

# Chapter 1

## A First Look at Call Centers

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### *In This Chapter*

- Understanding what call centers are
  - Following the evolution of call centers
  - Knowing how call centers operate
  - Differentiating the good and bad aspects of the industry
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**F**or years, Réal's mom has been asking him, "What is it you do, again?" Well, here it is, Mom: He works in a call center. In fact, he works in a lot of call centers. Okay, okay — you don't know what a call center is. Well, this chapter explains it all.

### *Defining Call Centers*

Here's a basic definition of a call center: When you call, say, an airline, cable-television company, or bank, the person you deal with at the other end of the phone is a call center *agent* (or perhaps *representative*, *consultant*, or *associate*), and the office or department that this person works in is a *call center*. Sometimes, a call center consists of just one or two people sitting beside a phone, answering customer calls. Often, it's a very large room that has a lot of people neatly organized in rows, sitting beside their phones, answering customer calls. To the customer, the call center is the voice of the company. If you're angry, you often get mad at the person at the other end of the phone. After all, you're talking to the company, right?

To the company, the call center is many things: cost center, profit center, key source of revenue, key source of frustration, strategic weapon, strategic disadvantage, source of marketing research, and source of marketing paralysis. The role of the call center varies from company to company, depending on how closely the call center works with the parent or client organization to support the company's goals and the ability of the call center itself.

## *Inbound, outbound, or blended*

Call centers communicate with their customers in several ways, depending on the type of call center. Call centers fall into three main categories:

- ✓ **Inbound:** In an *inbound* call center, customers initiate the calls. Customers may make these calls to buy airline tickets, to get technical assistance with their personal computers, to get answers to questions about their utility bills, to get emergency assistance when their cars won't start, to get advice from a nurse about minor medical issues, to buy insurance for their cars, or to talk to a company representative about any number of other situations.
- ✓ **Outbound:** In an *outbound* call center, agents of the company initiate calls to customers. Your first reaction might be "Telemarketing, right?" Well, yes, a company may call customers in its telemarketing campaign, but companies have a lot of other good reasons to call their customers. Companies may call because the customer hasn't paid a bill or because a product that the customer wanted has become available; they may call to follow up on a problem that the customer was having or to find out what product or service enhancements the customer wants to see.
- ✓ **Blended:** Some call centers are *blended* operations, in which agents handle both inbound and outbound calls.



As we outline in Chapter 8, blending, done well, can make call center operations very cost efficient and can improve customer service as well.

## *Contact or call center: What's in a name?*

The explosion in popularity of the Internet and wireless technologies has changed the way people communicate. People still use the phone (although it's frequently a cellphone these days), but they also communicate with friends, Romans, and Walmart by using e-mail, online chats, Web forums, and instant messaging. Call centers have responded to this change. In fact, they're increasingly being called *contact centers* to reflect the fact that they handle more than just phone calls. These facilities are centers for customer contacts in whatever ways customers want to communicate: letters, faxes, Web chats, e-mails, and so on.

Another term that you may have heard is *virtual call center*, in which a group of agents work from their homes instead of being situated at workstations in a building operated by the organization. Some centers are a blend of at-home agents and on-site agents. Working from home is a fantastic arrangement for many employees: The hours are often flexible, and the job has no dress code

or commute. Virtual call centers can lower a company's costs because they allow the company to optimize scheduling and spend less on real estate. (We explain scheduling in Chapter 8.)

Bottom line, each customer has to decide how he wants to communicate with the company, and the company has to respond appropriately through its contact center.

As with inbound and outbound call centers (refer to the preceding section), some companies choose to separate the handling of customer contacts by medium — a group for inbound calls, a group for outbound calls, a group for e-mail, and so on. Some call centers, especially those in smaller operations, have opted to create *universal agents* who handle all contact types. Call centers create universal contact agents for the same reasons that they blend inbound and outbound call-handling agents: efficiency and service.



This book is called *Call Centers For Dummies*, but we could just as easily have named it *Contact Centers For Dummies*. Throughout the book, we refer to *call handling* and *call centers*, partly because we grew up in call centers (well, not literally) and partly because phone calls still represent the bulk of communication between customers and companies. You can apply the concepts in this book to all types of contacts: phone calls, e-mails, online chats, instant messages, and even smoke signals.

## Tripping Down Memory Lane: The Evolution of the Call Center

Although we can't really tell you when the first call center opened, we imagine that call centers started around the time that the telephone became a common household device.

The evolution of call centers just makes sense. A consumer can much more easily pick up a phone and call a company than she can start the car (or hitch up the horse), bundle up the kids, and go to town to arrange for the cable company to add extra channels. Likewise, for businesses like the cable company in this example, it's much easier to do business over the phone than to have agents show up on the customer's doorstep.

