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NACC Investment Portfolio

Web 2.0: What is it Really, and Why do I Care?

Lori Bocklund, President, Strategic Contact, Lori@strategiccontact.com

A few weeks ago I invited NACC readers to join me in wading into the waters of Web 2.0 ([Vol. 4, Issue 2](#)). I realize how easy it might have been for you to say: "That's interesting, but I'm really busy with today's firefights. I'll look into it another day." You've got so much "have to do" work that there's little room for "want to do." Moreover, I'm pretty sure it's not solely your responsibility to worry about leveraging the current and prospective customer base to protect or enhance your brand. But like it or not, Web 2.0 momentum is building, and your actions – or inaction – will decide whether you do it, or someone does it for you (or to you).

What is Web 2.0 Anyway?

If you want to dive into definitions, go to Wikipedia (a Web 2.0 tool!), which defines it as "a perceived second generation of web development and design, that aims to *facilitate communication, secure information sharing, interoperability, and collaboration* on the World Wide Web." (Emphasis added) Web 2.0 is your new, global community – of customers, prospects, CSRs, SMEs, and people who like to "help." It's the new millennium version of "How to win friends and influence people" (with all due respect to Dale Carnegie) but with fewer best practices and niceties. It's more "Wild, Wild West" than "Twelve Ways to Win People to Your Way of Thinking" and "How to Change People Without Giving Offense or Arousing Resentment." In fact, many participants in the Web 2.0 world may actually be trying to give offense or arouse resentment! A single person can communicate with the masses – their friends, or the public – real-time, through a variety of channels, with positive or negative spin. By "tweeting" on Twitter, "blogging" on Blogspot, answering questions on forums, uploading videos or photos, promoting links to useful information, rating a product, service, or content, and populating wikis, they will try to influence, gain feedback or reactions from, and disseminate information to others.

Stock	Price	Value	Change
NICE	25.08	6.24	-3.76
VRNT	3.40	1.39	-8.61
SYKE	15.91	8.37	-1.63
WIT	6.66	4.45	-5.55
CVG	7.22	4.09	-5.91
TTEC	10.14	4.41	-5.59
ICTG	4.87	4.67	-5.33
APAC	1.93	8.73	-1.27
TOTAL		42.35	-37.65

Original Value start 11/6/2007 =US\$90.00 or US\$10.00 per stock. Then Nortel went bankrupt so we have adjusted the investment portfolio and now the new start value would be \$80.00 or \$10.00 per stock.

Total Portfolio Value Now= \$42.35 which is up about \$4.00 in the past two weeks. "Why so strong" you may ask? Here is my educated guess. There are trillions (yes that is 12 zeros or more) of dollars worth of wealth that moves around the world each day. These investments are seeking returns, ideally, the highest returns possible with the lowest risks. Prior to last fall, many of these investments were in the US real estate and stock markets. Then when the recession signs began in the US, manifested quickly in Europe, rolled over to Asia, people sought a safe place for these trillions of dollars, namely US Treasuries. The problem is this, with so much money going into US Treasuries, the returns were near zero. People were not losing their money in the world's stock markets, but they were not making anything either. So they have sat for over 6 months or more, making little and waiting for the right signs to enter the stocks markets again, after all, many indices dropped by 50% and are at 15-20 year lows. So we are seeing this global investment capital creep back into the stock markets. As long as people slowly start to reinvest in the stock market, then shares will go up. As shares go up, confidence goes up, and people believe it is safe to invest again, creating a type of self-fulfilling prophesy. Is this rational? Yes, just as it was rational

