

THE FIRST 90 DAYS

Call center attrition during the critical on-boarding process and how to reduce it

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This Beagle Research Group Executive white paper is based on extensive research conducted during March 2007

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Introduction

Hiring and more precisely, attrition, continues to be a major issue and expense for call center operators. Many call centers face a crisis with attrition rates of 40 percent or even higher during the first few weeks of employment and throughout the industry people are seeking ways to reduce attrition and the costs associated with it. Clearly, the way call centers hire and initially train agents is broken — any organization that suffers from what amounts to hiring failure rates in the vicinity of one in two cannot credibly claim otherwise.

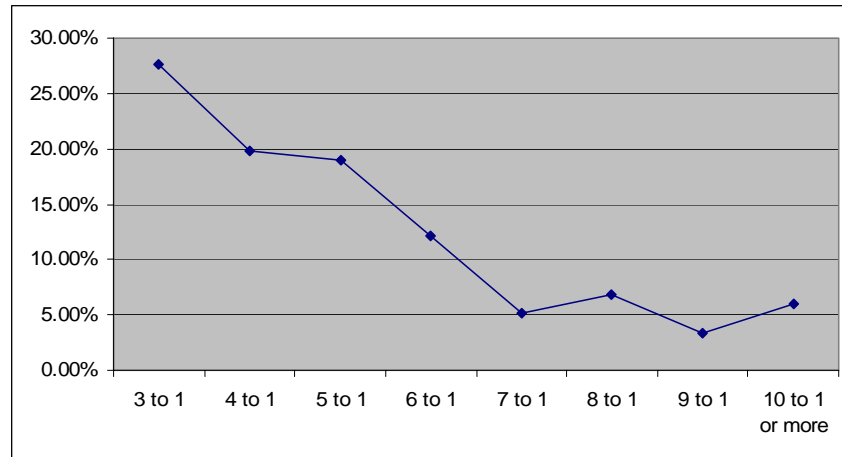
Despite good intentions, many call centers are stuck with hiring processes that no longer work largely because they are manual and the volume of demand is higher than what can be competently handled manually. The primary recommendation of this Beagle Research Group *Executive White Paper* for reducing attrition, especially in the critical first 90 days after hiring when organizations invest heavily in new people, is to bring greater selectivity to the hiring process. Since most hiring organizations do not have the manpower to manually improve selectivity, the obvious solution is to judiciously use technology to fill in, where possible, by automating key steps in the hiring process.

Key Findings

A recent Beagle Research study conducted in spring 2007 found that attrition rates in the first ninety days of employment could be significantly reduced but not totally eliminated using automated hiring methods. Evaluating and hiring people is an intensely personal activity and while manual methods are appropriate in many instances, automation can remove much of the high-volume overhead that leads to bad hiring decisions. Our key findings include:

1. Organizations that were more selective in making offers fared better than their peers at retaining new employees (Figure 1). A ratio of seven first interviews to a single job offer netted the lowest practical attrition rate. Higher ratios (8:1 or more) continue to show further improvement but diminishing returns set in. Organizations show progressively better retention rates when they increase their interview to offer ratios incrementally from 3:1 up to 7:1. Hypothetically, at least, every organization whose ratios are in that range could lower its attrition rates for new hires simply by increasing selectivity by just one additional interview per hire along that continuum. As a practical matter though, the manual processes most call centers use to screen and interview candidates can not afford to muster the additional manual resources needed to make their processes more selective. Additional automation is most likely required and this is the most important finding of this study.

Figure 1 Call center attrition rate declines with selectivity



Source: Beagle Research Group, LLC June 2007

- Unfortunately, this somewhat obvious finding is hard for many call centers to put into practice due to constraints on their hiring resources and the demands for agents to fill seats. Just under 50 percent of respondents (Figure 2) said that it takes 2 or more weeks for one applicant to get through the screening process suggesting processes are predominantly manual and pointing out a need for automation.

Figure 2 About half the population said it takes more than two weeks to hire a call center agent

Choice	Percent	Graph
Less than 1 week	16.2%	
1 - 2 weeks	34.2%	
2 - 4 weeks	39.3%	
4 weeks +	10.3%	

Source: Beagle Research Group, LLC June 2007

- To be fair, most organizations have some automation for assessing people in their hiring processes (Figure 3) but there are notable differences in the methods used and the results. For example, 82.2 percent of call centers test applicants for basic computer skills and nearly 60 percent (57.9%) test for business and reasoning skills while 59.8 percent say they test for specific traits relevant to the available jobs. Our findings show that organizations that only test for basic computer skills have the highest attrition compared to the other groups and that those organizations that test

for employee fit for the job have the lowest attrition. Clearly, the fact that more than 40 percent of call centers do not yet test for advanced skills and job fit represents an important area for improvement.

