



RESEARCH UPDATE

HireIQ Candidate Optimizer Disrupts the Status Quo, Powers Revolution in Customer Service Human Capital Management

Summary

On May 5, 2015, HireIQ Solutions of Atlanta, GA introduced Audiolytics™ and Candidate Optimizer™, the industry's first predictive analytics-based talent acquisition and human capital management (HCM) solution designed and built for the purpose of identifying individuals that are most likely to excel in the customer service profession. Designed to complement HireIQ's flagship virtual interviewing solution InterviewIQ, these software solutions represent groundbreaking developments that reliably identify job candidates who exhibit the traits that represent exceptional service deliver and, in particular, targets one of the major challenges to the contact center industry today; the problem of agent personnel turnover.

Audiolytics is a cloud-based software system that measures a job candidate's emotional disposition based upon data mined from recorded natural-language voice interviews and is completely transparent to the applicant. The process essentially neutralizes interview tactics that candidates often employ with traditional employment assessments. Numerous academic and organizational research studies, included those conducted by The Wharton School at the University of Pennsylvania, Gallup, and Dale Carnegie Training, conclude that emotion is an increasingly important actor in job performance. Potential employees who exhibit positive emotions are up to five times more likely to be engaged in their job. Candidate Optimizer uses a client's specific business outcome, such as tenure, customer satisfaction attainment, first call resolution rate, sales conversion and others to create unique predictive applicant selection models based on those criteria.

HireIQ Audiolytics and Candidate Optimizer are immediately available.

The View from The Saddle

As far as contact center industry product announcements go, Saddletree Research believes HireIQ's Candidate Optimizer is one of the most significant announcements of the decade. This extraordinary solution directly addresses an industry problem that many have viewed, and continue to view, as insurmountable. That problem is agent turnover.

If there is any single factor that has negatively affected the status of the contact center in the enterprise, it is personnel turnover. It is also one of the most costly in terms of hard costs, customer satisfaction, and employee morale. It has long been known that reducing turnover, even by a small amount, can have large-scale collateral benefits. While contact center employee turnover varies by industry, it is invariably higher than in any other enterprise function. Table 1 below illustrates average contact center turnover rates as reported by respondents of the Saddletree Research survey of end-users conducted each year in conjunction with National Association of Call Centers (NACC) at The University of Southern Mississippi.

Figure 1: Average U.S. Contact Center Agent Turnover for the Year 2014

Percent Agent Turnover	Responses
Less than 20%	43.9%
20% - 40%	32.9%
41 - 60%	15.8%
61% - 80%	2.4%
More than 80%	4.9%

Source: Saddletree Research
May 2015

While the turnover rate of less than 20 percent as reported by about 44 percent of respondents is encouraging, it still represents less than half of the industry. The hard fact remains that more than half of the industry experiences turnover rates of more than 20 percent with nearly five percent reporting more than 80 percent turnover. In terms of real numbers, about 40,000 contact centers in the U.S. have to deal with turnover of between 20 and 100-plus percent turnover each year. This represents a sizeable market opportunity for HireIQ to tap into with Candidate Optimizer, the reasons for which are self-evident.

The contact center industry continues to rely upon traditional interview and assessment techniques that have remained relatively unchanged for decades. Standardized tests and subjective interviews are typically used to determine a candidate’s suitability for the customer service representative job. These assessment techniques were developed in the 1950s, primarily for evaluating management talent, and have changed little since then. The turnover rates illustrated in Table 1 suggest that this hiring methodology is not entirely effective and a new approach is both warranted and will be welcomed.

For many contact centers, a key milestone for employee retention post-hire is 90 days. This is generally recognized as the point at which an employee has obtained sufficient skills to show a return on the investment of recruitment and training. Table 2 represents the percentage of employees who leave the employment of the contact center in the 90 days immediately following training, as reported in the survey detailed above.

Figure 2: Employee Turnover Occurring in the 90 Days Immediately Following Training

Percent Agent Turnover	Responses
Less than 15%	50.6%
16% - 25%	35.8%
26% - 50%	7.4%
More than 50%	6.2%

Source: Saddletree Research
May 2015

As illustrated in Table 2 above, about 50 percent of all contact centers experience turnover of greater than 16 percent following the 90 day tenure threshold. This continuous cycle of interview, hire, train and replace represents an inefficient, yet generally accepted industry practice. Given the average industry cost to source, hire, onboard and train a customer service representative of \$6,500 each, it is also a costly practice.

