

Wharton

Financial  
Institutions  
Center

# Call Center Management to Create Performance Advantage

A Member Supported Research Program  
and Industry Forum

Snapshot Summary  
of the  
May 7-9, 1998  
Meeting of the  
Call Center Forum  
San Antonio, Texas

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## Overview

On May 7 and 8, the Call Center Forum held its Spring meeting in San Antonio, Texas. For the first time, the traditional research discussions were combined with site visits and presentations from two of our member firms. We are extremely grateful for the support and hospitality of Citibank and USAA in serving as our hosts for these two days. Willie Wilson and Deborah Harrington of Citibank along with Ed Bradley and Bob Lindeman of USAA

**USAA and Citibank hosted the May forum meetings in San Antonio.**

organized the tours and excellent presentations at their respective institutions. The success of this format suggests we consider holding next year's Spring meeting at another member's site.

The program began with a tour of the Citibank facility, the US Citibanking Center.

This consolidated retail banking site serves a variety of customer segments and functions including retail branch service, a priority customer group (sales and service), PC-banking, direct sales and investigations.

The Wharton research presentations began in the afternoon and continued through the following morning. On Thursday, Lorna Doucet presented results from her multi-year study of human resource issues based on detailed field research within one of our member firm call centers.

Pat Harker followed with a discussion of channel integration issues. Pat's comments were based on preliminary results from a new project underway in which several Wharton colleagues are tracking a retail delivery re-engineering effort being undertaken within a large banking company.

Frances Frei then outlined a new research project being done in conjunction with BAI and the consulting firm of Furash &

Company. The study is designed to extend the Financial Institutions Center's research into financial service firms' management of investments in information technology. Forum members who are interested in participating in the study were encouraged to contact BAI directly.

Following an informal dinner on the "River Walk" on Thursday night, the meeting continued on Friday morning at USAA's headquarters. The morning sessions began with Noah Gans' update on his research activities examining the interaction of human resource and marketing factors with the engineering aspects of managing customer call queuing.

The morning presentations concluded with Ann Evenson's reporting on the results of member supplied survey data collected over the past year. Her results focused on the interactions among process, people, and IT in creating effective service delivery.

The afternoon was devoted to presentations from USAA management and a tour of their unique environment. In addition to gaining an appreciation for the sheer size of the facility, the tour and presentations also highlighted USAA's employee focused investments.

The next Call Center Forum meeting will be held this Fall in Philadelphia. What follows is a brief "snapshot" of the May meeting, highlighting some key elements from the discussions.

**"I got interested in customer service many years ago. As a director of mutual funds, you get reports on customer service, and there's always a tendency to measure inputs, and not necessarily to measure outputs. What I mean is, you get a lot of statistics, like how many calls the fund company received and how long it takes to answer them, but you don't get at how the customer feels about the call. So trying to figure ways to measure the output - satisfaction - is something I was interested in" - from an interview with Nobel Prize Winner Myron Scholes. *New York Times, October 26, 1997.***

## **Thursday AM - Citibank Tour and Presentations**

Following the tour of the US Citibanking Center, the group heard presentations from Ken Olsen, Nabil Raad, and Deborah Harrington. In Ken's remarks he outlined the site's structure, delineating the

**Citibank Quality Journey begins with the premise that customer goals and employee goals be aligned.**

service and sales functions within the facility. On the service side, remote service includes Citi-Phone (branch customers) and Home Access (PC Banking). Remote sales are focused in the Direct Banking area which incorporates in-bound and out-bound functions and CitiGold. CitiGold refers to the remote phone service and sales support for a high net worth customer segment.

Nabil Raad outlined the design of a customer service oriented data warehousing project underway at the facility. The goals of the project are to integrate MIS processes, eliminate "data islands," and structurally maintain data quality even as operating environments change over time.

Debbie Harrington outlined the Center's "Quality Journey" launched in April of 1997 and on-going developments. In her remarks, she described the importance of aligning customer and employee goals. One outcome of embracing this principle has been adjustments in performance metrics, including the move from handle time to new measures of call effectiveness. Training is a critical element of the quality journey with career pathing opportunities available as employee skill levels are developed.

## **Thursday PM - Responsiveness: Emotion and Information Dynamics in Service Interaction**

Lorna Doucet began the review of Wharton research results by reporting on her multi-year study of human resource issues in call centers. Her remarks built on an earlier presentation on the impact of "empathetic behaviors" and her whole body of research is based on in-depth field observations within one of the Forum member's call center sites. In developing this unique examination, Lorna was trained as a call center rep and spent many weeks at the site listening to and learning from the center's employees. Her research incorporated a wide range of surveys, focus groups and test instruments in developing an extensive database on behaviors and performance metrics.

