

Reducing Agent Attrition in your Contact Center



nGUVU

Whitepaper



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Overview

According to North American labor statistics, employee turnover is at an all-time high in today's workplace, and the implications for the contact center industry are significant, considering its reputation for being a volatile employment segment with a lower median employment age, high-stress work environment, and lower than average remuneration.

This workforce dynamic has created opportunities for applying the theories of game mechanics, or gamification, to the real-world problem of retaining valued agents. And at the epicenter of the contact center workforce is the agent.

Unique attributes and skills are required of agents in a contact center environment, e.g., infinite patience, finely-honed communication skills, and a superior ability to prioritize and organize their workload.

So how can contact center leaders retain and reward their agents? How can they ensure that they invest in the right talent? What kind of incentives will motivate agents to continue to perform in the long-term? What kind of financial and environmental factors can be positively impacted by increased agent engagement?

These are some of the questions we will address in this document, while providing insight into proven, field-tested solutions and tangible results.

Contact Center Economics

Everyone knows that contact center turnover is expensive. The *United States Bureau of Labor Statistics* recently posted the following national averages: workers aged 20-24 stay with an organization only 1.1 years (compared to 1.5 years just 15 years ago), and workers aged 25-34 stay 2.7 years (compared to over 3 years in the 1980s).

Overall attrition averages for the contact center industry range between 30–45 percent, with some sectors showing attrition rates in the triple digits^[1].

In fact, according to *Quality Assurance and Training Connection*, replacing one frontline agent can cost anywhere between \$10,000 and \$12,000^[2]. And when you multiply that by the high numbers of agents who end up leaving their jobs within a couple of years—up to 45 percent—the costs become astronomical.

Naturally, research points to external factors such as geographic area, regional economic stimulation programs, and immigration policy, as well as micro-economical fluctuations within specific vertical industry sectors. But a more pertinent and direct factor is the basic reality of the contact center work environment. There is a much higher turnover rate in high-stress customer service positions such as outbound telesales, customer support, and order processing. And although unionized positions demonstrate lower turnover rates in general, there are similar issues which are no less costly than attrition within those contact centers as well, i.e., lack of motivation, appreciation, and a propensity for lower collaboration within departments and teams.

Some may find it surprising to learn that even among contact center agents who find their work highly stimulating and rewarding, with excellent co-workers and a healthy company environment, a high number of agents still leave their jobs.

The Real-World Cost of Attrition

Studies have shown that a *typical U.S. based 500-person contact center loses approximately \$1.2 million every year from employee attrition*[3]. This is derived from an estimated \$0.5 million in operational costs related to attrition, plus \$0.6 million in revenue leakage.

Types of Attrition-Related Costs

Attrition raises the operational overhead of contact centers significantly, as there are costs related to the exit of an employee, as well as the search and eventual replacement of that worker. These costs can be broken down as follows.

Recruitment

The process of replacing an agent necessitates the following costs:

- Recruiter's fee
- Referral bonus
- Hiring distribution through employee referral and recruiter networks
- Marketing open positions via job placement websites and/or internally

Onboarding and orientation

Newly-hired agents will invariably draw a full salary well before becoming productive, as they navigate the necessary orientation and training stages of any new position. Key cost drivers include:

- Training costs
- Salary of agent during orientation and onboarding
- Duration of the orientation and onboarding (depending on the role's level of complexity and seniority)

Governance

These are costs related to the HR department while engaged in activities around exit and replacement of the agent. Activities include creating a talent pipeline, going through resumes, and conducting interviews. Some costs to consider include:

- HR staff compensation
- Proportion of time spent on related backfill activity

Fill-in costs

These are defined as the costs incurred with remaining staff as they provide overtime to compensate for the temporarily vacant position(s). Overtime pay is compensated at a premium rate, typically 1.5 to 3 times the base employee's salary, and this is the case without exception in all legislated workplaces across North America. They include:

- Overtime benefits
- Hiring lead time

Productivity lag

These are costs incurred during productivity ramp-up by the replacement agent, after training and onboarding are complete, but there remain the less quantifiable, but still very tangible cultural factors to navigate, such as getting to know the rest of the team, their work habits, and individual communication styles. Some of the costs include:

- Ramp up duration
- Salary during ramp up duration

Revenue leakage

This is the lost revenue due to the gap in efficiency in the duration between exit of the agent and the achieving of maximum efficiency by the replacement. The key cost driver here is the duration. In a 46-week year for the contact center agent (i.e., excluding official leave and unplanned leave days), with the agent contributing \$ 1,000 a week, the revenue loss is estimated at \$0.3-\$0.6 million per year.

Conclusion

An individual agent-level employee at a U.S. onshore contact center will incur estimated costs of \$70,000 annually. 6-9% of these costs are attrition-related, translating to approximately \$3,200 a year.

