



Infrastructure change drives a new  
business model in the call center

*Optimizing at-home agents within a distributed  
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## Introduction

Technology has the capacity to fundamentally alter the way a company or a whole industry operates and that is certainly the situation now unfolding in the call center. The introduction of on-demand call center infrastructure has made every aspect of building and operating a call center faster, easier, and much less expensive. Market forces are now taking what has been proven to be a good idea and propelling it into the mainstream.

Technology also frequently has the side effect of changing business processes; what was once necessary is frequently automated away while new challenges replace the old. In many major innovations, change drives the opportunity for revenue and profits and for individuals on the wrong side of change, there is also significant risk. We see evidence that on-demand call center technology is having this kind of effect on the industry as agents migrate outward from their centralized call centers and as call center operators try to expand their missions.

Too often the effects of new technology on business processes are ignored by early adopters and, when inevitable problems arise, rather than attending to the business processes that must be adjusted, some people blame the technology. In the technology industry's cycle of boom and bust disillusionment is a major factor for slow adoption.

This Beagle Research Group Executive White Paper examines the benefits and the new challenges placed on the call center by both advancing technology and entrepreneurship. Savvy operators are taking advantage of these changes to get a jump on their competition and we hope an examination of the forces will help some people to avoid the pitfall of disillusionment.

## Changing the business model

The primary benefits to a traditional call center using on-demand infrastructure are derived from lower risk and better use of capital, but there are additional advantages afforded by the technology model if a call center also alters its business model. The business model change enables call centers to position agents in their homes across broad geographies.

The challenges associated with using on-demand infrastructure in a distributed call center business model are different from those found in either a traditional call center or a traditional call center that uses on-demand technology. On-demand technology first made its mark in the traditional centralized call center where it replaced behind-the-firewall technology and helped first generation adopters to achieve significant economies.

Technology change has enabled call center operators to adopt new business models that enable call centers to place agents anywhere the Internet reaches for far less than it costs for the call center to set up a virtual private network. As a consequence, the second innovation caused by the on-demand technology model was the completely distributed call center business model in which all, or nearly all, of the agents worked from home or at remote locations, often alone.

The change of business models has ushered in a rash of personnel management challenges that many call centers are now facing. Additionally, more call centers are scrutinizing the experiences of early adopters before taking the plunge themselves.

### **People, process, and technology**

It is an old truism in the enterprise software business that successful implementations are like a stool supported by three legs labeled people, process, and technology. Unfortunately for technology adopters, the order of rollout is usually reversed—technology introduction drives process innovation and frequently only then are the users considered.

In a situation where employees have the potential to work remotely and where the processes are fundamentally service-oriented, a high degree of contact is needed between the agents and the organization—in the persons of supervisors and managers as well as through indirect communication—to ensure that organizational standards are consistently met. This is one situation where a distributed call center model can be a disadvantage unless executives and managers take steps to mitigate any downside risks and possibly leverage the infrastructure to find new benefits.

The service process is sometimes compared to a manufacturing process with one important difference. In manufacturing, a defect can be found and repaired before shipment; in a service process the service is the product and mistakes are immediate. Call centers leveraging the on-demand model must find and use techniques that eliminate mistakes before they are made to ensure remote agents have the best chance of succeeding in their missions. We have identified four areas below where call centers can leverage technology to improve their people oriented business processes including hiring, training, management, and coaching.

#### **Hiring**

Without a doubt, hiring is the most important part of any business and that is especially true in call center operations—both for the agent and for the organization. In a

### **What's driving the change?**

*On-demand call center infrastructure enables new business models. In addition to the traditional centralized operation, which is made more cost effective by on-demand infrastructure, there are various strategies that enable call centers to hire and deploy remote agents who may work at home or at other locations. Enabling agents to work at home delivers substantial benefits to the business and employees including:*

1. **Financial benefits.** *Higher energy prices make commuting a challenge and the rising cost of living in metropolitan areas makes it hard for some call centers to find and hire enough qualified agents. The on-demand model reduces the incremental growth unit for any call center to a single seat. When call centers need to expand they can do so one seat at a time and if they need to contract they can reduce their seat-count by any amount without concern for unused capacity. In contrast, in a conventional, behind-the-firewall situation, seats are incremented based on the number of ports on a computer board which is a finite number, often eight. The same is true for software licenses which are bought in blocks. It is not unusual for call centers to need to purchase additional technology for busy periods or to have a reserve inventory of technology on the shelf during slow periods. On-demand infrastructure eliminates this inefficient use of capital.*

*Most call center executives and managers are also aware of the benefits that on-demand infrastructure and other technology advances, like Voice over IP (VoIP), can lend to their operations. Previous Beagle Research (see the white paper, "Small Footprint, Big Results," March 2006) documents the savings that are typical in an on-demand scenario. These savings come from significantly reduced telephony charges through VoIP, as well as reduced capital requirements.*

2. **Flexible configuration.** *The threat of natural disasters or pandemics as well as the hyper-competition coming from overseas markets also weigh on decision makers' minds as they calculate how best to structure their busi-*

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conventional call center setting, the organization has a fixed geography from which to attract applicants and therefore a fixed population from which to draw. The number of potential applicants is further reduced by the constraints of location, escalating transportation costs, and the economics of a call center's pay scale. In addition, if there are other call centers in the geography, competition further limits the applicant base. All of this and more can exert pressure on call centers to hire applicants who may be less than perfect fits for the job or who require more training than would be ideal.