Much of the material discussed in the presentation is included in the recent Financial Institutions Center Working Paper #98-15, available on the Center's web site.

The fundamental question addressed in this presentation was whether service representative behaviors can be linked to performance. In her remarks, Lorna focused on two sets of behaviors characterized by "emotion" content and "information" content. Both types of behavior were found to affect performance, but in different ways.

A key finding discussed is that it is more important for a service representative to

**It is more important for a service rep to keep her cool with an unhappy customer than to be cheery and upbeat.**

keep her cool with an unhappy customer than to be cheery and upbeat. Pleasant does not appear to buy quality. Furthermore, representatives who scored high on measures of empathy were less likely to remain cool in these situations.

Complex calls can provide an information challenge to representatives that increases the potential for deteriorating customer interactions. Again, the successful representatives were the ones that maintained their sense of confidence and even-tempered demeanor even in the face of information uncertainty. This was more difficult for those scoring high in empathy.

In the general discussion, these and other observations were discussed in terms of hiring practices, training and call routing. In addition to exploring the use of "emotion training," the discussion also considered the application of IT in addressing information challenges. Members also expressed interest in future research to identify additional personnel selection criteria, especially as they relate to better management of turnover.

## ***Thursday PM - Quality Through Multiple Delivery Channels: The Transformation of a Retail Bank***

Pat Harker discussed early findings from a study being conducted with Larry "Chip" Hunter from Wharton's Management Department. Chip and his colleagues are tracking the progress of a major retail delivery re-engineering effort currently

**Channel coordination is critical to re-engineering of retail service delivery.**

underway in a large commercial banking company. While the study is in its early phase and the range of issues to be examined is broad, Pat focused his comments on the challenges of channel coordination and ultimately, integration.

Early in the re-engineering process the bank learned the critical importance of channel

coordination as they attempted to convert branches to sales centers and more service functions to call centers. In addition to issues related to the call centers' capacities to effectively handle new volumes and different kinds of calls, they discovered significant HR challenges in creating confidence among branch personnel that customers would be effectively serviced in the phone channel.

Pat then went on to describe more positive early outcomes. In these cases, the transformation is achieving the desired impact of increasing branch sales and moving service to the call center. Employee morale and customer satisfaction are being maintained and anticipated productivity gains appear to be taking hold. In differentiating these early successes, several key factors were identified:

- Good coordination between branches and call centers;
- A focused effort to make sure the call center channel is seen

throughout the institution as a critical element of customer service;

- Recognition of the centrality HR issues play in any such change environment;
- Quickly addressing issues of internal competition;
- Clarifying expectations about new and different job requirements.

The project continues and will be reported on in future meetings as part of an evolving research theme of channel integration and the impact on call centers.

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### ***Thursday PM - Technology Choices for Service Delivery***

Frances Frei reported briefly on a new research study being undertaken with Wharton's Lorin Hitt in conjunction with the Bank Administration Institute (BAI) and the consulting firm, Furash & Company. In this new endeavor, BAI has asked the Financial

Institutions Center to design and analyze a field research investigation on how IT investment decisions are made in financial service firms.

The project will use PC-Banking as an industry

**The BAI study will examine IT decision processes, using PC-Banking as an industry case study.**

case study. Results from the study are expected to add insight into the who and how of IT decision making, the influence of outsourcing, IT staffing strategies and in the end, how differences in practices affect performance.

The study is being managed by BAI and there is a \$15,000 sponsorship fee for participants. Participation will be limited to about a dozen institutions with field interviews to take place over the summer and preliminary results to be reported back to participants in the fall. Forum members and their institutions are invited to participate and call Peter Burns at

Wharton for further information or David Taylor directly at BAI (312-683-2426) to subscribe. Additional information from BAI on the project was included in the meeting materials.

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### ***Friday AM- Human Resource and Marketing Issues in the Management of Call Center Queuing Systems***

Noah Gans began the session on Friday morning with an update on his research into the interaction of human resource and marketing factors with the engineering-oriented aspects of call centers. In his discussion, he outlined the three related projects he and his team are pursuing:

- Effective management of skill-based routing systems.
- Managing the CSR learning curve and the implications for turnover.

- Understanding the costs of lowering service quality.