Consumers and businesses have used the phone as a way to do business for a long time. As a formal business discipline, however, using the phone to communicate with customers is not so old — maybe 30 years or so of development.

## ***Moving from low-tech to high-tech***

Before the mid-1970s, airlines and major retailers used *phone rooms* — the precursors of call centers. Phone rooms were located in sites spread across the country or operated in large rooms that had lots of desks, phones with many extensions, and a lot of paper for tracking everything that was going on. We're all too young to have seen these places ourselves, but people say that these rooms were very busy, noisy, and confusing.

One of the most significant advancements in call center technology was the invention of the automatic call distributor (ACD) by Rockwell International. The ACD made large, centralized call centers practical and efficient by providing a way to distribute large numbers of incoming phone calls evenly to a pool of call center staff. With the implementation of the ACD, the call center industry began, and the call center as a business discipline was off and running. We talk more about call center technology and technological advancements in Chapters 9 and 10.

## ***Moving from cost center to profit center***

Most important to the call center industry, corporations have changed their view of the call center — from cost center and (in some cases) a necessary evil to profit center and competitive advantage. Today, business owners build entire companies around call center capability. You can buy a computer from a company that doesn't have a retail store, for example, or do your banking with a bank that doesn't have physical branches. These businesses offer the telephone or Internet as customers' only communication options.

## ***Meeting legal and image challenges***

Not everyone thinks that call center changes and evolution are positive, however. Partly because of the impact of call centers on everyone's daily lives, and partly because some call centers had bad management and used bad business practices, some call centers have raised the ire of consumers and caught the attention of legislators.

Overly aggressive telemarketing practices, for example, have resulted in laws that regulate how sales are conducted over the telephone, whom telemarketers can and can't contact, and how telemarketers can contact those people. Governments even legislate how quickly some industries must answer incoming calls — a response to the poor service and long delays that consumers experienced in the past.

Call centers are also at the head of the outsourcing debate (see Chapter 5) because many companies are moving their call center operations offshore to countries that have well-qualified but less-expensive labor.

Additionally, privacy legislation has added a level of complexity to the way call centers can collect and use information about their customers, and several countries are considering legislation that restricts how and where call centers can operate.

Poor business practices, as well as the success of the industry, have brought on some of the legislative challenges that call centers face. Explosive demand for call center services, both from business and consumers, has taxed the discipline's ability to grow in size and capability while maintaining excellence. Still, on balance, call centers continue to advance in number, capability, sophistication, and excellence for two reasons: They're effective and efficient business tools, and they satisfy increasing customer demand for convenience.

## *Today's call centers: Ringing up big numbers*

Today, the call center industry is an important part of the global economy. More than 55,000 call centers operate in North America alone, employing more than 6 million people (6 percent of the workforce). Consumers purchase more than \$700 billion worth of goods and services through call centers every year, and that number is growing. You can purchase almost anything from the comfort of your home, office, car, or wherever you can get to a phone (or access the Internet).

Call centers continue to evolve at a dizzying pace. In an effort to gain greater efficiencies, provide better customer service, and generate more revenue, call centers are using more sophisticated technology, including customer information databases that give agents a better understanding of customers' preferences, buying patterns, and desired products or services. Based on data collected about each customer, the system suggests options for that customer. This smart technology and its analytical tools give agents the best way to approach each customer as an individual.

Along with improving its use of technology, the call center community is improving its members' knowledge and skills through trade associations, industry publications, trade shows, and specialized training and certification programs. In an effort to better manage people, processes, and technology, the industry has latched onto management approaches and philosophies that can give it an edge, including Customer Operations Performance Center, Inc. (COPC) and Six Sigma. We describe these programs in Chapter 17.

## *Making Call Centers Work*

You can't easily manage a call center well, because call centers are complex places. It's not just the technology; that's the easy part! Call centers are a microcosm of business. To run a good call center, managers need to effectively blend people, processes, and technology to produce a desired result.



Most call centers rely on people — often, a lot of people. Wages and salary typically comprise 60 percent to 70 percent of a call center's budget.

Because customers can ask almost anything of the call center, agents need to have at their fingertips information on just about all the company's policies, procedures, products, and services. With a huge volume and variety of customers, a call center gets a lot of activity. Even if you have the best technology available to smooth things out, when you're dealing with hundreds or thousands of calls each day, the slightest bottleneck can add up to a big problem.



In fact, a 1-second increase in call length in a call center that answers 1 million calls a year creates an additional 280 hours of work requiring approximately 380 additional hours of staffing. (We explain the math in Chapter 6.)

### *Identifying good call center managers*

Good call center managers have the following characteristics:

- ✓ They have a strong sense of purpose.
- ✓ They understand their roles within the organization.
- ✓ They have clear, measurable targets and goals, and understand how to reach those goals.
- ✓ They're part analyst, part accountant, part engineer, part psychologist, part cheerleader, and part coach, effectively blending human resources, process management, and technology without limiting themselves or indulging too much in any one discipline.

