

Attrition



**The Cost of Avoidable Stupidity
in Contact Centres**

Scene Setting



- 12.8 million days at work were lost to stress, anxiety and depression in 2004-5. Cost at average salary of £445 ¹ per week = **£1.139 billion** ²
- Attrition is a bigger cost problem but is interlinked – particularly in Call/Contact Centres
- So what's the problem? – 'cause it 'aint just salary!

You may not like what you hear...!

Sources:

1. Government – National Statistics
2. People Management 25/01/2007

Straight to the point



- Attrition is out of control?
- It is significantly avoidable
- It is often wrongly/largely attributed to salary
- It is, more often than no, down to management incompetence, lack of knowledge, or deafness, or both
- Lack of understanding about what a stressful role being in a Call Centre is
- Attrition seems to be increasingly accepted as a factor of modern society
- Training & development is on the whole pretty awful
- Some of the management styles we have seen leave us breathless...


shout...push...no thinking time...ignore inputs...on-going training!!!!...etc

The annual cost of attrition in UK Contact Centres alone is larger than the GDP of Liberia!

Market conditions are moving away from employer to employee favoured

Data sets used



		Blue Sky
Attrition cost	Non-sales - £2,510 (65%) Sales - £20,000 (35%)	Non-sales - £4,381 (60%) Sales - £21,487 (40%)
# in sector	650,000	500,000
Total cost	Industry cost - £1.504 billion (using a variable 21%:50%)	Industry cost - £1.122 billion (using a global 20%)

What's the cost of attrition – non-sales?



£14,000 salary + 15% on-costs + 10% infrastructure = £17,500

1 day = £67

Gap between leaver and starter – 2 weeks = £670

Cost to recruit = £250

Trainer time and materials = £250

Training time – 2 weeks off job (not enough!) = £670

Time before 100% effective – 4 weeks @ av 50% = 2 weeks = £670

Minimum cost to replace

£2,510 (Blue Sky £4,318)

What's the cost of attrition – sales?



£14,000 salary + 15% on-costs + 10% infrastructure = £17,500

1 day = £67

Gap between leaver and starter – 4 weeks = £ 1,340

Cost to recruit = £ 500

Trainer time and materials = £ 500

Training time – 4 weeks off job = £ 1,340

Time before 100% effective – 12 weeks @ av 50% = 2 weeks = £ 4,020

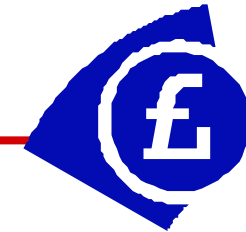
Unearned OTE for 12 weeks @ 20% = £ 4,350

Lost, wrong & ineffective sales, conversions, upgrades, etc = £ 7,950

Minimum cost to replace

£20,000 (Blue Sky £21,487)

How much - have I lost the plot?



UK Contact Centres

Centres	Resources	Cost per leaver/ replacement	Attrition	Cost
4,500	500,000	£2,510	21%	£263 million
6,000	650,000	£2,510	21%	£343 million
6,000	650,000	65% I/B @ £2,510; 35% O/B @ £20,000	21%	£1,178 million
6,000	650,000	20% Outsourced; 80% Insourced; both @ 65:35	50% OUT 21% IN	£1.504 billion

ONE PERCENT makes a difference



Impact on a 250 resource O/S MIXED centre

250 FTE @ 50% attrition @65% IN & 35% OUT @ £2,000 & £20,000

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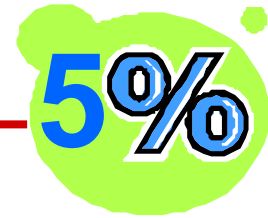
£1.08 million (£21,590 PER 1%)