Figure 3 Which of these assessments do you use as part of your hiring process? (Check all that apply).

Choice	% of Respondents	Graph/Respondents
Basic skills assessments (typing, Windows)	82.2%	
Trait assessments	59.8%	
Basic business reasoning assessments	57.9%	
Other	16.8%	

Source: Beagle Research Group, LLC June 2007

- Our findings also showed that agent expectations about the day-to-day activities in the position were frequently improperly set (Table 1, rows 3 and 5). There is some ambiguity in the findings about whether the job requirements are not set correctly during the hiring process or whether new agents simply harbor erroneous expectations. Nevertheless, the cause is less important than the fact and it is the purpose of the hiring process to convey an accurate picture of the job requirements. This is apparently not being done with sufficient consistency.

Table 1 Top five reasons for agent attrition within the first 90 days of hire

Rank	Question	Mean Score
1	Hiring process	4.26
2	New hire training did not properly prepare the agent	4.13
3	Unrealistic job expectations set by the company	4.06
4	Person did not have right skills	3.86
5	Person had unrealistic job expectations	3.38

Source: Beagle Research Group, LLC March 2007

Selectivity: the business problem

On some level it may seem so obvious that it needs no discussion, but improved selectivity is the best way to identify the best candidates and the best way to reduce new hire attrition. While many call centers would undoubtedly agree that greater selectivity should lead to reduced attrition, they would also most likely point out that selectivity comes at a cost — the expense and effort of having enough hiring resources to conduct all the interviews and other work that is now performed manually. With many organizations still relying on manual hiring techniques some effort must go into identifying parts of the hiring process that can be safely automated.

Forty percent of call centers surveyed say that their selection process takes between two to four weeks to complete, indicating a high reliance on manual techniques and process steps.

More than forty percent of call centers say they do NOT test applicants for skills that would be directly useful in the performance of their jobs.

Our research also shows that one of the primary causes of attrition during the critical onboarding and initial training process is a misalignment of expectations on the part of the individual. Whether the person's expectations were improperly set by the hiring company or if expectations were held by an individual in error is not the point. It is very difficult to provide an applicant with a realistic understanding of the job with verbal descriptions or with printed materials. A realistic understanding of the job comes with hands on experience and call centers need to find ways to provide that experience early in the application and hiring process to avoid needless attrition due to improper expectation setting.

Continuous improvement in hiring

In many other areas of an organization, managers routinely track metrics and seek to improve their performance relative to those metrics. Despite all of the metrics that call centers hold their agents to, there is a surprising casualness when it comes to measuring the hiring process. Less than half of those call centers surveyed, or 48.7 percent, said they have metrics that tie agent success to hiring activity, in other words the methods and techniques that hiring personnel use to perform their jobs. Furthermore, only 43.1 percent said they calculate the cost of a bad hiring decision.

The first step toward improving attrition is to standardize and measure the hiring process and use the information gained to improve the process. Taken together these findings show significant opportunity for improvement — call centers must become more proactive in standardizing their hiring practices, tracking results and applying these findings to develop best practices in hiring.

The advanced hiring process

While automation may be a key to improving hiring performance, there are many areas where direct, face-to-face interaction between the candidate and the hiring organization is still necessary. This paper focuses on those areas that can be automated with positive benefit to the call center, these areas are:

1. Evaluating specific skills (typing speed, analytical ability, etc.) can be done through targeted online assessments. The assessments allow objective data to be obtained consistently for each candidate and can serve as an input into the interview where further probing around the skill may be completed. Consistency in data acquisition and analysis will also lead to better hiring practices and more predictable results.
2. Delivering consistent information and receiving consistent results can benefit from an automated approach. For example, job previewing can be taken to a higher level through automation. Providing a simulated experience of the job to the prospective employee, gives that person a multi-dimensional experience that delivers more information through the experience than a description by a recruiter can. Even relatively standard information about the company and job opportunity will be more effectively conveyed if it is available in a recorded format instead of a one time conversation. This also ensures each candidate receives consistent messages and information.

3. Understanding a candidate's fit in comparison to a job profile is critical to determining if a candidate is likely to succeed and be happy in the job. Fit against a job profile is a key area where consistent and objective information is needed in the hiring process and it can be achieved by deploying a job fit or personality assessment during the screening process. Hiring companies that determine fit through phone screens and interviews are limited by the questions they ask the candidate and how the candidate responds to those questions. Furthermore, each hiring manager may ask different questions or even if the same questions are asked each interviewer may record and hear different information as it relates to fit, creating potential inconsistency.

