

Customer Care Practice

# Customer care: The future talent factory

Customer care employees can bring invaluable customer insights and expertise from the front lines of customer service to positions in other areas of the organization.

*by Eric Buesing, Vinay Gupta, Sarah Higgins, and Raelyn Jacobson*



**For the better part of a century**, the corporate mail room was the entry point for talented employees at many organizations. Employees knew that if they worked hard and learned about the business from the bottom up, they would have an opportunity to climb the corporate ladder—sometimes even to the corner office. Many former mail-room employees stayed with their companies for decades.

But the nature of work has changed, and organizations increasingly have trouble hiring and retaining the best employees. According to a 2019 McKinsey survey of more than 100 leaders and experts in the contact center sector,<sup>1</sup> 50 percent rate retention as a key challenge for talent management.

Companies are overlooking an untapped source of potential talent: their own contact centers. Many organizations view the function as just a cost center, with frontline employees constantly cycling in and out, instead of as a valuable source of talent with a unique vantage point on customers. Businesses that develop the ability to find and thoughtfully cultivate customer care talent at an early stage can build a talent pipeline for the contact center and beyond while reducing costs and improving customer satisfaction.

### **Intentional contact center talent management: Why it matters**

As more companies improve their digital capabilities, the nature of contact center work is changing. Straightforward transactional issues are increasingly handled via digital self-service tools, while customer inquiries that are more complex are routed to contact center employees. These types of customer interactions—complicated problems, upset customers—require a different level of skills and knowledge to resolve effectively and efficiently.

And yet the “brand” of the contact center has not evolved to reflect this changing reality. Salaries have not increased in proportion to other roles, and promotion opportunities are often limited. Attrition continues to be high; in our experience, most contact centers experience average annual turnover rates

of up to 60 percent each year. Even best-in-class companies see turnover of nearly 20 percent a year. This doesn't have to be the case; our research has revealed that up to 80 percent of contact center employees would like to eventually move into another position within the company, either in contact center leadership or in another part of the organization.<sup>2</sup> They just need a path to do so.

By taking an intentional approach to improving the frontline experience and investing in talent, companies can not only reduce attrition but also build a pipeline of talent to the contact center and to the broader organization. This effort can simultaneously reduce costs and improve customer satisfaction.

### **Build a pipeline of talent**

Many executives say there's no better training ground for learning how to improve a company than speaking to its customers. Many executives even make it a point to shadow calls monthly. Some companies have new employees spend an entire day of their onboarding listening to contact center calls to quickly give them a deep understanding of what matters most to their customers.

By building on this foundation of customer insight with skills gained over time, employees can make a smooth transition to other adjacent roles in the organization. For example, an employee who builds experience in scheduling and workforce management can easily transition to a role in operations management.

A few leading companies with internal contact centers are beginning to entirely rethink the contact center model, its brand, and the value it can bring to the company. These companies staff their contact centers with highly skilled employees who empathize with customers and are empowered to address their individual challenges with plans for quick resolution. These employees learn to view the company as the customer sees it—and thereby gain invaluable insights that can inform other areas of the organization.

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<sup>1</sup> State of Customer Care Survey, 2019.

<sup>2</sup> McKinsey Employee Engagement Contact Center Survey, 2018.

Further accelerating this change, many organizations are broadening their definition of customer service and expanding the pool of talent from which they recruit. Advances in remote collaboration technologies and increased acceptance of work-from-home models are also expanding talent sources for the customer care organization.

**Reduce costs**

Attrition costs companies as much as \$10,000 to \$20,000 per contact center agent (Exhibit 1), depending on an organization’s geography, employee tenure, and the level of training required for the

position. Increasing retention can therefore reduce upfront training costs, recruiting costs, and loss of productivity during ramp-up. Furthermore, companies that selectively upskill contact center employees can then consider them for other adjacent positions in the organization, reducing those functions’ recruitment timelines and costs. Hiring from within is almost always more cost efficient than recruiting from outside the organization.