**250 resources = 250 X 28 charged hours = 364,000 hours p.a.
@ £ 20 = revenue circa £7.3million**

Margin 7% = circa £511,000

**Reducing attrition by 1%
INCREASES MARGIN BY 4% TO 7.3%**

5% increases profitability by 20%



Impact on a 250 resource O/S MIXED centre

250 FTE @ 50% attrition @65% IN & 35% OUT @ £2,000 & £20,000

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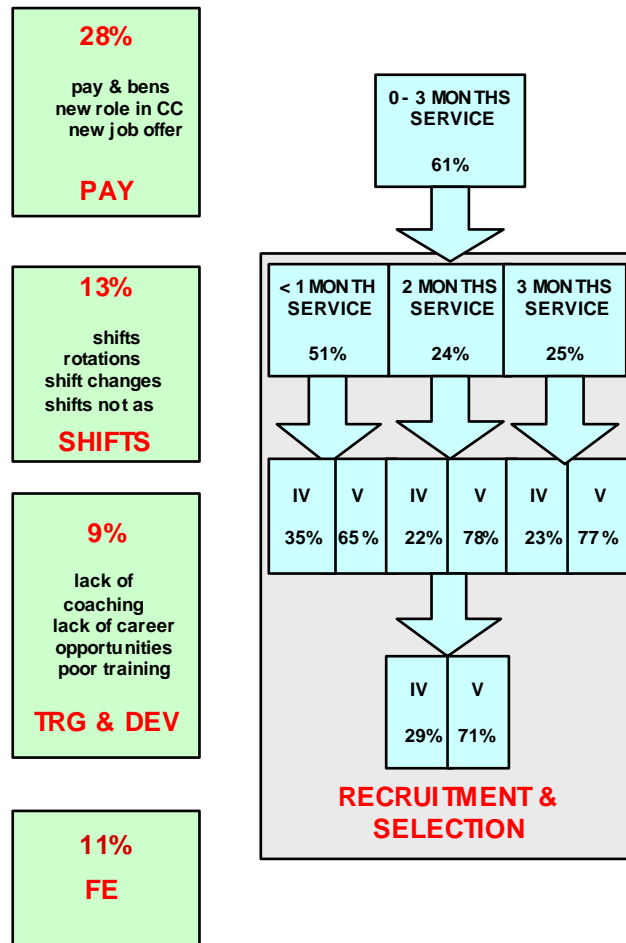
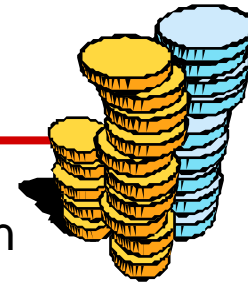
£1.08 million (£108,000 PER 5%)

**250 resources = 250 X 28 charged hours = 364,000 hours p.a.
@ £ 20 = revenue circa £7.3million**

Margin 7% = circa £511,000

**Reducing attrition by 5%
INCREASES MARGIN BY 20% TO 8.5%**

NOT just cash!



- Organisational affiliation
- Role factors
- Autonomy and Influence
- Work-life balance
- Opportunities for growth
- Reward culture
- Quality of relationships
- Work culture
- Work environment
- Organisational communications
- Leadership effectiveness
- Quality of supervision

Source: British Psychological Society –

Selection & Development Review Issue 5 2006

What are you going to do back at the office?

A starter for 16



- Fight for maintaining your training and development budget
- Encourage continuous learning and talent growth
- Train Team Leaders and Managers how to manage and coach
- Start hearing (not listening) the only people who understand a bean about what customers want
- Use customer feedback as a continuous change management programme
- Investing real money in selection (NOT recruitment) of performing behaviours
- Incentivise loyalty and customer satisfaction
- Practice the theory you all know

It ain't rocket science - Reap what you sow!

What are you going to do back at the office?

A starter for 16



- More up front/induction training & commitment to on-going **Induction:Telco – 50% between 1 and 10 days; FS 40%[both sectors circa 30% up to 15 days] v on-going 2 hours per month (perms) /1 hour per month (temps!!!)**
- Recruit people who challenge you and who have creative flair
- Involve your people in your business – stretch them and watch
- Toss your procedures in the bin every 12 months or so
- Start practicing ‘joined-up’ management
- Think value and not just cost
- Think ‘out of the box’– e.g. don’t kill people based on inane measures
- Temps can make the matter worse!
- Make the contact centre the place to be or have been in

“Create a place where people want to work and they will stay”

Source 1 and Quote:
Blue Sky Consulting



Attrition

It's up to you!