

Call Center Employee Satisfaction and Customer Satisfaction Link

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Most call center managers intuitively believe that there is a link between employee satisfaction and customer satisfaction. Specifically, the prevalent thinking in the call center industry is that if you improve employee satisfaction, you also improve customer satisfaction. However, call center managers have not been able to empirically prove that there is a link. SQM has studied the link between employee and customer satisfaction through our North American call center benchmarking study. Our study is considered to be one of the largest and most comprehensive studies of the call center employee and customer satisfaction link. Based on this study we will share with you our key findings on the link between employee and customer satisfaction. SQM's call center employee and customer satisfaction link study focused on the 5 areas listed below. We will provide key findings for each area.

- A. Customer and employee satisfaction link
- B. Employee attributes importance ranking
- C. Employee attributes satisfaction ranking
- D. Employee satisfaction improvement areas
- E. Business case why to improve employee satisfaction

Study Methodology

This study is based on data collected from January 1, 2004 to March 31, 2005. Customer data is based on 208,125 telephone surveys of customers who phoned a call center. Telephone surveys were conducted within 1-3 days of their call. Employee data is based on 18,652 online surveys of employees (customer representatives) who work in a call center. 212 leading call centers in North America participated in SQM's benchmarking study such as Marriott, Sears, Canadian Tire, US Bank, Wells Fargo, Scotiabank, TD Bank, CitiFinancial, Liberty Mutual, Bell, Purolator, Blue Cross, etc (14% are in the public sector; 86% are in the private sector). The average number of employees working in a call center is 397 with 257 being full time and 140 being part time. 24% are unionized and 76% are non-unionized call centers.

Call center customer satisfaction performance criteria used for analysis was:

- Low performing call centers are based on top box customer satisfaction rating of 54% and below
- Average performing call centers are based on top box customer satisfaction rating of 55% to 69%
- High performing call centers are based on top box customer satisfaction rating of 70% and above

Call center sample size breakdown was:

- 45 low performing call centers
- 133 average performing call centers
- 34 high performing call centers

Key Findings

A. Customer and Employee Satisfaction Link

Table 1 key finding shows the private and public call centers' employee and customer relationship link to be either positively or negatively correlated. Meaning that call centers that have high employee satisfaction also have high customer satisfaction and call centers with low employee satisfaction also have low customer satisfaction. Therefore, SQM has demonstrated that employee satisfaction impacts customer satisfaction for both the public and private sectors.