Improving the hiring process

Typical steps in a hiring process include recruiting, prescreening, interviewing, assessing and offering. Some of these processes should remain manual though automation will undoubtedly provide benefits in some areas that lend themselves to batch processing (Figure 4).

Once the company identifies the key experience, skills and personality required to perform the job, online assessments can be leveraged to automate the evaluation of these areas. Automation allows recruiters and hiring managers to have consistent information about each candidate in each of the areas assessed. Automation also allows the hiring company to consider having such assessments completed as part of the pre-screening process so that interview time is only spent with candidates who meet the minimum experience and skills requirements.

Figure 4 The hiring process — green indicates where automation can provide beneficial impact.



Source: Beagle Research Group, LLC, June 2007

1. Recruiting – can be partially automated, for example, through job boards. However, face-to-face recruiting such as through job fairs in certain markets is likely to always be required. Candidate expectation setting about the job, work environment, the company and more can be automated and the automation leads to a more consistent message.
2. Pre-screening – can be partially to fully automated and even combined with assessing, if a company can determine what key skills, experience and personality traits a candidate must demonstrate to be considered for the position; pre-screening assessments can be automated to evaluate these areas prior to spending time face-to-face with the candidate. Pre-screening requires an organization to define the attributes of an acceptable candidate, essentially creating a “model candidate” to compare against.

3. Interviewing – cannot be automated; it requires someone from the hiring company or staffing agency to spend time with the candidate. Ideally, the interviewer will have standardized results from pre-screening assessments that will guide the interview or even suggest relevant questions to ask and give both parties the chance to learn more about each other than an automated process could provide. As with pre-screening, interviewing requires a model for the interview consisting, in part, of a set of standardized questions whose answers can be used for comparison against a model candidate.

Analysis

This study suggests that greater selectivity is needed to help reduce attrition in the early phases of the call center agent lifecycle. More importantly, it also suggests that the largely manual methods of evaluating prospective employees must be augmented by other means such as technology. Furthermore, it indicates that standardization and measurement in the call center should begin with the hiring process. Our data shows a hiring process that is not adequately controlled by the people who should be managing it.

While higher interview to offer ratios are useful in reducing attrition, the additional work involved in conducting more interviews is not practical for many hiring organizations with limited resources. Rather than an absolute need for more interviews, we believe that the data shows a need for more automation to screen and assess applicants in the early phases of the process. Importantly, better screening may not necessarily mean significantly more rejections of potential agents; instead it can lead to more tailored training programs geared to address the specific needs of each candidate.

Screening should include the following:

- Testing to determine basic computer skills and business aptitudes as well as identifying specific traits needed in a particular job. We believe correct trait assessment along with closer job matching can reduce attrition for non-specific reasons such as “poor job fit.”
- Recognizing that hiring is a two way street, applicants must be comfortable with the job and its requirements just as employers must be satisfied that candidates can, with training, perform well. Currently the playing field is not well balanced and too many new call center agents take their jobs with less than total clarity about the demands of the position. Hands on experience with systems and simulations of situations that give the applicant a more realistic understanding of the job and should be pursued by any call center intent on lowering its attrition rate.
- Generally speaking, if a bit of information can be obtained with a screening method, it should be. Interview time should be used less for screening and more to drill down and uncover additional detail surfaced by testing and simulation.

Conclusion

The results of this survey and others like it suggest that we may be at a tipping point when largely manual hiring methods that have been relied on for a long time must give way to some automation. The number of jobs to be filled and the relatively high rates

of attrition that many call centers face (the “demand”) suggest that the utility of manual hiring methods (the “supply”) is being exceeded.

With pools of potential applicants limited by geography and pay scales, organizations cannot simply hire and train and then see who stays in the program. Progress in reducing attrition must now come from better understanding individual applicant strengths and weaknesses so that call centers can make better informed decisions as well as tailor new employee training accordingly. This approach will enable call centers to find and hire the very best people for agent positions but, importantly, it will also enable the centers to do a better job of identifying more individuals who, with appropriate training and coaching could become proficient and long term team members.

Methodology

We wanted to understand the causes of early job attrition in the call center — typically what happens during the crucial first 90 days after hiring when new agents undergo training and begin to take their first calls. This is a highly risky time in many call centers and attrition rates are usually high.

We surveyed a large group of call center managers with titles of director on up to COO during March 2007. There were 121 responses to the survey.

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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.



**264 Greenbrook Drive
Stoughton, MA 02072
781-297-0066**

www.BeagleResearch.com