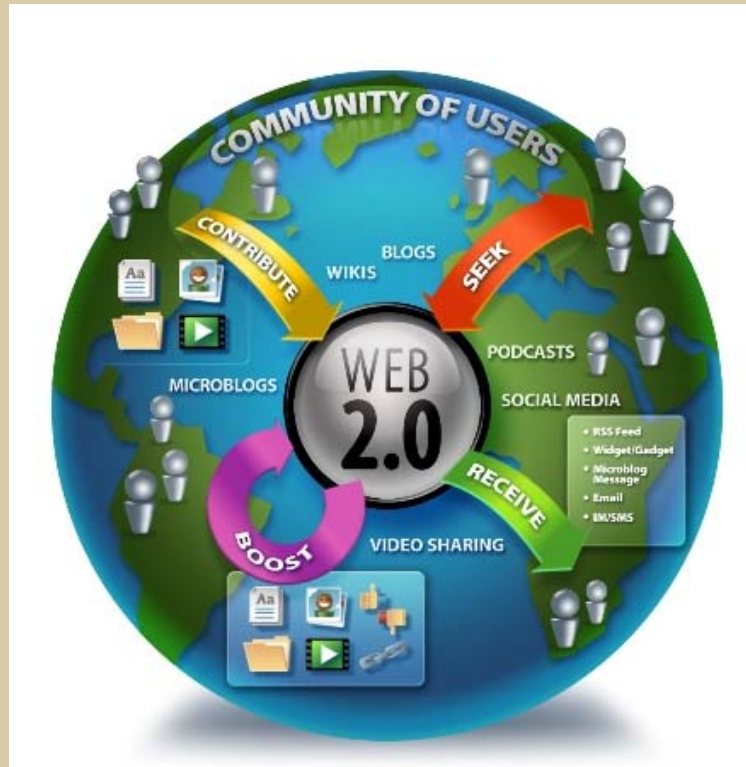


Figure 1: Web 2.0 Enables Information Sharing Across the Community

Figure 1 shows the principles of the Web 2.0 community sharing information. Users contribute content through a variety of media that others may proactively receive (whether they consume the content or not) or seek when desired. A key premise underlies this activity: if content begets content, votes, subscriptions, or commentary through secondary contributions (what I'm calling a "boost"), it gains value in the community.

Why should you care

Web 2.0 is viral. Facebook has 175 million users. It's not just Gen X and Millennials anymore; the 30+ year-olds are Facebook's fastest growing demographic. Lance Armstrong had 317,000 followers and growing on Twitter, last I checked. That's only slightly more than the CEO of Zappos. Think about that! Tony Hsieh is promoting a brand and engaging his staff to serve customers in ways we couldn't fathom just a few months ago. Comcast is monitoring Twitter feeds to hear what customers say and respond. [Yes, "Comcastcares."] As I write this article, I could "Ask a question about Apple and get help from 14 employees and tens of thousands of customers" on GetSatisfaction. A major soft drink brand is not yet actively engaged there, yet I could ask a question about their products and "get help from hundreds of customers." Want to write a "how to" about something? Go to "WikiHow" and write to your heart's content. Then the community will add to, edit, and discuss your content. Imagine if your customers (or CSRS!) start finding answers to their questions through these sorts of resources.

The harsh reality in the Web 2.0 world is that you don't control the information flow and structure like you're used to in the call center world. Web 2.0 empowers the community of users, like it or not, ready or not. We hope the community filters, cleanses, counters, and weights information, and the good stuff emerges at the top. But there is no

to pull money out of the market last fall. So, my guess (and hope) is that we have bottomed out in terms of the stock market and it will start its eventual climb back up out of the hole trying to hit that magical 10,000 mark again for the Dow Industrial Average.

NACC Composite Index

Date	Value	Change	Percent
11/6/07	100.00		na
12/5/07	94.38	-0.56	-0.60
1/15/08	80.89	-17.02	-21.04
2/13/08	75.56	-1.98	-2.63
3/12/08	65.47	-11.25	-17.18
4/9/08	68.98	1.06	1.54
5/7/08	77.31	3.14	4.07
6/4/08	81.51	2.93	3.60
7/2/08	70.28	-10.20	-14.52
8/13/08	65.57	-0.97	-1.48
9/10/08	66.55	-1.69	-2.54
10/8/08	43.24	-13.67	-31.62
11/5/08	43.26	1.43	3.31
12/3/08	36.19	3.30	9.13
1/7/09	42.75	2.10	4.92
1/23/09	36.23	-6.52	-18.00
2/4/09	35.68	-0.55	-1.54
2/18/09	33.36	-2.32	-6.96
3/4/09	30.94	-2.42	-7.82
3/18/09	36.13	5.19	14.36

The NACC Composite Index was up, up, up this week by 14.36%. This gain wipes out the losses for the past four weeks. Moreover, since the stocks of the index have taken a beating, I have adjusted the formula to adjust for the number of outstanding stocks, total stocks floated, and a few other variables. This did not change the index results much, maybe .25% or so, but I wanted to be sure that the index correctly reflected the new call center investment landscape.