Table 1. Correlation Link

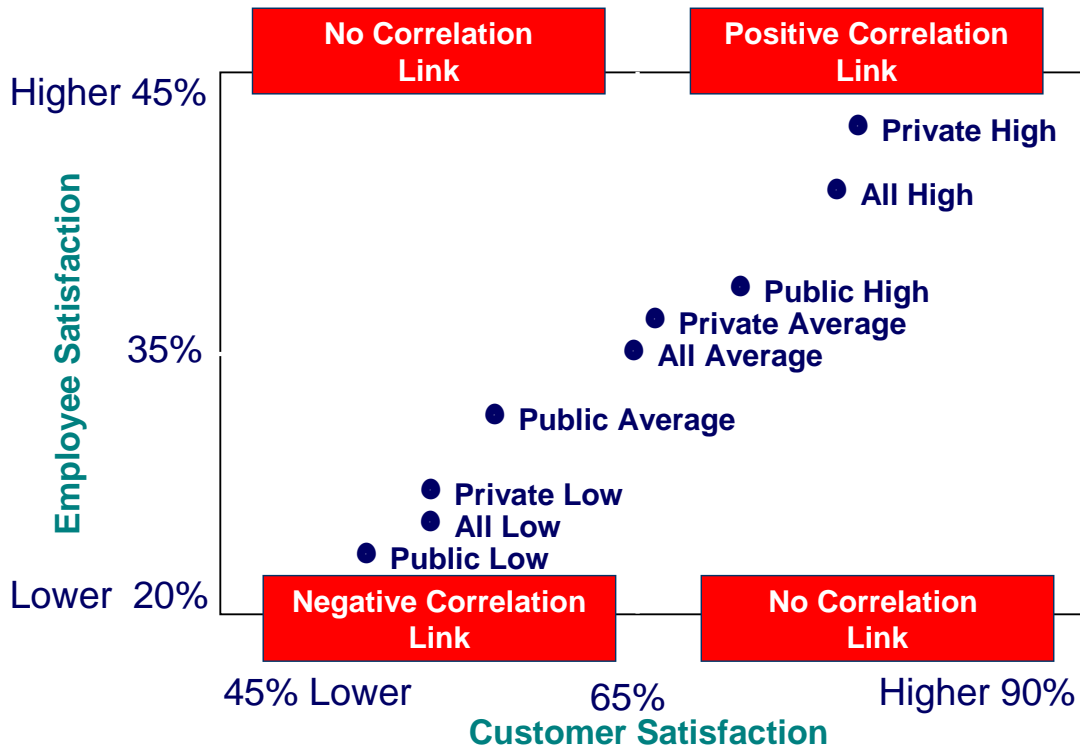


Table 2 key finding shows that for every 1% improvement increase in employee satisfaction there is approximately a 2% improvement increase in customer satisfaction.

Table 2. Gap Comparison

	Low Performing Call Centers		Average Performing Call Centers		High Performing Call Centers		High Performing Call Centers Gap Comparison			
	Customer Rating	Employee Rating	Customer Rating	Employee Rating	Customer Rating	Employee Rating	Low Customer Performance Gap	Average Customer Performance Gap	Low Employee Performance Gap	Average Employee Performance Gap
Public	49%	24%	59%	30%	68%	37%	+19%	+9%	+13%	+7%
Private	54%	29%	66%	36%	76%	42%	+22%	+10%	+13%	+6%
All	53%	29%	65%	35%	75%	41%	+22%	+10%	+12%	+6%

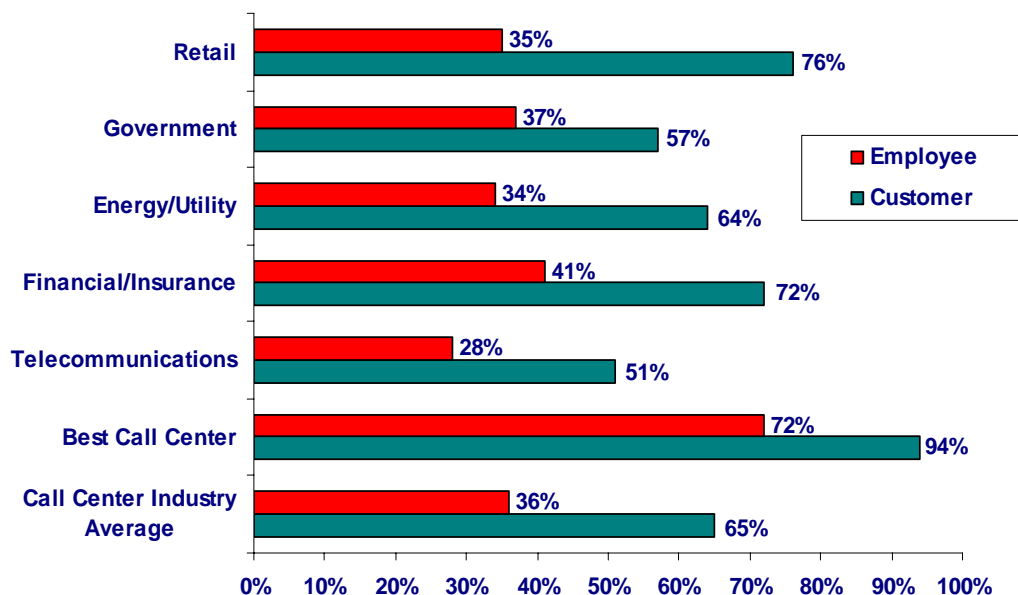
Table 3 key finding shows that high performing customer satisfaction call centers can have low employee satisfaction. Call centers where customer satisfaction is high and employee satisfaction is low typically have low call complexity or have done a good job at taking complexity out of the call to make it simpler for their customers. Also, low performing customer satisfaction call centers can have high employee satisfaction. These call centers tend to be government or low competition call centers.