Call centers operating in a distributed model can avoid some of these limitations because in theory their agents can live and work anywhere, which creates a larger pool of applicants, but there are complicating factors to be considered. For example, the characteristics that make a good agent may not be enough to make a good *at-home* agent. Generally, it takes more maturity and self-discipline to succeed in the relatively unstructured environment of working at home.

Some call centers are now experimenting with programs that enable experienced agents to work at home. These centers are able to collect data on agent performance working remotely and compare it to prior agent performance within the structured call center environment. Such comparisons can be important guides in fine tuning policies and procedures.

In hiring, some call centers that offer a remote operations model have begun using their web sites to screen applicants. By administering a simple aptitude test, a call center can do two important things. It can identify people who may make good agents and concentrate on them in the hiring process, and, just as importantly, it can screen out people with aptitudes below an acceptable threshold. By sharing results of the on-line tests with the applicants the call center can help the applicant with an important career decision while limiting its exposure to greater expenses later in the training process when some new hires "wash out."

#### **Initial Training**

Once a call center has identified and hired the best people it can for the jobs offered, it can use a variety of technologies to help with training and accelerate it. In our research we have identified call centers that have been able to reduce initial training by as much as twenty percent by leveraging technology. These centers use screening tests to identify strengths and weaknesses in applicants and to tailor training that fits the needs of an individual, and, in many cases, reduce overall training time. Tailoring the training also helps

*nesses. Because a call center can project infrastructure to workers at home or in lower cost of living areas they can lower the financial demands of their business models. And distributed call centers have a larger population of potential employees because they can cast their hiring nets further. This ability also enables call centers to attract different populations of workers such as those who are newly retired, those who may have difficulty commuting due to disability, and people new to the work force or who are returning to it such as students and new mothers.*

3. **Lower overhead costs** such as real estate, energy, and most importantly, turnover.

*In a recent Booz Allen study, it was reported that at-home agents' attrition rate was significantly lower than agents who worked in conventional call centers. According to the report, attrition for at-home agents was 10% compared to 50% for conventional call centers. The difference is reflected in higher hiring and training costs for conventional call centers and, though it is hard to measure, overall job satisfaction for agents.*

4. **IT responsiveness.** Many call centers rely on in-house IT operations for technical support and in some cases, even budget. On-demand infrastructure amortizes the cost of hardware across many users, and it does the same for valuable IT staff whose expertise is in short supply in many conventional call centers.

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keep the trainee engaged in the process because it remains challenging throughout the training period.

Some training approaches also stress the value of using live systems. For example, as in a traditional call center, supervisors and managers can use a variety of technologies to coach new agents through mock calls or the first encounters with customers including call monitoring, whisper mode, and chat to guide the new agent's application of his or her training and identify areas for improvement, in real time, and thereby lower the costs of training.

Training time with new at-home or remote agents is also a good time to monitor the work environment at the agent's home. For example, early assisted calls can be used to monitor for stray noises from traffic outdoors, barking dogs, or crying babies. Lastly, mock calls are also the best place to make real life assessments of agent professionalism such as how well agents handle angry customers and the like.

#### **Managing**

Managing agents may be the greatest area of discussion in the call center for a variety of reasons; managing agents remotely is simply the latest issue in that discussion. Just as in a conventional call center, the remote call center has at its disposal a variety of tools such as real-time reports and dashboards to identify trends and assess compliance with in-house standards and industry benchmarks. However, as call centers are being called upon to handle more tasks and as these tasks become more challenging, call centers everywhere are finding they need to be able to assess effectiveness as well as efficiency.

The definition of effectiveness will vary widely according to a given call center's mission. Centers focused on customer service will have different metrics than call centers focused on sales and service together or on sales alone. The metrics used must support the business objectives.

Agent knowledge is one area where managers are constantly looking for ways to improve. Some call centers have approached the problem as a game. They administer daily quizzes on areas of common knowledge or recent training to test how well the information is retained. But the questions are posed more as a challenge than as a test and agents that score well are rewarded—sometimes with prizes and other times with “bragging rights” in the form of mention on a portal dedicated to agent concerns. Some call centers also use “fact of the day” informative greetings when agents log on to their work stations.

#### **Coaching**

Coaching is a special case representing unique challenges for the on-demand call center employing at-home agents. From the technology perspective, nothing is radically different. All of the ways used to coach in the conventional call center are available in the distributed call center. Where the agent sits has little impact on such activities as coaching via whisper mode and chat. Further, conferencing for live assistance on a call also can work just as it does when agents sit just down the hall or out on the floor. Finally, managers can selectively record and analyze real calls and make recommendations to agents.