Dow Composite	8.88%
S&P 500 Composite	10.26%
NASDAQ Composite	9.22%
NACC Composite	14.36%

The NACC Composite Index was up sharply this week as were the other indices. The Dow, NASDAQ and S&P

guarantee. And that's a powerful argument to get involved with "good" information and turn this resource into something valuable.

What should you do

It's easy to think this phenomenon is someone else's problem – or opportunity – because it goes way beyond the contact center. It does. Opportunities exist both within the company for internal communication (agents, supervisors, subject matter experts, other departments) and outside the company for external communication (customers, prospects, analysts, competitors, and others who want to respond to your customers' or prospects' questions). But the contact center *has* to get involved. In fact, because of the opportunities it presents, it may be the best thing that has happened to customer interaction in a long time. It will force cross-departmental collaboration and get others across the company engaged in customer care.

As a next step, think about how you would use Web 2.0 capabilities within the center, across the enterprise, and with external parties. You'll be a rare contact center if you can handle all of this yourself. Since the center typically only controls things within its boundaries, you may want to start there. But you *need* marketing. This is the "seize the moment" opportunity to work together to address enterprise communications in support of your customers. Anyone who has been promoting, studying, or pondering "Unified Communications" had better pay attention as well. Web 2.0 may be just the catalyst UC needs to get other parts of the enterprise to provide subject matter experts to support customer interactions through the center and with customers directly.

Tune into NACC for more input on this topic as we look at Web 2.0 strategy in the contact center and across the enterprise. I promise I'll write soon. We may not have time to wait!

Report Underscores Turnover and Attrition Issues in the Contact Center

Paul Stockford, Research Director, National Association of Call Centers and Chief Analyst, Saddletree Research,
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The NACC recently had the opportunity to review a report entitled "Call Center Recruiting and Compensation Survey" published in February 2009 by FurstPerson of Chicago, IL. The report details the results of a survey of 70 contact center executives and 1,360 contact center job applicants. The purpose of the report was to present benchmark data on recruitment, compensation and turnover in the contact center industry.

Agent turnover has always been, and continues to be, an expensive problem that call centers have historically been unable or unwilling to address. Agent turnover seems to have simply become an industry fact of life, a problem to be tolerated rather than solved. Industry pundits typically quote an average annual personnel turnover in the contact center of around 40 to 50 percent. As bad as that number sounds, the FurstPerson report brings a dose of reality to this turnover estimate that the industry should find alarming.

Respondents to the FurstPerson survey reported an average monthly attrition rate of 7.18 percent. If that figure is annualized, the 40 percent annual turnover estimate becomes an actual annual turnover rate of 87 percent. The average is derived from data collection from both internally

were all up, but the good ol' NACC Composite Index beat them out by over 4% to the nearest competitor, the S&P 500. This suggests that the investors out there are looking around and are seeking some bargains in the call center sector suggesting the stocks were pushed too low during the recent sell off. Now the call center companies need to report good numbers, release positive news, look for merger opportunities and get the industry chugging along again in a positive direction.