Table 3. Range Comparison

	Low Performing Call Centers Range				Average Performing Call Centers Range				High Performing Call Centers Range			
	Customer Rating	Lowest Employee Rating	Average Employee Rating	Highest Employee Rating	Customer Rating	Lowest Employee Rating	Average Employee Rating	Highest Employee Rating	Customer Rating	Lowest Employee Rating	Average Employee Rating	Highest Employee Rating
Public	49%	8%	24%	50%	59%	19%	30%	54%	68%	25%	37%	62%
Private	54%	12%	29%	38%	66%	15%	36%	77%	76%	24%	42%	76%
All	53%	8%	29%	50%	65%	15%	35%	77%	75%	24%	41%	76%

Table 4 key finding shows that the financial and insurance industries have the highest employee satisfaction and the telecommunication industry has the lowest employee satisfaction. Call centers with high employee satisfaction can have either low or high call complexity. The retail industry has the highest customer satisfaction yet has average employee satisfaction. We consider the retail industry to have low call complexity because most calls are order taking calls. The financial and insurance industries have both high customer and employee satisfaction with moderate to high call complexity. The telecommunication industry has both low customer and employee satisfaction with moderate to high call complexity.

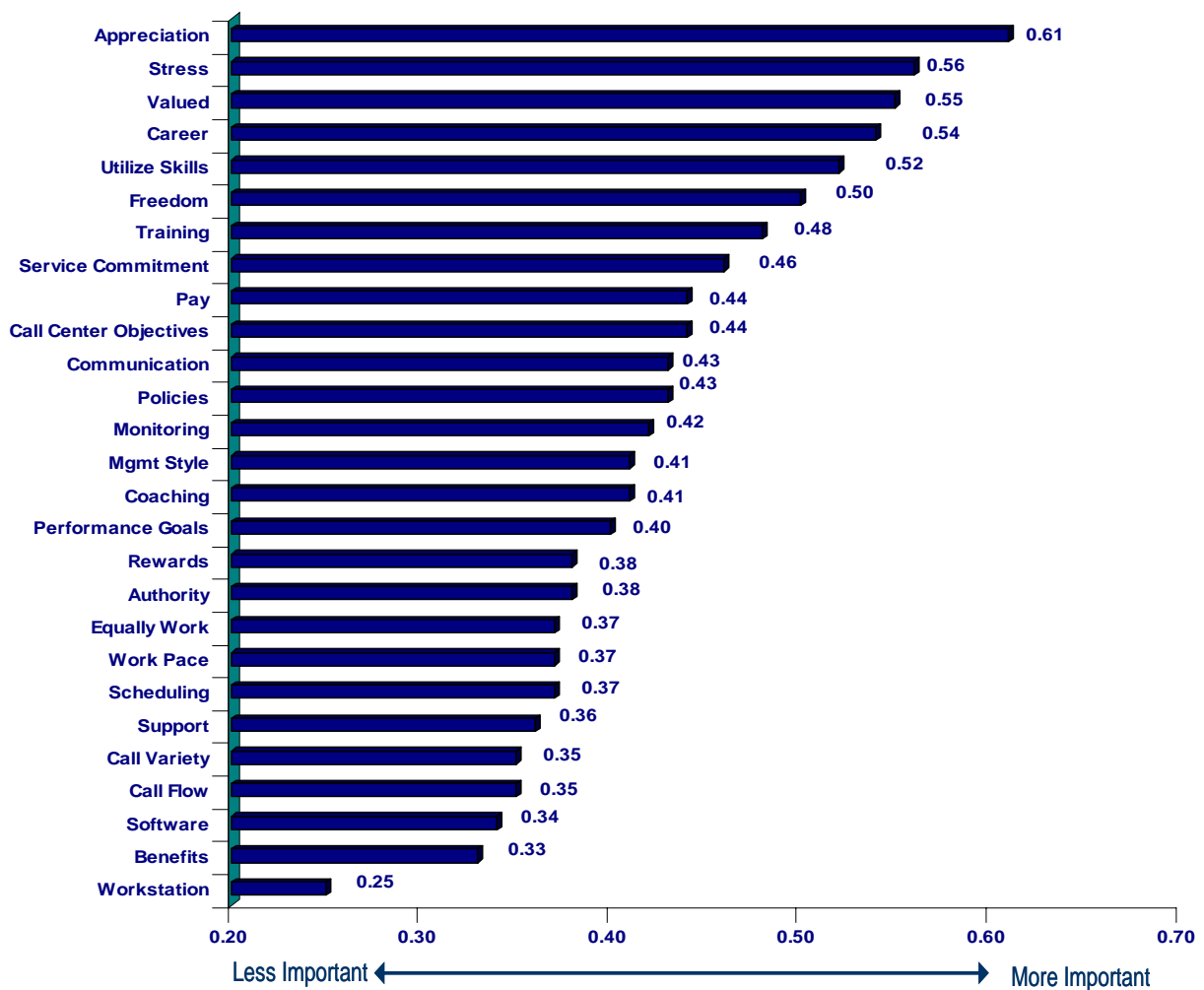
Table 4. Industry Comparison



B. Employee Attributes Importance Ranking

Table 5 key finding shows the top 5 importance attributes are (1) feeling appreciated for the work employees do, (2) not working in a stressful environment (i.e. call handling time pressure), (3) being valued and respected within the call center and organization, (4) career opportunities for advancement within the call center and organization, (5) the call center effectively utilizes employee’s knowledge and