The Cost of Call Center Turnover

LOMA Assessment and Development Solutions

Call centers are a vital part of day-to-day operations, but high turnover caused by employees being unprepared for the position and poor selection methods is leading to an immense cost for companies.

The Cost of Call Center Turnover

...and some helpful tips to prevent it

Negative Impacts of Call Center Turnover

Call centers are vital to the customer service experience – even with advances in automation, nothing can replace a dedicated call center staff. That said, call centers have some of the highest turnover and attrition rates, which can have several negative impacts, including:

- Low employee morale
- Higher cost of hiring
- Reduction in productivity
- Reduction in experienced staff to deal with complex customer service needs

The most obvious detriments of call center turnover are both the cost of recruiting and the time investment to train new employees. Figure 1 below shows research gathered by LOMA on the average length of new-hire training for 20 financial service industry call centers.

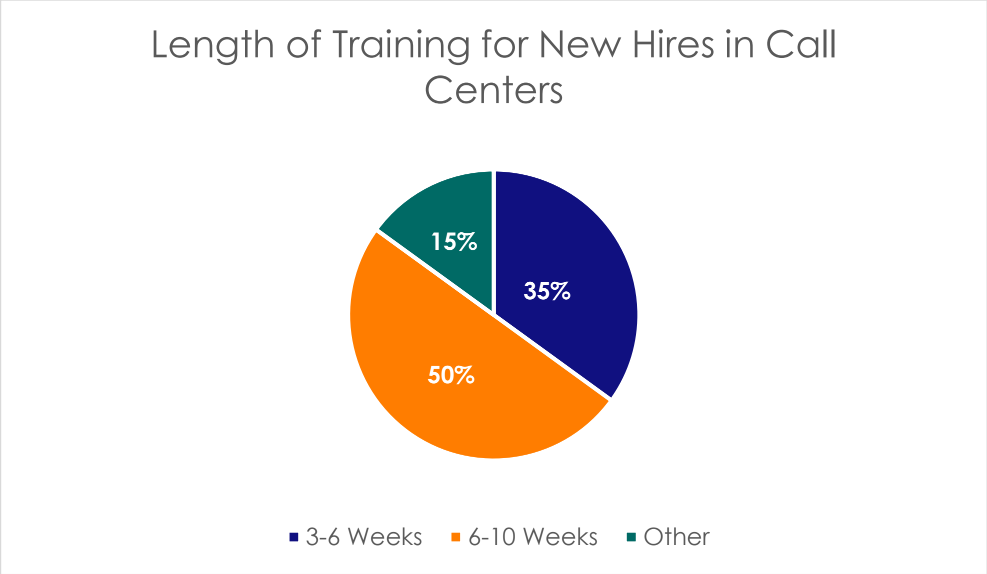

Figure 1 – Source: "CSR Call Retention Strategies in Insurance Call Centers." LOMA, 2016

Attrition Data

Call center turnover is well documented, but how prevalent is it? According to a study conducted by Cornell University, average turnover among 50,000 call centers was 33%.

This trend hasn't changed much over the years – a recent LIMRA Call Center Metrics report indicated that larger industry call centers are more likely to have higher turnover rates (24% versus a median of 16-17% for smaller call centers)

A recent LOMA study found the average cost of training a single call center employee averaged $7,500

Additionally, a Global Call Center Report conducted by Cornell University found that employees hired by financial services industries trained on average for 6 weeks, nearly 2.5 times as much training time as retail or outsourced call centers. This same report estimated the average time to achieve true proficiency at call center work to be 4.9 months, which further impacts a high turnover rate, especially in an environment where roughly 20% of employees have less than one year of tenure.

Steps to Reduce Turnover

A high-involvement approach to addressing turnover appears to be the best way to address the issue. Cornell University found that businesses that took a "high-involvement" approach to selection, training, incentivizing, and investing in call centers had an average attrition rate of 25%, compared to a rate of 45% in low-involvement environments.