2008 Year in Review

Symbol	Start 1/15/2008	End 12/17/2008	Difference in Price
SYKE	16.78	17.78	1.00
APAC	1.18	1.05	-0.13
WIT	12.87	7.90	-4.97
ICTG	8.81	3.60	-5.21
NICE	28.50	22.76	-5.74
CVG	14.74	6.41	-8.33
VRNT	17.35	8.10	-9.25
NT	12.42	0.27	-12.15
TTEC	19.89	7.68	-12.21
DOW	12501.11	8824.34	-3676.77
S&P	1380.95	904.42	-476.53
NASDAQ	2417.59	1579.31	-838.28

Because I believe we have hit the bottom of the recession in terms of the stock market, I think this would be a good time to review 2008 in terms of how the stocks of the NACC Investment Portfolio and Composite Index performed in 2008. I have listed the stock starting price when we first reported it in 2008 and when we last reported it and subtracted the last number from the first to see how much the stock gained or lost during this 12 month period. The stocks are then sorted by largest gains to largest losses.

Sykes Enterprises was the star of 2008. Not only did it not lose money, it actually gained \$1.00 in value when many of the other stocks in the sector were heading south. APAC was second, with a modest loss of .13 cents, but since its starting price was \$1.18, .13 cents can be a sizable percentage drop.

managed contact centers and outsourced centers. If we look at these two types of contact centers as separate entities, monthly attrition in internally managed contact centers was 5.66 percent, which annualizes to an attrition rate of 68 percent. Outsourcers reported monthly attrition of 8.69 percent, which equals an annual attrition rate of a staggering 105 percent.

At a time when nearly all businesses, including contact centers, are looking for ways to cut costs and save money, stemming the tide of agent turnover should be a priority. The cost of turnover to the contact center goes beyond dollars. The lack of continuity in the customer care process as a result of agent attrition should be of great interest to any customer care professional. Disruption of workforce stability should also be of concern to those who manage the customer care process. Although these are considered by many as soft dollar considerations, they still impact the bottom line.

For those with an eye for numbers, the FurstPerson report will make those eyes open wide. Their survey respondents report the average cost of attrition at \$5,466 per individual. Interestingly, the cost of attrition in an internally managed contact center was reported at \$7,994 per individual, more than twice the cost of attrition at an outsourced center which was reported to be \$3,420 per individual. The disparity in cost is most likely related to the amount of time and money that is dedicated to training individuals in an internally managed contact center.

Doing a little simple math will underscore the high cost of contact center turnover, even using average costs. In a 100 seat contact center and using an average attrition rate of 87 percent at a cost of \$5,466 per individual, the cost of turnover in this industry average scenario is \$475,542 per year. These are hard dollar costs with a direct and undeniable impact on the bottom line.

Economic circumstances and sound business judgment dictate that agent turnover in the contact center can no longer be an acceptable cost of doing business in the customer service industry. It is time for the industry to bring attrition issues out of the closet and deal with them in a direct and effective manner. If you have been tasked with controlling costs in your contact center, a good place to begin that assignment is the recruiting and selection process.

60 Ideas in 60 Minutes-Round X-The Final Round

David L. Butler, Executive Director, National Association of Call Centers, David.Butler@nationalcallcenters.org

Paul Stockford, the Director of Research for the NACC, asked me to serve on a panel at the ICCM Toronto call center conference in October this year after serving last year as well. Each panelist was given 1 minute to share their idea for improving call centers before the next panelist's turn. Stockford moderated and kept time for 60 minutes. We have recorded and transcribed the session. To view past rounds, visit our In Queue archive at the following link <http://www.nationalcallcenters.org/newsletter.php>.

David Butler - Challenge assumptions! What I've spent the last 14 years doing with research in this industry, is looking at it, shaking my head a lot, and then listening to people say "that's the way its always done, that's the way we've always done it, that's the way its done," and basically taking those assumptions, break them apart, asking some hard questions, and then figuring out what the truth is behind the truth with a

Looking from the bottom up, Teletch lost the highest point value of \$12.21 in 2008 with Nortel preceding them with a loss of \$12.15. Teletch's loss was large, with over a 50% drop in stock value, but nothing compared to Nortel's plunge losing near 100% of its value before filing for bankruptcy.

It is interesting that the top three stocks in the index were all third party providers suggesting that they may have weathered the downturn much more effectively than the technology providers in the call center sector like Nortel.

Quotes

"In the business world, the rearview mirror is always clearer than the windshield."