Nevertheless, because there is a huge human element involved in coaching that is less pronounced in other phases of managing people, coaching takes on special importance. Moreover, information we have from other call center applications providers indicates that, of all of the people management processes needed in the call center, coaching may be the least well supported for the simple reason that call centers do not take sufficient time to perform this function. It takes a great deal of time to select and review call scripts and perform other manual processes associated with preparing for a coaching session, not to mention the time it takes to actually perform the coaching.

## **Call center culture**

There are also cultural issues to be considered in a distributed environment such as team building and advancement. As with so much in the technology industry today, the Web has offered new opportunities for organizations to bring people together over large distances through communications options like instant messaging, chat, and portals. The exact kind of community building a call center engages in is highly dependent on the people involved and the business model.

Any consideration of culture enhancement should also take into account the agents themselves and their distribution from the central location. For example, some people come to the profession of call center agent at points in their lives when they are not specifically interested in career advancement per se, such as mothers returning to the workforce, and retirees looking primarily for steady income. The cultural requirements for these groups may be quite different from people who are looking for a first job on a career ladder.

Some agents who work remotely may still live in reasonable proximity to the central location making occasional trips to headquarters for training or other events practical. Agents who work more regionally and who may be hired because they live in other time zones, however, may not be in the same position and the outreach to these people would, of course, be different. Some culture building ideas follow.

### **Web sites, e-newsletters, and portals**

A variety of options that leverage the Internet can be brought to the job of building culture.

Depending on agent needs, Web sites or portals with useful information and a forum for information exchange between agents can be very useful. The call center can take the lead in electronic culture building by hosting regular quizzes or "fact of the day" reminders. As noted above, agents who score well on quizzes can see their names and photos highlighted on the home page.

Creating teams and sponsoring contests can help build call center culture and awards can be coordinated for presentation during annual meetings or regional events sponsored by the company.

## **Coaching ideas**

*Coaching is an important way of transmitting corporate culture, product and process knowledge. If distributed call centers wish to be successful, they need to pay close attention to the needs of remote agents to be integrated into the culture of the call center.*

*With traditional agent attrition rates hovering around fifty percent, according to the Booz Allen study, it is obvious that there is significant burnout from the job and anything that a call center can do to reduce that rate will pay dividends in reduced hiring and training costs. Coaching is one of the best opportunities that call centers have to share information, offer improved techniques, and boost job satisfaction. Call centers need to find better ways to coach and that starts with finding the time to do it. Here are some ideas.*

- *Regardless of where an agent works, call center managers and supervisors can take advantage of real-time monitoring and use whisper mode to help agents through new or challenging situations.*
- *If finding coaching time is an issue, one way to increase it is to rely more on automation to identify compliance issues so that coaches spend more of their time actually coaching rather than looking for exceptions.*
- *Another way is to use e-learning and similar technologies to encapsulate specific information in modules that are developed for common issues such as new product or customer rollouts and process or policy updates.*
- *Also effective is using automation to schedule training and coaching sessions during slack periods in a shift.*
- *Designate teams made up of agents from remote territories and in-house agents or, if the call center is completely distributed, regional teams can still be defined. Building teams fosters communication and cohesiveness and team based competition for rewards can be an important way of spreading best practices and knowledge.*

*Combining these solutions provides the high touch required for people management with the pinpoint accuracy that maximizes the investment in time and resources of these sessions.*

At the end of the day the type and number of culture building events is highly individualized to the organization and the agents. A good way to understand what is on the agents' minds and to provide a feeling of empowerment is to simply ask them and that can be accomplished using some of the same surveying technology that the call center may already use for polling customers.

### **Analysis and conclusions**

On-demand call center infrastructure is changing some call center best practices in fundamental ways. The lower costs of this model reduce the risks associated with innovation and have resulted in many new opportunities.

The rise of the at-home agent is a symptom of the changed market and it is both a challenge and an opportunity for all call centers. There are significant financial advantages to the at-home model as well as opportunities for new business models that many call centers will consider and take advantage of.

However the greatest challenge facing call centers embarking on an at-home agent model or any hybrid solution that employs at least some at-home agents, is fundamentally the same challenge faced by conventional call center operators—managing people.

Many of the established business practices call centers use can remain intact using modern on-demand technology. In addition, leveraging the Internet and modern Web site technologies can pay substantial dividends in hiring and training.

At the same time, though, at-home agents are human beings who thrive in groups of like-minded individuals and sharing ideas, best practices, and finding ways to reward high performance take on added importance when co-workers and managers are miles away.

There are many things that can be done to optimize individual agent performance in this new model, and call centers considering taking on the new model should not stop at the technology and infrastructure requirements. The most successful call centers employing at-home agents will undoubtedly be the centers that take the time to examine, and where necessary, revamp their people management practices.

### **About Beagle Research Group**

Beagle Research Group is a consulting and market research organization focused on emerging technologies and companies that will have an important impact on the way business is conducted in the years ahead. Our work is based on professional standards of quantitative and qualitative research which informs all of our publications.

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