A recent LOMA Information Center Brief offered several tips for increasing retention. Common strategies, which would be classified as "high-involvement" included:

- Reframing skills measured in selection processes (prioritizing customer focus over financial services knowledge)
- Flexible work arrangements, including scheduling and remote working arrangements
- Providing tenure bonuses for high turnover positions
- Career pathing/planned turnover into managerial or higher level positions

The Importance of Selection

The same LOMA Information Center brief identified a trend among respondents regarding selection practices for call center positions. Figure 2 shows the percentage of companies who use pre-employment selection tools for their call center associates.

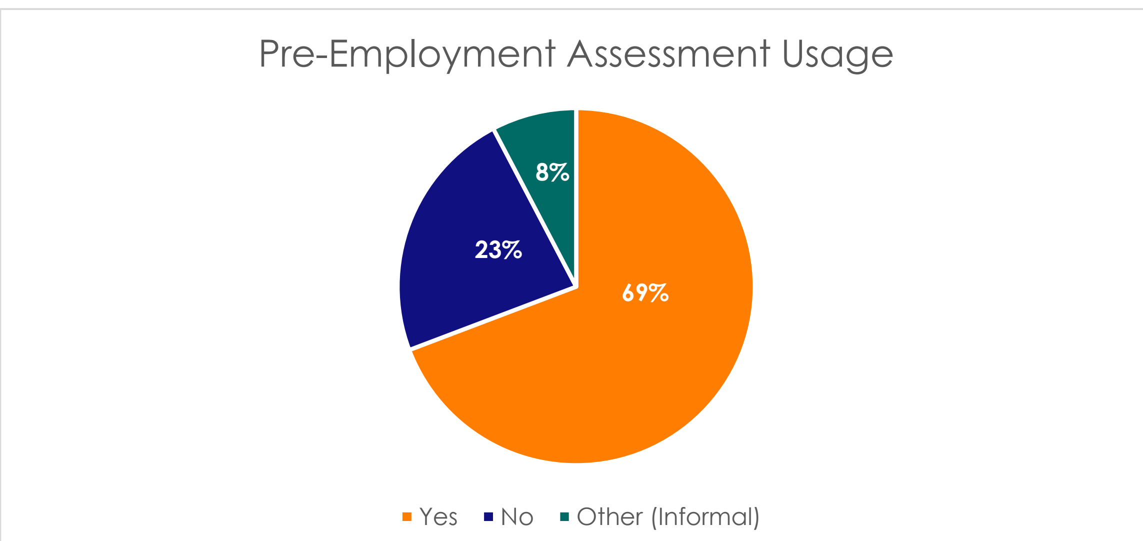

Figure 2 - Source: "Pre-Employment Assessments for Contact Center Agents." LOMA, 2016

Appropriate selection techniques mean that candidates are more likely to be good fits for call center positions and are less likely to turnover. One popular selection method for call centers is a job simulation/realistic job preview. Providing a job simulation or a realistic job preview offers multiple benefits. These simulations can be used from a selection standpoint as a screening method for potential candidates. They can also help gauge candidate interest and assist recruiters in determining if a candidate is a good fit for the position.

LOMA offers one such assessment, REPeValuator, for screening purposes. LOMA assessments are industry-normed to be a unique fit for the financial services industry, and of 14 respondents to a LOMA Contact Center Committee Query, 50% were using REPeValuator or a similar LOMA assessment tool for their selection needs. These respondents cited a lower turnover rate as a result of implementing these pre-employment assessments.

Attention to Retention

Call centers are in many ways the lifeline of the customer experience for financial service industries. While traditionally plagued with high turnover, a few preventative and proactive steps can increase retention, decrease recruiting and hiring costs, and create and maintain an outstanding customer service experience.

Sources

Blatt, R., Doellgast, V., & Kwon, H. (2004). The U.S. Call Center Industry 2004: National Benchmarking Report. *The Global Call Center Industry Project*. Retrieved from http://uwua.net/wp-content/uploads/2017/01/us-call-center-industry-2004.pdf

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About LOMA

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