- Warren Buffett

Picture of the Week



I live in the US South where you can find many food items deep fried. You have fried chicken, fried fish, french fries, chicken/country fried steak, fried cheese, corn dogs and the list goes on. However, I had to travel to Europe to find fried fruit, in particular a fried banana. Yep, that on the plate is a fried banana, with batter, encrusted with sliced almonds. It is accented with some ice cream, a sliced strawberry, a dollop of cream and a chocolate sauce dripped over the top. My wife said it was delicious, I just have a hard time imagining taking a soft banana that I usually cut up for my morning cereal, dipping it into a bowl of batter and dropping it into a pan full of heated oil, cooking it until it floats. Then again, the British deep fry Mars bars, so maybe bananas are not so odd after all.

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big capital "T" and then rebuilding around that kernel. It is amazing how much of this sort of tribal knowledge is passed generation to generation and manager to manager when the fact is the earliest assumptions to begin with are completely wrong or outdated.

Samantha Kane - So what do the Smurfs have in common with business intelligence? The Smurfs were created in October 1958 in Belgium, 50 years ago. Business intelligence was defined by IBM in October 1958 in Belgium. Can you believe that business intelligence is 50 years old? The business world perceives BI to be something new that has just been discovered. A good example of where to find BI is in reporting on applications, from your call center or from performance metrics. We talked earlier about reports. If you're going to start customer relationship management projects, the first thing that you want to do is make sure that you have good reports which come from disciplines like mastered data management. Because if the integrity of your data sucks, then every day that your agents try to put the information into that field or application the more skewed the information will be and that creates duplication of information, storage requirements and back-ups. The results are several issues including getting more calls, handling time going out the window and the service levels not being accomplished and all of that will cost you more.

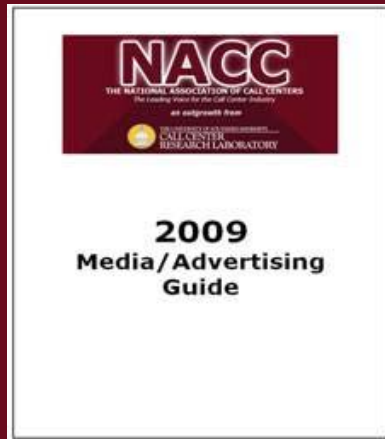
Barb Bleiler - I would say put yourself in the position to not be afraid to ask the question "why?" When you're faced with your day to day situations, regardless of what the reason is about, ask "why?" It is the best question to ask "why are we doing this, why are we doing this way, why are they handling the work this way, why are we doing it this way, why are we going about it with this resolution?" Don't be afraid to ask the "why" questions because a lot of times what happens we just jump in that boat and we go down that stream every day, and we are always faced with the opportunity to be able to take that boat and put it on the side of the road and stop and take a look at what's going on. But it is only going to happen if you take that pause and reflection and stop to ask "why?" and question what's going on. So I really ask you to try and sit back and ask that "why" question when you're faced with situations that you're not sure why its going the way it should be or how suddenly it got in the course or direction it is. Ask why for yourself.

Beel Yaqub - We continue to see organizations competing on a global stage. Our workforce continues to evolve and become more virtual. The challenge at hand is keeping our workforce engaged as the contact centre business continues to evolve. The question we must continue to ask is how do you make it easy for your employees to collaborate, how do we assist them in becoming successful in their roles? Introducing new technology to promote collaboration and make it easy for our employees to serve our clients will become critical to managing an effective contact centre. Keeping collaboration top of mind will assist us in driving a cohesive environment which promotes teamwork and innovation as we shape the contact centre of the future.

Vicki Herrell- SWPP - vicki.herrell@swpp.org - ...and the moral of the story is you can teach ducks to climb trees but it is better to start with squirrels. Sometimes people in the training process try to teach our staff a new skill for which they absolutely have no ability. You have a customer service agent who is fabulous at her job and you decide she needs to be a sales agent. But she is NOT a sales person. So you train her, you give her scripts and all of the steps. The problem is that she's going to take a long time to learn everything and she's probably never going to be as successful as somebody who just had that innate sales personality and attribute. So if you are going to have somebody climb trees, it is better to start with squirrels.