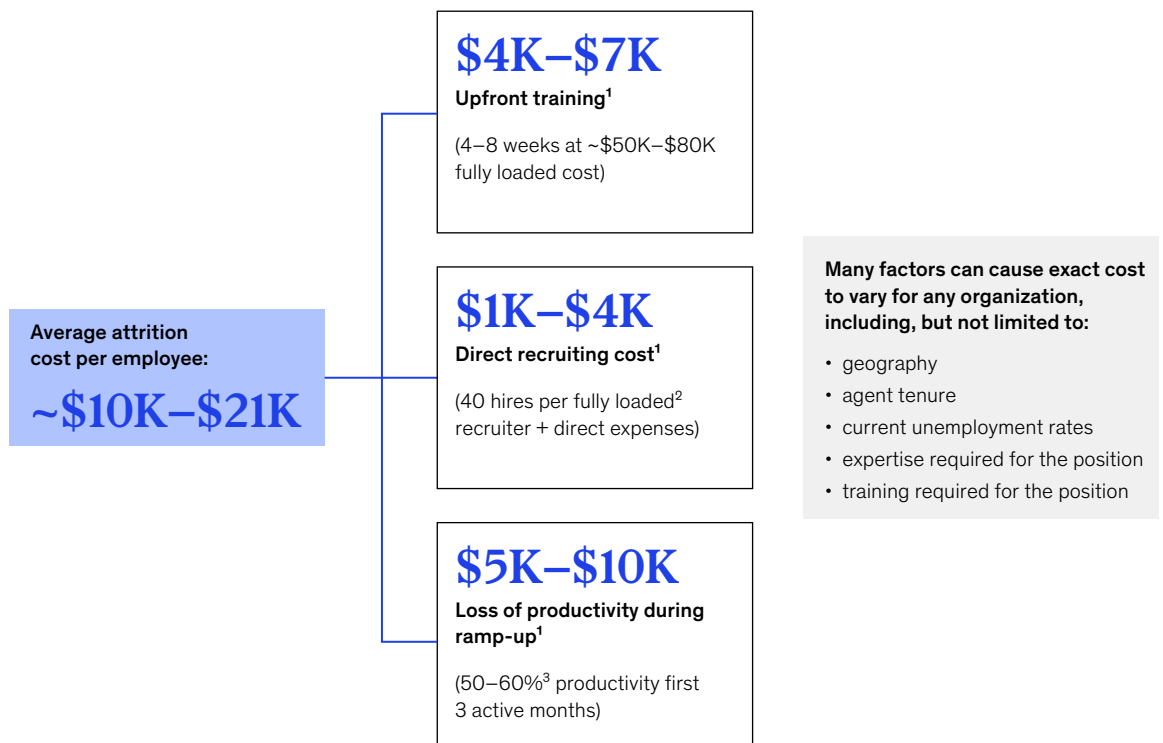
**Improve customer satisfaction**

As customer expectations continue to rise, companies increasingly compete on service.

Exhibit 1

**Call center employee attrition is costly.**

**An illustrative example**



<sup>1</sup> Depending on amount of upfront training provided as well as average annual compensation.

<sup>2</sup> Full compensation package, including pay and any benefits.

<sup>3</sup> Productivity driven by combination of agent efficiency, rates of first contact resolution, and higher support levels from supervisors/tenured agents during nesting; if not managed carefully, this higher support can also affect established agents by reducing supervisor time available to them.

Source: Expert interviews; Jon Anton and David Gustin, *Call Center Benchmarking: How Good Is “Good Enough,”* Purdue University

In addition, our research indicates that better customer service is directly correlated with overall revenue and organizational health. Given that contact center employees communicate with customers all day, they know more about customer needs than any other group in an organization and are often the first to identify widespread customer issues or process inefficiencies. Promoting from within the contact center thus can embed a deeper understanding of the customer throughout the organization. For instance, Apple promotes sales associates into corporate positions, where they bring a deep understanding of both the product and the customer.

### **Three steps to reimagine the contact center**

Companies should hire top talent for contact center roles even though these roles are predominantly entry-level positions. A defined upward path from the contact center through the organization can help attract high-quality talent looking for a career within the organization rather than a stepping-stone. It will also increase the likelihood that these individuals will contribute to the company down the line—if businesses invest in the right combination of training, skills, and coaching.

#### **Get the right people in the door**

The first step to getting the right people in the door is to understand what knowledge, skills, attributes, and experiences employees will need to thrive both in the entry-level role and in the company at large.<sup>3</sup> By harnessing advanced analytics capabilities to assess data and identify characteristics of successful employees, organizations can build profiles of ideal candidates. Résumés can then be assessed against these profiles to identify which applicants are most likely to succeed. Data on demographics, previous job types and experiences, and skills obtained can be combined with results from online assessments to build a better understanding of candidates' skills and mindset. These attributes are not always easy to assess in an

in-person interview, which is why analytics can play a significant role in revamping recruiting.

Analytics can help organizations predict both performance propensity and which employees are more likely to stay with the company for a longer period of time.<sup>4</sup> Based on our experience, companies can determine employees' potential performance and attrition risk by following a three-step process:

1. Gather data points on current and past employees related to performance (such as average handle time and first-contact resolution), behavior (such as break times and schedule adherence), employment experience and skills (such as compensation, tenure in role and organization, training completed, and skills developed), and other attributes such as demographic details (such as location and commute time).
2. Build a machine-learning algorithm using historical data to understand how different factors correlate to affect both performance and attrition risk.
3. Run the machine-learning algorithm on a regular basis to identify applicants projected to be high performers with low attrition based on relevant factors, and advance them through the hiring process.