skills. The top 5 attributes focus on the needs of the employee whereas the bottom attributes tend to focus on the needs of the call center (i.e. call flow, desktop software applications, workstations, etc). The top 5 employee attributes tend to be the top attributes for both public and private sector, as well as for major industries such as retail, financial, insurance, energy, telecommunications, etc. In the last 5 years that we have been conducting the call center benchmarking study, the importance ranking has changed very little. SQM has found that most improvements in the call center industry tend to benefit the call center (i.e. desk top applications, etc).

Table 5. Employee Attribute Importance Ranking



C. Employee Attributes Satisfaction Ranking

Table 6 key finding shows the bottom 5 satisfaction attributes are (1) freedom to leave desk, (2) having two-way, open, honest communication, (3) call monitoring effectively assessing performance, (4) career opportunities for advancement within the call center and organization, (5) scheduling policies and practices. The bottom 5 attributes focus on the needs of the employees whereas the top attributes tend to be a mix of needs of the call center and employees. The bottom 5 employee attributes tend to be the same as the bottom attributes for both public and private sector, as well as for major industries such as retail, financial, insurance, energy, telecommunications, etc. In the last 5 years that we have been conducting the call center benchmarking study, the employee satisfaction ranking has changed very little. The bottom 5 attributes are medium to high for importance ranking. Top performing call centers on customer satisfaction also perform substantially higher than the below industry attributes' average for employee satisfaction.