Bill Durr - Everybody wants to go to heaven, but nobody wants to die.

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People tend to agree that everyone resists change, but that is not true. People embrace change when they understand that it is in their own interests to do so. We are going to have a lot of change ahead of us over the next 5-6 years. Incredible amounts of change. We are going to need people to do entirely different things and change in ways we probably cannot even imagine as the result of Generation Y entering the workforce and they way they like to communicate. We need to start communicating effectively and consistently with everybody in the contact center so they understand what is going to happen and why it is necessary. That is the only way we are going to get through this incredible period of change.

And that is Idea No. 60 in 60 minutes.

I want to thank all of the 60 Ideas participants, Samantha, Barb, Beel, Vicki and Bill for sharing their ideas with the readership and a big "thank you" to Paul Stockford for conceiving of this neat idea and making it a reality. -DB

Free NACC Memberships Available! (Redeaux)

This is a second call for Free Memberships. We noted that a number of you were travelling last week and may have missed this call so we wanted to give you a second chance to have a free membership. -DB

Paul Stockford, Research Director, National Association of Call Centers and Chief Analyst, Saddletree Research,
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The NACC is setting aside a limited number of individual memberships that will be offered at no charge to select readers of In Queue. These are full memberships and include all the rights and benefits of individual membership, including:

- All reports issued by the NACC, including the recently published review of 2008 and forecast for 2009;
- Inquiry service;
- Peer networking;
- Job board posting.

A full description of membership benefits can be found at <http://www.nationalcallcenters.org/membership.php>.

This is an excellent opportunity to become part of this exciting, growing industry organization with no out-of-pocket expense. It is also an opportunity to support the NACC – the industry's only true non-profit, University-based membership organization dedicated to the advancement of the contact center industry and the customer care profession.

In order to qualify for one of these free memberships you must meet the following requirements:

1. You must be a contact center supervisor, manager or other executive; and,
2. You must agree to participate in the occasional surveys that we will send out during the course of the year.

If you have participated in any of our past surveys you already know that our surveys tend to be short and to the point. Every one of them was designed to be completed in a minute or two, literally. We avoid open-ended questions and try to gather general information that will

benefit all NACC members and readers of the biweekly In Queue newsletter.

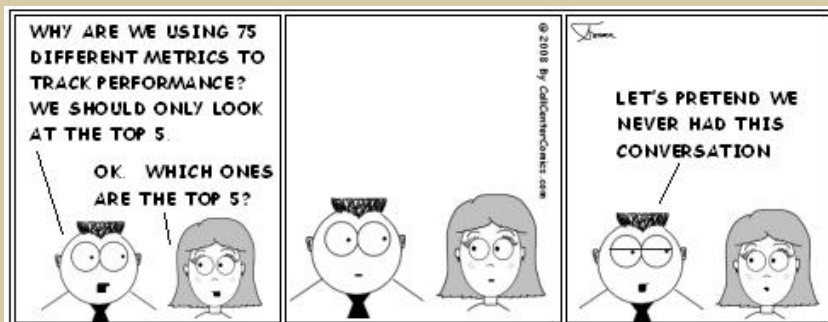
As always, the results of the surveys will be published in the newsletter for the purpose of benchmarking your experiences, attitudes and intentions against those of your peers. Surveys will be conducted on-line, not on the phone. Although we will keep track of your participation, you will not be identified as a respondent in any way. Your time commitment will be minimal.

The benefit to us is consistency in the type and number of responses we get to our surveys, which in turn benefits the entire membership. The benefit to you is savings of \$500 as well as being able to take advantage of all the benefits of NACC membership.

If you are so lucky to already be a member of the NACC, and meet the criteria listed above and want to participate, we will extend your current membership one year if chosen.

To take advantage of this offer please send an e-mail with the word "Volunteer" in the subject line to Executive Director David Butler at david.butler@nationalcallcenters.org. If you have any questions regarding this offer, please contact either David or me.

NEW Call Center Comics!



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