For more information on the call center manager's role, see Chapter 3.

### *Defining the culture*

Because call centers rely so much on people, managers need to define and create a supportive culture to make sure that the call center can operate successfully. Think of a supportive culture as being one that clearly defines the values and beliefs that support the call center's mission. (We talk about developing a mission in Chapter 2.)

To make the call center's mission and values come alive, managers are responsible for modeling the right behaviors. As a manager, you should communicate goals and rewards so that they line up with the call center's mission, vision, and values, and thereby help create the desired culture.

## *Understanding What Makes Call Centers Good or Bad*

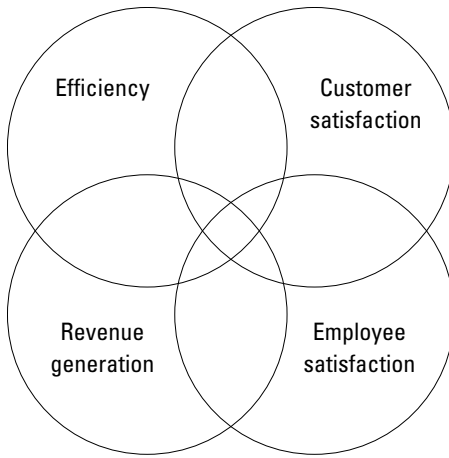
A good call center has a strong culture in which people work from a common set of values and beliefs, with a common purpose and a strong focus on business goals. Management needs to continually align everything that the call center does with the company's goals and desired culture.

Generally, as Figure 1-1 illustrates, your call center should have four main goals:

- ✓ **Efficiency:** Cost-effective operations for the organization. This area includes both operating the call center and completing core tasks for the organization (see Chapters 5–8, 11, 15, and 20).
- ✓ **Revenue generation:** Everything that leads to revenue, such as selling, upgrading, collecting, retaining current customers, and regaining lost customers (see Chapter 15).
- ✓ **Customer satisfaction:** Really long-term revenue generation, such as building customer loyalty and keeping customers (see Chapters 15, 16, and 17). Call centers should make things easy for customers. Whenever a customer needs it, the call center should be available, and agents should have access to all the information necessary to answer customer questions.
- ✓ **Employee satisfaction:** A measure of how happy employees are with their jobs and working environment (see Chapters 13, 14, 16, 18, and 20). In our experience, happy workers are more productive, take fewer days off, and stay loyal to the company.



These four goals are interdependent. Good revenue generation can't happen without some level of efficiency, for example; only satisfied customers continue to buy a product; and motivated employees promote the business effectively. We discuss the four goals in more detail in Chapter 2.



**Figure 1-1:**  
Inter-  
dependent  
business  
goals.

## *Characteristics of a good call center*

When a call center is working properly, it exhibits the following traits:

- ✓ Focuses on its business goals.
- ✓ Answers phone calls and e-mails quickly.
- ✓ Has high employee morale.
- ✓ Resolves a high percentage of customer inquiries on the first contact.
- ✓ Measures customer satisfaction as a service indicator and has high customer satisfaction scores.
- ✓ Provides a significant source of revenue for the organization.
- ✓ Has an effective process for collecting and presenting data on performance. Everyone knows where he or she stands monthly, daily, hourly, and even in real time.
- ✓ Works efficiently. Employees need to do little follow-up on the customer file after the customer has hung up. Calls last for a consistent length of time and require a minimum of customer time to achieve resolution.
- ✓ Keeps everyone engaged and busy with a purpose, with no one being overly taxed.
- ✓ Improves processes continually to make gains in service, efficiency, and revenue generation.
- ✓ Enables the corporation to see the call center as a strategic advantage — an ally to the rest of the organization.



## *Characteristics of a poor call center*

A call center that doesn't function well probably displays the following characteristics:

- ✓ Creates long hold times for customers waiting to get through to the next available agent (and when those customers do reach a call center employee, they're frequently transferred or put on hold).
- ✓ Deals with customer issues that frequently require multiple contacts before they're resolved.
- ✓ Breeds harried staff members running from crisis to crisis, putting out fires but not getting ahead.
- ✓ Lacks understanding of metrics or performance.
- ✓ Scores low on customer satisfaction or has no way to measure customer satisfaction at all.
- ✓ Lacks the appetite to improve working conditions to stay competitive and retain employees.
- ✓ Experiences low employee morale and high turnover.
- ✓ Generates complaints by corporate executives and senior management about costs or sales and service results. Some executives may talk about outsourcing the operation.

A well-run call center doesn't happen by accident. Good people need to do good planning and good execution. This book gives you the strategies, practices, plans, and skills to control what your call center produces.