Table 6. Employee Attribute Satisfaction Ranking

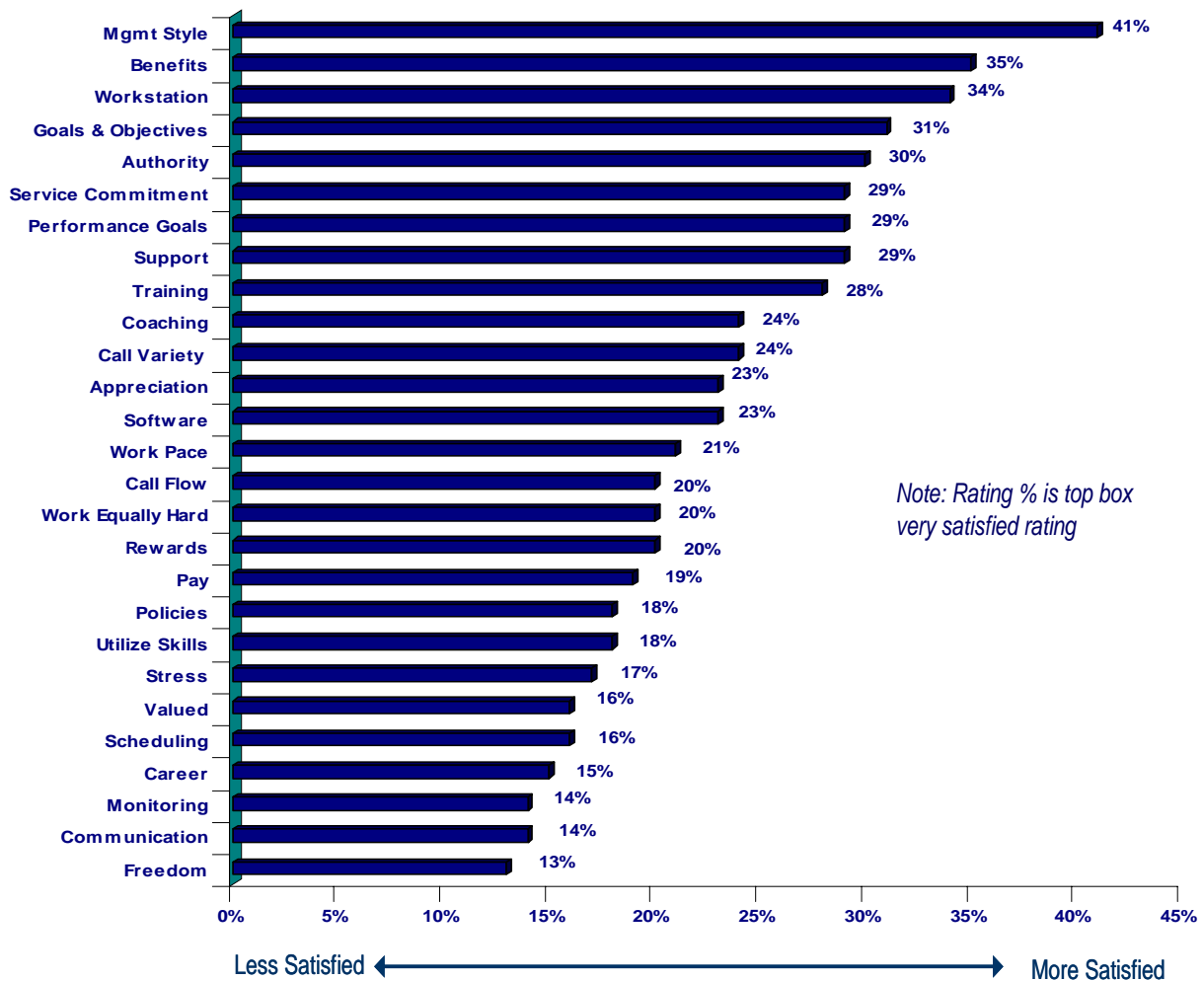


Table 7 key finding shows high performing call centers' employee satisfaction is somewhat better than average performing call centers and substantially better than low performing call centers. The work environment performance area is the biggest positive and negative gap area.