Noah focused most of his remarks on the first two areas. His research methodology

**Routing and staffing decisions affect learning and turnover, and vice versa.**

is to extend traditional approaches to queuing applications to study the interaction of short-term call routing decisions and weekly staffing decisions and then, longer term hiring and training decisions. An early observation on learning and turnover is that CSR call times exhibit classic "learning curve" behavior found and documented in other types of work and that CSR turnover rates decrease with job tenure. These facts and the theoretical work done to date suggest that we should then be able to characterize how call routing and staffing decisions affect learning and turnover rates.

In order to validate this model, Noah will need data on individual handle and after-call work times for every call fielded by a CSR as he or she goes down the learning curve. In discussing this data requirement, it was determined that those centers running Lucent's Client Advocate software should be able to meet this data request. We would greatly appreciate member assistance for this data. If you think you might be able to help, please call Noah Gans directly at 215-573-7673.

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### ***Friday AM - Effective Service Delivery***

Ann Evenson presented the results of her analysis of member supplied survey data collected over the past year. The results are based on a service delivery model which emphasizes the relationships between technology, people and processes in creating positive outcomes. Survey questions were organized to create proxies for each element in

the theoretical model and then a series of regressions were run to determine the critical drivers of service delivery.

Among the various points raised in her discussion, Ann noted that employee retention

**Call Centers that tended to be more customer focused also exhibited more employee focus.**

appears to be most heavily influenced by work environment issues. Institutions that tended to empower their employees with more flexible decision authorities and allowed for more "not utilized" time (not on phone, follow-up, paperwork or meetings) tended to have lower turnover. In the discussion that followed, it was suggested that this apparent higher cost environment had to be measured against the cost of higher turnover. Ann further noted that those institutions that allowed for extra staffing capacity tended to also be those firms that put

a higher emphasis on outbound customer retention calls.

Another observation was that call centers that tended to be more customer-focused also exhibited higher employee focus. While perhaps based on different measurement standards, this finding clearly echoed Debbie Harrington's comments on aligning customer and employee goals as part of the Citibank "Quality Journey."

IT spending tended to be correlated with increased complexity of the VRU design and increased user bailouts of the VRU. This finding, while specific to just one area of technology investment in call centers is consistent with other Financial Institutions Center research conclusions. IT spending alone does not correlate well with improved performance. As noted in the discussion, the key is "smart design" and paying attention to process impact. Left as an open question was one participant's observation that the move to

more complex skill-based routing applications also means more complex VRU structures.

**More complex VRU design results in higher customer bailout rates.**

How do we reconcile this with the implications suggested here?

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### ***Friday PM - USAA Tour and Presentation***

Following the Wharton research discussion, Ed Bradley and Bod Lindeman structured an interesting afternoon at USAA. In addition to touring this unique facility, Bob and David Travers made presentations to the group.

Bob described in detail the USAA member services environment which incorporates nearly 18,000 employees and the world's largest ACD system routing 400,000

calls each day. He also outlined their new 24 x 7 program which is aimed at creating an anytime access capability that emphasizes a relationship management approach to customer service. The evolution to 24 x 7 will incorporate the introduction of new technologies and extensive training. The entire project emphasizes the careful integration of these and other process enablers.

David Travers, who manages the Property and Casualty call center activities, provided an overview of this unit's technology environment and then discussed workforce and workload performance management practices. His remarks included a description of the many challenges in developing the right performance metrics. In one example, he illustrated the impact of selecting the appropriate time intervals on which measurement is based. Apparently satisfactory performance standards as seen in averages over longer periods of time can look very different when examined as

distributions over 30 minute intervals. In one instance, this analytic approach caused management to begin emphasizing rep availability measures over traditional service

**Getting the right performance metrics is seen as a driver of success at USAA.**

level metrics in order to get at the real performance drivers.

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### ***Friday PM - Virtual Surveys - Call Center Web Site***

During the general discussions, the topic of the Call Center web site was raised. Financial Institutions Center staff have been experimenting with adding new features to the "members-only" portion of the site. News releases from member firms or gathered from public sources are summarized and posted monthly along with other reference materials.

Several members have used the group e-mail function to poll the group on specific questions.

One new idea discussed is to use the site for more controlled surveys whereby the Center would gather responses to member submitted questions and then report back over the site. This approach will allow us to mask respondent identities and provide some basic analysis. Jim Walters of NationsBank has posed the first survey question which is currently out to members for response. Since we are missing some e-mail addresses, this first question was sent out "snail mail" but we are hoping to soon move the process to the Net.

For any questions about the site, passwords, etc. please e-mail Ed Tatum at [tatum@wharton.upenn.edu](mailto:tatum@wharton.upenn.edu) or call him at 215-573-5838.