Once employees are in the door, effective engagement initiatives can also help reduce attrition (see sidebar "The profound impact of engaging contact center employees").

#### **Create more formal opportunities for development and career progression**

A robust, ongoing training program can set up newly hired employees for success in their current roles and beyond. Training programs should help develop skill sets and cultivate knowledge to prepare employees for their next role, as well as for future development both within and outside of the contact center, such

<sup>3</sup> For more, see Mike Barriere, Miriam Owens, and Sarah Pobereskin, "Linking talent to value," April 2018, McKinsey.com.

<sup>4</sup> For more, see Jeff Berg, Avinash Chandra Das, Vinay Gupta, and Paul Kline, "Smarter call-center coaching for the digital world," November 2018, McKinsey.com.

## The profound impact of engaging contact center employees

**A crucial step** in reducing frontline attrition is boosting employee engagement. A McKinsey survey found that contact center employees who are satisfied with their job overall are four times more likely to stay with their company for at least a year and 16 times more likely to refer their friends to the company.<sup>1</sup>

In our experience, several factors can improve retention, including frequent, effective peer-to-peer interactions; a sufficient training period; socialization among colleagues; and available, engaged supervisors. The same McKinsey survey also found that career opportunity is one of the top five factors affecting employees'

overall satisfaction with their role. Even employees who don't necessarily want a promotion are more satisfied when they know that opportunities exist.

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<sup>1</sup> Whitney Gretz and Raelyn Jacobson, "Boosting contact-center performance through employee engagement," March 2018, McKinsey.com.

as finance or digital. Organizations can use analytics and digital capabilities to assess employees and build their customized development paths—including through virtual engagement with a largely remote workforce (see sidebar "Developing and engaging a virtual workforce in the era of COVID-19").

**Conduct an assessment.** Organizations can ask employees to take assessments to better understand their aptitudes, interests, and career goals. These evaluations could be partially quantified with a supporting assessment examining skills for adjacent roles, customized to the organization. The program would then make recommendations on the types of roles within the organization that an employee may be suited for in the future, along with a clear outline of the required steps to reach each of those roles.

**Build a formal coaching program.** Using an employee's responses to the assessment, companies can create a coaching program (delivered both in person and virtually) to introduce employees to various roles and business units over an 18- to 36-month period. Coaching moments should be embedded throughout the day, in addition to regular sessions with a team leader. For example, a supervisor or peer coach can schedule short observations of employee interactions with customers and offer real-time feedback. Coaching is often centered solely on improving customer interactions, but team leaders who are armed with

additional information about employees' aptitudes and career goals can tailor how they are coached and broaden their focus to include development goals that support preparation for a "next-step" transition or a future leadership role.

**Reskill employees.** In today's increasingly complex and data-driven world, new roles require employees to have many different skills. Reskilling may involve a mix of in-person training, digital courses, on-the-job practice, conferences, and experience visits that give employees the chance to preview day-to-day responsibilities for future roles.

All training modules should be personalized (based on employees' assessments and performance) and on demand, with dynamic delivery models that support individual learning styles and needs. This is especially important as employees increasingly expect dynamic, digital learning methods. For example, tailored, bite-size digital training modules can be pushed to an agent's desktop, focusing on specific skills that would benefit the agent based on recent behavior and skill aptitude. Ideally, these training plans could be used continually to build progress over time, rather than as a one-and-done exercise.

**Use analytics to monitor individual progress, tailor programs, and promote advancement.** Many organizations already collect a great deal of data about employee performance along key

## Developing and engaging a remote workforce in the era of COVID-19

**Remote work** is an increasingly crucial aspect of attracting top talent that goes far beyond physical-distancing requirements. More than ever, flexibility can be used to attract and retain remote workers who want to balance their work schedule with family obligations or have personal situations that require flexibility.

A larger remote workforce increases the potential candidate pool, as geography may become a less limiting factor, and changes the possibilities for flexible work shifts—including later starts, earlier ends, or longer breaks. Companies will need

to adjust hiring, onboarding, and training practices to successfully incorporate more remote-working competencies, such as videoconferencing-enabled quality control and interactive self-training platforms. Supervisors will need to be upskilled on coaching in a remote environment and maintaining company culture to keep employees engaged through activities such as virtual team events and competitions.<sup>1</sup>

Additionally, organizations must now consider how an increased need for flexibility and work-from-home

configurations will influence the desired characteristics for new talent and the development of future organizational leaders. For example, if recruitment were optimized for people who can effectively work from home, would those individuals continue to be successful if they were to make the transition to on-premises leadership roles? How can organizations continue to effectively accomplish apprenticeship and on-the-job leadership development in a virtual working environment?

