needed to have an *internal* sense of competition. The business needs to recruit people who are happy to take on a challenge for its own sake; to compete with themselves to do the best job they could and get every call right for the client.

## Recruitment Process

The revised candidate specification formed the basis of a new recruitment process to attract and select people with the right core psychological skills and motivation for the job.



**Advertising:** Adverts in the local press were designed to attract people whose motivational profile fitted with the job.

**Screening Interview:** The initial telephone screening focused on two areas: eligibility (over 18 years old, valid National Insurance number or work permit), and availability - the need for them to fit into available shifts and work at weekends. Those who met the criteria were invited to an open day.

**Open Day:** This involved a tour of the contact centre, and then a 'warts and all' briefing about the job. The objective was to manage candidates' expectations and to help them decide for themselves whether

they would enjoy the work and be good at it. They also undertook a numerical judgement exercise, which looked at their ability to perform basic numerical calculations.

**Main Assessment:** The final stage of the assessment process involved candidates being invited back to the contact centre to take part in a short assessment centre. This involved two activities:

- **Motivation Interview:** This looked at motivational fit in more depth and assessed candidates' ability to cope with the specific emotional demands of the job. The assessment drew on the detailed linguistic assessment, in that candidates were assessed on how they answered a question as well as what they said.
- **Customer Service Exercise:** This exercise was a work sample activity, which stimulated the psychological demands of the job. Candidates took part in a series of short role-plays where they had to take bets from three very different types of customer. The exercise assessed candidates ability to multi-task i.e. talk to customers whilst problem solving and using a system, and tailor the way they spoke to different types of customers.

## Business Impact

Psychological profiling has enabled William Hill to 'cast its net' far wider in search of good people. Candidates don't necessarily need to know anything about betting or working in contact centres; if they've got the core psychological skills and want to learn, they're half way there: William Hill's training programme will give them all the operational skills they need.

As David Russell explains, "Recruiting people with the right stuff rather than the right experience is a radical departure from the usual approach to contact centre recruitment, but we're confident that it will effect a significant reduction in staff turnover. This, in turn, will secure direct commercial benefits for William Hill by reducing the considerable expenditure involved in recruitment and training."

There have been many positive results from the endeavour. Most notably, there has been a substantial drop in attrition - from 106% to 67% - which has made a significant reduction of the costs of running the centres. There has been positive feedback from assessors; they feel that the process has removed subjectivity from recruitment and, as a result, they feel more confident making judgements and giving feedback to candidates. The recruitment process has also received positive reports from candidates themselves, particularly in relation to the process' ability to give people a 'feel for the job'. Finally, the rigour of the process has served to raise the profile of William Hill in the employment market.

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## Overall Conclusions

There are many challenges facing the contact centre industry. Notwithstanding the huge costs of labour turnover resulting from high attrition (up to 180% a year!), there are concerns around contact centre Advisors' abilities to meet customer service targets and hit sales ratios. Some organisations have sought to solve the problems by moving contact centre locations abroad. However, in many cases this has merely lead to a series of different, but equally challenging, problems. Surely the best solution for companies, customers and the UK contact centre industry is to get UK contact centres 'right'.

Kaisen's research has shown that psychology can transform contact centres: by helping to identify the right candidates and, crucially, encouraging them to stay.

In areas such as selection, contact centres currently have poorly defined selection criteria. What is needed is a move towards recruiting the 'right stuff', not the right experience. Potential recruits should be given a realistic picture of the role to avoid misleading recruits about the nature of the job. Training



The professional body  
for customer contact

should cover the full range of skills needed in the job in an integrated way. Finally, Team Leaders need to be just that: individuals who have a genuine desire to lead and develop their people.

Classic contact centre problems, such as high employee attrition, have been evident ever since contact centres began. The inclination therefore could be to accept these problems as 'the way things work'. Kaisen's research, and the success of organisations such as William Hill, has shown that there are abundant opportunities to not only make contact centres less costly to manage and administer, but also transform them into profit centres.

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