Extensive organizational research, including 2007 studies at the Wharton School of Business at The University of Pennsylvania, has identified the influence of emotions and emotional intelligence on work performance and business outcomes. The studies conclude that emotion is an indicator of employee engagement potential, which in turn is a barometer of a candidate’s performance and tenure potential. Specifically, research has proven that positive emotions are correlated to higher customer service performance, especially among workgroups who exhibit similar emotional characteristics.

HireIQ Candidate Optimizer has leveraged the results and conclusions of the extensive organizational research surrounding employee emotional disposition in order to create a revolutionary method of measuring a customer service candidate's potential for high performance and job tenure. At the foundation of this ground-breaking approach is Audiolytics™, HireIQ's proprietary, patents-pending voice analysis and emotional assessment software application.

HireIQ's approach to the hiring process begins as most other hiring processes begin – with an interview. In this case, candidates are given an automated Interactive Voice Response (IVR) interview which is recorded. There is no live interaction with the recruiter. All candidates respond to the same set of questions, providing Candidate Optimizer with a consistent baseline with which to analyze results. Each recording is compared to HireIQ-developed models, derived from the analysis of millions of relevant data points that have been optimized for employee retention and performance. This analysis is done in near-real time and is displayed to a user in the form of easily understood icons such as green, yellow and red balls. Although expressly designed to aid in the pre-hire selection of well-qualified applicants, Saddletree Research believes that this technology could easily be used throughout an agent's lifecycle.

HireIQ Candidate Optimizer uses specially-developed machine learning models that provide highly reliable predictive results. Predictive models use a customer's actual, observed performance outcomes and are continuously refined over time as the new data serves to improve the software's long-term results. Job applicants are measured against a consistently higher evaluative standard thereby ensuring the overall quality of the candidate pool.

To back up its claims of improved employee selection and retention, HireIQ conducted a number of case studies involving virtually thousands of candidate interviews with contact centers in a variety of industries. Employee lifecycle milestones and success rates were compared with employment records of those hired prior to the implementation of HireIQ Candidate Optimizer as well as a control group of employees hired during the test period without using HireIQ Candidate Optimizer techniques. The results of these case studies are, in our opinion, nothing short of remarkable.

In one test case, which was a contact center outsourcer serving consumer electronics and telecom clients, the 90 day survival rate of new agents was tracked. The control group of employees hired using existing methods experienced a retention rate past the 90 day threshold of 56 percent. The group that was hired based upon the recommendation of HireIQ's Audiolytics software experienced a retention rate past the 90 day threshold of 87 percent. This represents a 60 percent improvement in retention rates, which translates to potential hiring costs savings in the millions of dollars.

The benefits of HireIQ Audiolytics in the hiring process extend beyond agent retention, as evidenced by measurement of Customer Satisfaction (CSAT) scores in another case study. This study compared the CSAT scores of agents who were hired prior to the implementation of HireIQ against those that were hired at the recommendation of HireIQ. Among the agents hired prior to the application of HireIQ solutions 62 percent reached their CSAT objectives. Among those agents hired based upon the recommendation of HireIQ, 85 percent achieved their CSAT objectives.

The company claims other client-reported improvements including long-term retention and FCR attainment. In fact, HireIQ tunes its Candidate Optimizer models to each client's specific key business objectives to continually improve the quality of hire. If the metric can be measured in the contact center, HireIQ can create a Candidate Optimizer model for it.

Every once in a great while a contact center solution comes along that has the potential to truly alter the direction of the customer service industry. Going back to the first automatic call distributor (ACD) through such innovations as computer-telephony integration (CTI), up to workforce optimization (WFO) in the 1990s and to today's innovations such as analytics and the contact center in the cloud, there are a handful of technology innovations that have been truly disruptive to the point of forcing the contact center industry to rethink and, in some cases, redefine itself. SaddleTree Research believes HireIQ Candidate Optimizer, and its foundation Audiolytics, will join this historically important collection of contact center innovations.

There are a number of solutions in the contact center industry today that claim to be "disruptive." Some truly are, but most are not. According to Webster's Dictionary, something that is disruptive in an industry is something that interrupts the normal course of business. While most solutions that claim to be disruptive are innovative and interesting, there are few that actually change the normal course of business in the contact center industry. Not so with HireIQ's predictive analytics solutions.

It will not be “business as usual” for contact centers that implement HireIQ solutions in their agent recruitment and selection process. Their world is about to change and, by extension, the normal course of the business of recruiting and hiring agents is about to change. Saddletree Research believes it inevitable that the industry will recognize HireIQ’s Candidate Optimizer and Audiolytics as being among the most disruptive and important innovations of the modern contact center industry era.