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<sup>1</sup> For more, see Jeff Berg, Eric Buesing, Vinay Gupta, and Raelyn Jacobson, "Customer-care organizations: Moving from crisis management to recovery," April 2020, McKinsey.com.

performance indicators, but analytics can play an even greater role in creating opportunities for development. Employee details—such as the number of trainings or events attended, improvement in core skills over time, customer-satisfaction scores, time spent on coaching, absenteeism, and employee-satisfaction survey data—help organizations understand which employees are at risk of leaving the company and design effective retention and training programs. Companies can use advanced analytics to identify individuals with a high risk of attrition due to certain behaviors (such as unscheduled breaks or a decline in productivity) and then launch targeted retention programs to find and address the root causes of these employees' behaviors.

### **Once pathways are developed, make them visible**

Even after completing training, employees at many organizations are unaware of potential career opportunities available to them. From the beginning, leadership should clearly communicate the various pathways and options. For example, some companies distribute laminated cards outlining

the milestones available in an agent's first two to three years, along with their benefits and the requirements for reaching them. These cards can be posted at the majority of agents' desks, so they are always visible and explicitly clear. Other companies have online portals outlining all of the various career options and the associated required skills.

Telling the stories of people who have successfully moved up within the organization is another way to highlight pathways and show employees that advancement is feasible. Organizations can also use career counselors to help employees navigate their options and cultivate the necessary skill sets that will help them progress.

While these best practices are applicable to any organization, they can be tailored to specific organizational contexts. Indeed, career progression can happen in a few different ways: learning new skills (for example, skills certification), qualifying for a pay raise, moving up through promotion to a higher-tier role (for example, becoming a supervisor), getting a different job within the organization, or



focusing on development growth rather than a title change. To move people into different jobs, the organization will have to set up a track or pathway into those roles via the contact center (for example, moving into the email or multichannel team) and support the transition through reskilling or training.

To develop employees as they progress in their careers, organizations need to examine how frontline employees can learn and grow in their current roles. What skills would help them advance? The best organizations have an employee-to-supervisor development program that focuses on keeping employees engaged and improving their skills in leadership and other areas to enhance their value to the team. These skills can also have ancillary benefits; for example, employees who have already learned how to be supervisors can get off to a fast start once they get promoted. Peer coaching can also shed light on whether an employee might excel in a supervisor role. Even employees who decide not to become supervisors will benefit from the opportunity to mentor their peers.

In addition to creating and spotlighting these career pathways for employees, HR and talent-management functions must encourage hiring managers to look to high-performing contact center employees for leadership openings in workforce management, operations, and other areas of the contact center, as well as for roles in other business units.

### Putting it into practice

These strategies are broadly applicable for organizations that have captive, in-house contact centers, but they will play out differently depending on variables such as an organization's size and geographic footprint.

Strategies to reimagine the contact center must be tailored to fit each company's operations. Organizations whose contact centers are located

in the same city as other functions, for instance, can easily consider future needs in determining their recruiting pool. If leadership foresees a need for account managers, contact center applicants can be screened for the capabilities that will enable them to be successful in that role so that they are well positioned for the next step. One large financial-services company that takes this approach consistently identifies the top talent in its contact center and flags those employees as emerging leaders who can be promoted into other business units.

Organizations whose contact centers are separate from the company's main headquarters or other operations, on the other hand, may not be able to transfer employees to functions that require an on-premise presence. These organizations should consider focusing their hiring on employees who are likely to be engaged and satisfied by working in a contact center environment long term.

Even business-process-outsourcing organizations can consider intentional talent-management strategies to improve retention by enabling frontline workers to progress to contact center leadership positions and beyond.

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Organizations of all sizes and types can benefit from intentional talent management. Just getting the right people in the door to decrease employee turnover will have an impact on recruiting and hiring expenses. Early identification and development of contact center talent allows frontline employees to become more effective peer coaches and enables new supervisors to hit the ground running, even if they do not go on to become the next business-unit head. In a world in which talent is challenging to find and retain, embracing an intentional, analytics-driven strategy to talent management is a no-regrets move.

**Eric Buesing** is a partner in McKinsey's Stamford office, **Vinay Gupta** is an expert in the Boston office, **Sarah Higgins** is a consultant in the Philadelphia office, and **Raelyn Jacobson** is an associate partner in the Seattle office.

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