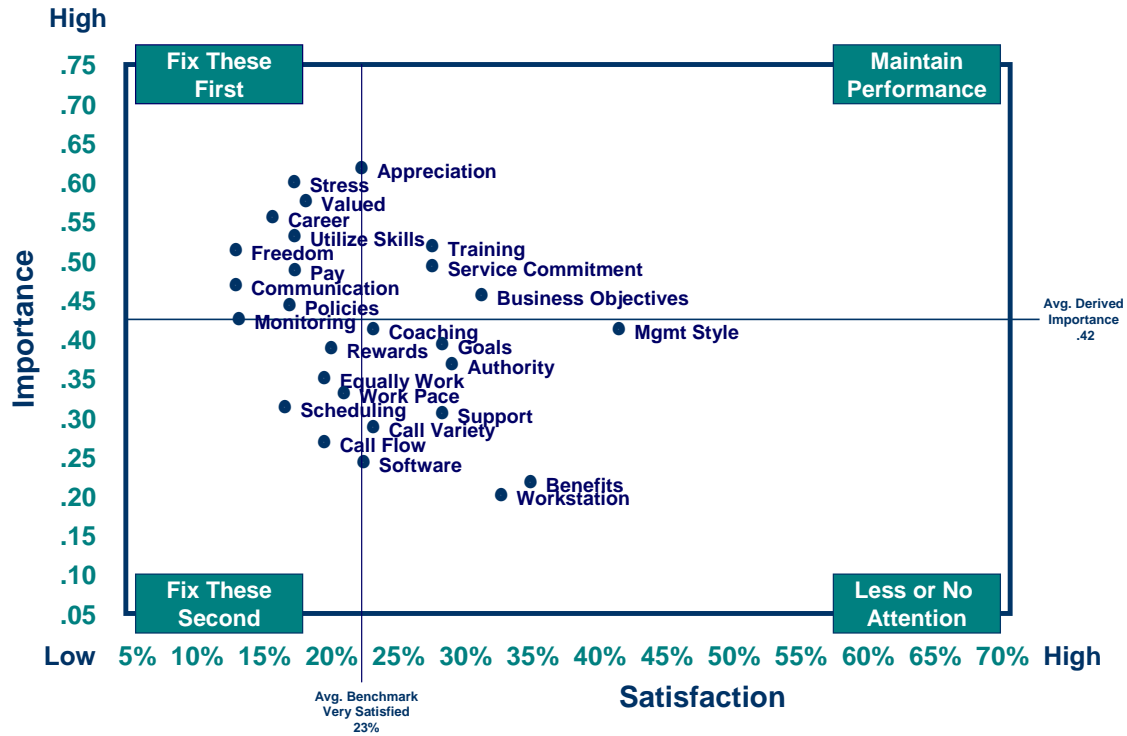
Table 7. Employee Attributes

		Low Performing Call Centers		Average Performing Call Centers	High Performing Call Centers	
Customer Overall Satisfaction		53%		65%	75%	
Performance Areas	Employee Attributes	Rating	Gap	Average	Rating	Gap
CSR Performance	Performance Goals	18%	-3%	21%	24%	+3%
	Training					
	Monitoring					
	Coaching					
	Utilize CSR skills					
Work Environment	Career Opportunities	15%	-5%	20%	27%	+7%
	Work Equally Hard					
	Work Pace					
	Call Variety					
	Freedom					
	Authority					
	Valued					
	Appreciation					
Scheduling						
Compensation	Pay	24%	-1%	25%	27%	+2%
	Benefits					
	Rewards					
Tools	Software	28%	-1%	29%	30%	+1%
	Support					
	Workstation					
Management	Supervisor's Style	38%	-3%	41%	45%	+4%
	Senior MGMT Style					
Business Environment	Policies & Procedures	19%	-3%	22%	26%	+4%
	Communication					
	Call Flow					
	Goals & Objectives					
	Service Commitment					

D. Employee Satisfaction Improvement Areas

Table 8 key finding shows targeted opportunities for employee satisfaction improvement. Attributes that are in the “fix these first” quadrant met the criteria of higher than average importance and lower than average satisfaction. The top 5 “fix these first” attributes are (1) feeling appreciated for the work employees do, (2) not working in a stressful environment (i.e. call handling time pressure), (3) being valued and respected within the call center and organization, (4) career opportunities for advancement within the call center and organization, (5) the call center effectively utilizes employee’s knowledge and skills. Top performing customer satisfaction call centers have very few, if any, attributes in the “fix these first” quadrant. It is SQM’s recommendation that improving the “fix these first” employee attributes would improve customer satisfaction, especially in moderate to high call complexity call centers.

Table 8. Employee Satisfaction Improvement Areas



E. Business Case Why to Improve Employee Satisfaction

Table 9 key finding shows the source of error for why first call resolution does not happen when a customer calls a call center. It is important to note that improving first call resolution also improves customer satisfaction. Most call center managers believe that the organization or customer is the reason why customer calls do not get resolved in the first call. Our research shows that employees are the key for improving first call resolution performance, since they are the biggest source of error for not achieving first call resolution. In fact, our study shows that 58% of the time the source of error for first call resolution is due to errors made by employees. We believe most employee errors are a result of productivity pressures (i.e. average handle time) and sales goals. The bottom line is employees are not measured on areas conducive to achieving first call resolution. By focusing on improving employee satisfaction, call center leaders will engage their employees more fully to fully deliver on the needs of the customer. This will lead to increased call resolution, which will increase customer satisfaction as a direct result.

