



## Are the days of the 'sweat shop' over?

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The call centre industry earned the sobriquet 'sweat shop' in its inception. Many industry commentators and call centre managers claim that these days are over; the argument runs that in this more enlightened era people are well trained and well cared for. But is this a defensible position?

The simple answer is no. In the vast majority of call centres managers still measure their workers on calls per man per day, call duration and that sort of thing. These are the pre-conditions of a sweat shop. These are the measures that define a production environment; they are at the heart of the philosophy that led to alienation and industrial strife in our manufacturing sector for the whole of the last century. Call centres are still treated as factories, and their staff is treated as a production resource. Call centre staff are expected to record their every-minute's activity, some call centres are famous for their attention to the biological habits of their employees.

In such environments call centre agents learn to survive. Their ingenuity is employed in beating or surviving in the system, not improving it. Yet these very people live with the organisations customers, every day. They determine the nature of the customers' experience with the organisation. There are many organisations that proclaim 'customer-centric brands' but who also give their customers an experience that is anything other than focused on customer needs. Transaction (deeds) speak louder than brands (words).

The problem is one of design. Call centres are designed and managed on mass production principles. It is a mistake. Those organisations that have appreciated the enormity of the mistake are making changes that have an immediate impact on performance.

There are two fundamental flaws in the design and management of call centres. Ignorance of the nature of demand and ignorance of the causes of variation in the performance of call centre agents.

### **Ignorance of the nature of demand**

Management's preoccupation with production measures takes their view away from the means of production. Instead of understanding the work - why customers call in from their point of view, they simply take a detached view, treating all calls as units of work. This is a fundamental mistake. In any call centre you find two types of calls. Calls that I describe as 'value demand' - the things we are here to do for the customer, and 'failure demand' - calls the customer has to make because the organisation has not done something or has not done something right for the customer. In call centres you find failure demand can be anything from 25 to 75% of all calls. When organisations out-source their call centre work they out-source their 'failure demand'. They are paying someone to manage their waste. It adds to the cost of service.

### **Ignorance of the causes of variation in the performance of call centre agents**

Call centre managers assume call centre agents can be held accountable for their performance. They set and monitor work standards, productivity and procedures. It is an uncritically inherited assumption of factory thinking that people are the primary cause of poor performance rather than the system in which they work. As a consequence, management becomes concerned with managing people. Paradoxically, managing productivity undermines productivity.



Based on their resource plans, managers set their service agents work standards and targets. It is a rational idea. In reality, however, the performance of agents will be subject to variation and the extent and causes of that variation must be established before any action can be contemplated, otherwise managers can make the situation worse. Managers (and service agents) need to know whether variation in performance is attributable to agents or the system. Current approaches to people management in call centres ignore this important question.

When I work with call centres to establish the variation in performance attributable to the people and/or the system, I find a minimum of 90% attributable to the system. What does this mean most managers are focused on as they pursue 'people management' - the 10%. It is an alarming thought.

There is always variation, in anything that we do. In a call centre, variation will be caused by customers, products, procedures, availability of information, knowledge of the service agent and so on.

Some potential sources of variation:

- Customers - no two customers are the same
- Products - no two products are the same
- Procedures - can inhibit efficiency and service
- Information - helps or hinders
- Calls - 'value' work or 'failure' work

Managers need to learn to understand and act on the causes of variation in agent performance. To do that they need to learn to measure different things and behave in different ways. Managers who learn to work this way harness service agents' ingenuity towards contributing, learning and improving, rather than engaging their ingenuity against the system.

In transforming a call centre, management's focus changes from managing people - ensuring that people do as they 'should' - to managing the system - understanding and improving how well the work flows, end to end, to fulfil the customers' expressed value. It is a fundamentally different role for management and it has a profound impact on both performance and morale.

The sweat shops are still with us. The design and management of call centre work is still in the factory - production - mode. The few that have discovered the sub-optimisation caused by this thinking have learned instead to think about the design and management of work in terms of systems thinking. These ideas are based on the work of Taiichi Ohno, the creator of the Toyota Production System. In call centres these ideas translate into the principle of designing against demand. The first and often major opportunity to improve performance comes from turning off the causes of failure demand. This can often mean an increase in productivity of more than 100%.

The second opportunity to improve performance comes from the ability to design exemplary performance against 'value demand'. To put it at its simplest, if a customer makes a demand on a system and the system recognises and does what matters to that customer, service improves and costs fall. It is an idea that traditional managers find counter-intuitive, as they have always equated service with cost.

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