

From Sweat Shops to World Class

Why do organisations set up call Centres?

To improve customer service and reduce costs. In practice, the introduction of Call Centres has often resulted in WORSE service and HIGHER costs.

How has this happened?

The essential problem is that Call Centres have been set up using the principles of scientific management. These ideas are plausible but fundamentally flawed. The research showed that every consultancy involved in establishing Call Centres based their advice on these principles.

What are the ideas associated with scientific management?

That service agents should be managed by measuring their activity. That planning should be based on volumes of call demand and averages of agent activity. That management's role is to manage budgets and motivate people. Yet people who work in Call Centres are demoralised. The extent of the problem has led to Call Centres being called the 'sweat-shops' of the Nineties.

Why are people demoralised?

There are four inter-related reasons:

1. Measuring call activity ignores variation. People can 'lose' what is, in effect, a lottery - they can get adverse work measurement numbers when the causes of variation are outside of their control.
2. To survive in such an environment, people often learn to 'cheat' - it is the only way to avoid adverse criticism. When people have to cheat to survive they are further demoralised. Most people want to do a good job; they know what they are doing is wrong but they feel they have no choice.
3. Managers pay attention to people for the wrong reasons. Being unaware of the extent of variation attributable to the system and the extent of variation attributable to service agents, managers pay attention to people when they should not and they do so in inappropriate ways. Service agents feel as though they are obliged to put up with this sort of (inappropriate) management attention.
4. Managers are focused on internal issues - they are primarily concerned with matters of productivity. As a consequence, service agents lose sight of their purpose and managers are out of touch with opportunities to make significant improvements in productivity.

How can the problem be solved?

The solution lies in changing the way managers think. Scientific management is flawed, managers need to know why. The best way to learn is to find out the extent of sub-optimisation caused by this thinking in their own case.

The extent of sub-optimisation is exposed when managers take a systems view of their Call Centre. Taking a systems view is to look outside-in and to understand demand, value and flow. As a consequence, managers see the value of changing their methods for:

1. Understanding demand.

When demand is understood from the customers' point of view, it usually results in immediate opportunities for improvement. Much of the demand on Call Centres is what we would classify as 'failure demand' - caused by the organisation not doing something right. 'Scientific' managers respond to this demand in the same way as they respond to any demand, by adding resources. Quite a number of organisations we studied thought that adding resources - more Call Centres - would solve their

problems. It was the wrong approach - only adding to costs. The manager who takes a systems view works to turn 'failure demand' off. Service and efficiency improve immediately.

A second opportunity comes when 'value' is understood from the customers' point of view. Managers with a systems perspective realise that the faster a customer can 'pull value' from their system the better the service and the lower the costs. Finally, understanding demand exposes the risks in using IVR systems (where customers route their call). There are very few conditions under which IVR systems result in better routing and lower costs.

2. Understanding variation.

To get away from the demoralisation associated with being in a 'lottery', managers with a systems view appreciate the importance of finding out the extent of variation attributable to service agents (which leads to training or information needs) and the extent of variation attributable to their system - not all customers are the same, not all customer calls are the same. When managers use measures of variation to work with service agents, a climate of learning is established.

3. Working on the system.

Managers who think with a systems view remain focused on their purpose - to create value for customers by the most efficient means. Adopting the methods outlined above is an essential prerequisite to managing the Call Centre as a system; the methods give managers confidence that they are doing the right thing instead of 'doing things right' - the preoccupation of scientific management. As a consequence of managers changing the way they manage, service agents become clear about their purpose and see themselves as capable of contributing to improvement.