Table 9. Source of Error for Not Achieving First Call Resolution

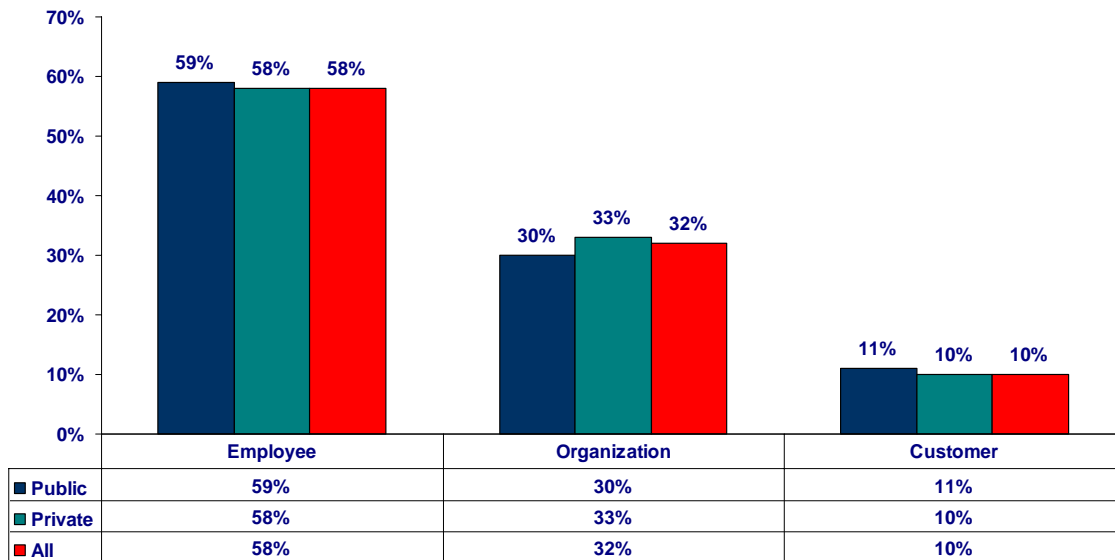


Table 10 key finding shows that high performing call centers are better than both average and low performing call centers for Average Calls to Resolve (ACR) performance. For most call centers improving their first call resolution performance results in an improved ACR performance. This is one of the biggest areas for improving the call center cost structure. High performing call centers' average calls needed to resolve a call is 1.2 whereas lower performing call centers' ACR is 1.7.

Table 10. Call Center Key Performance Indicators

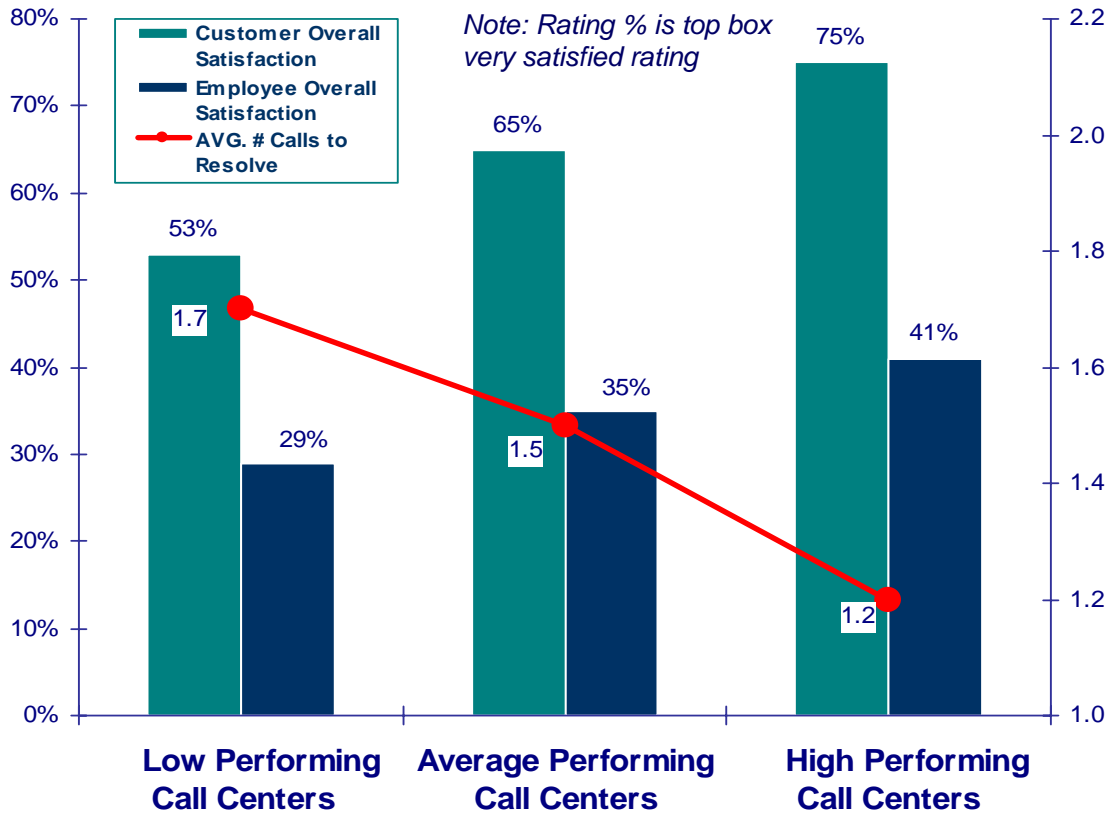


Table 11 key finding shows that with a 2.5% improvement in employee satisfaction, a call center can improve average calls needed to resolve a call by .1. Potentially, this can save a call center with a 3 million inbound call volume, \$1.7 million. The potential savings is calculated based on our research showing that a 1% improvement in employee satisfaction equals approximately a 2% improvement in customer satisfaction. The caveat to this finding is call complexity (i.e. low call complexity results in low correlation between employee satisfaction and customer satisfaction). Our research also shows that a 1% improvement in customer satisfaction equals a 1% improvement in first call resolution because FCR is so closely correlated to customer satisfaction. A 5% improvement in first call resolution equals a .1 improvement in the average calls needed to resolve a call. This Average Number of Calls to Resolve (ACR) is a critical measure because it is a measure of a call center's overall efficiency and it directly links to the operating budget.