- According to the Human Resource Institute, turnover costs range from \$ 10k to \$ 15k to replace a frontline employee.
- A *Deloitte* survey showed that it takes about \$ 12k to replace the average non-professional or frontline person [4]. It takes close to three times that to replace a management-level employee
- An *Insightlink Communications* study showed that turnover costs were in the 25–30% range of a full salary and benefits package [5].

Addressing Contact Center Attrition

Now that most of the causes of attrition, as well as the financial and operational impact on the typical contact center, have been established, let's examine the ways to mitigate turnover, while addressing the issues known to be at the individual agent level:

- Employee engagement
- Motivation
- Team collaboration
- Continuous feedback
- A sense of belonging

In essence, most agents need to feel recognized and appreciated on a day-today basis in order to be motivated and engaged in their work.

Training and Self-Assessment

Agents need to feel attached to their jobs to continuously improve their skills. Traditional training, whether by classroom or web-based, requires pulling agents from their assigned tasks, thereby reducing their efficiency.

Gamification introduces an alternative where agents can improve skills on their own time, and at their own pace, while being recognized for their efforts.

Competition

Traditionally, creating competition was done on whiteboards and through email. Such approaches are cumbersome and tend to become less frequent, losing momentum as other important and urgent tasks come into focus.

Gamification provides contact centers with multiple, continuous agent challenges. An award can be awarded weekly to the best performer. This can be tracked on individual agent portal and across the team site.

Research has shown that agents are motivated to work harder, and with an improved attitude, when they are directly rewarded and can gauge their own improvement. The mere prospect of a reward directly tied to performance improvement will make agents feel more attached to their jobs and reduce turnover.

"According to a 3CLogic article, for every 1 percent improvement in first call resolution rate, employee satisfaction goes up 1 to 5 percent" [7]

Collaboration

Another successful game mechanic is automated team challenges. Agents who become high-performers are inspired to pass on their best practices to those who may require more encouragement, thereby assisting with a task that is typically reserved for managers. Working in teams creates a stronger sense of camaraderie, making the workplace feel more like sports team striving for the same objective.

The Benefits of Gamification

Contact centers that use gamification as part of a broader performance management plan see real benefits in reduced operational costs, improvements in efficiency and better retention of agents.

Companies that have adopted gamification have also seen added benefits in the following areas:

Lower onboarding costs - In some instances, ramp-up time has been reduced by as much as 90% as new agents go through self-training modular training and progress through documents, activities and benchmarks.

Better employee engagement – Gamification improves agent engagement by encouraging competition and collaboration.

Increased productivity - Engaged agents are motivated to work harder and more efficiently.

Higher employee satisfaction - Engagement and empowerment make agents feel valued and excited about their work.

Higher customer satisfaction - When agents perform at their best, customers receive the best possible service.

Employee empowerment - Agents can track their own progress and feel empowered to continually push themselves to greater success.

Employee retention – More committed and satisfied agents are unlikely to leave their jobs. This eliminates costs associated with recruiting and training new staff.

Better quality recruitment - A successful gamification program that drives productivity through improving the agent experience will differentiate you from the competition.

Machine Learning and Gamification



Individual agents develop their skills at varying rates, and a gamified application needs to adapt to an agent's pace with positive reinforcement and new challenges. This is why machine learning is a must-have element for dynamic game environment whose objective is an effective and immersive employee experience.

Predictive analytics based on machine learning can be used to boost agent engagement, motivation, and performance as well as predict that an agent is on the verge of leaving a company.

Conclusion

Gamification in the workplace is an employee-centric interaction model with a higher purpose; there is a world of difference between playing games for fun (...and there is nothing wrong with that), and providing a gamified interface to a business application. The benefits are two-fold: the

application is used to its fullest potential and intended purpose, while the agents using the gamified interface are more engaged and will develop a more consistent level of usage.

When predictive modeling based on machine learning is integrated with game mechanics, useful data and support for decision-making improve the efficiency and profitability of the contact center.

Resources

Reach out to nGUVU directly at info@nguvu.com, or try one of our free resources below. It would be our pleasure to provide you with a demo and share our case studies and other research documents.

 [Request a Demo](#)

 [Online Resources](#)

nGUVU Vision and Mission Statement

Our Vision

To revolutionize contact centers, one agent at a time.

Our Mission

To create a better every day work experience for contact center agents. We gamify their responsibilities, empowering and motivating them to self-manage and improve continuously by bringing a sense of fun and collaboration to achieving objectives.

Bibliography:

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² <http://www.gatc.org/>

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⁴ <http://www.predictivehire.com/docs/Contact%20Centres%20-%20Global%20Workforce%20Challenges.pdf>

⁵ <https://www.insightlink.com/employee-turnover-costs.cfm>

⁶ <http://sqmgroup.com/fcr-improvement-plan/>

⁷ <http://kovacorp.com/top-4-ways-to-reduce-call-center-employee-turnover/>