The table below demonstrates that a reduction of 0.1 ACR results in a savings of \$1.7 million for the average call center. In order to realize a 0.1 reduction in ACR, FCR must increase by 5%. As FCR is so closely correlated to Overall Satisfaction, this would also mean an increase in customer satisfaction of 5%. Our earlier work showed that a 5% improvement in customer satisfaction should be caused by a 2.5% increase in employee satisfaction.

Table 11. Financial Impact if you Improve Employee Satisfaction Model



Note: Model is based on improving overall employee satisfaction by 2.5%

Queue	Current Performance				Improvement Performance				Potential Savings
	Avg Call Resolve	Volume	Cost Per Call	Cost	Avg Call Resolve	Volume	Cost Per Call	Cost	
Call Center Average	1.5	3,800,975	\$6.52	\$24,782,357	1.4	3,534,907	\$6.52	\$23,047,594	\$1,734,763
					1.3	3,268,839	\$6.52	\$21,312,830	\$3,469,527
					1.2	3,002,770	\$6.52	\$19,578,060	\$5,204,297
					1.1	2,736,702	\$6.52	\$17,843,297	\$6,939,060

Summary of Key Messages

Call centers that have high employee satisfaction also have high customer satisfaction and call centers with low employee satisfaction also have low customer satisfaction. Therefore, SQM is of the strong opinion that employee satisfaction impacts customer satisfaction for both the public and private sectors. Furthermore, SQM has demonstrated that a 1% increase in employee satisfaction represents approximately a 2% improvement increase in customer satisfaction. High performing customer satisfaction call centers can have low employee satisfaction. Call centers where customer satisfaction is high and employee satisfaction is low typically have low call complexity or have done a good job at taking complexity out of the call to make it simpler for their customers.

The top 5 employee importance attributes are (1) feeling appreciated for the work employees do, (2) not working in a stressful environment (i.e. call handling time pressure), (3) being valued and respected within the call center and organization, (4) career opportunities for advancement within the call center and organization, (5) the call center effectively utilizes employee's knowledge and skills. The top 5 attributes focus on the needs of the employees whereas the bottom attributes tend to focus on the needs of the call center.

The bottom 5 employee satisfaction attributes are (1) freedom to leave desk, (2) having two-way, open, honest communication, (3) call monitoring effectively assessing performance, (4) career opportunities for advancement within the call center and organization, (5) scheduling policies and practices. The bottom 5 attributes focus on the needs of the employees whereas the top attributes tend to be a mix of needs of the call center and employees.

The top 5 "fix these first" employee attributes are (1) feeling appreciated for the work employees do, (2) not working in a stressful environment (i.e. call handling time pressure), (3) being valued and respected within the call center and organization, (4) career opportunities for advancement within the call center and organization, (5) the call center effectively utilizes employee's knowledge and skills. Top performing customer satisfaction call centers have very few if any employee attributes in the "fix these first" quadrant. It is SQM's strong recommendation that improving the "fix these first" employee attributes would improve customer satisfaction, especially in moderate to high call complexity call centers.

The key finding on the link between employee satisfaction and customer satisfaction is that high performing call centers have a work environment that uses appraisals, reward and recognition programs to improve employee satisfaction, customer satisfaction and first call resolution performance.

Most call center managers believe that the organization or customer is the reason why customer calls do not get resolved in the first call. Our research shows that employees are the key for improving first call resolution performance, since they are the biggest source of error for not achieving first call resolution. In fact, our study shows that 58% of the time the source of error for first call resolution is due to employees.

A 2.5% improvement in employee satisfaction means a call center can improve average calls needed to resolve a call by .1 and can potentially save a call center, with a 3 million inbound call volume, \$1.7 million.

In conclusion, most call centers focus on technology to improve cost and customer satisfaction. In a lot of cases technology has improved cost (i.e. IVR self service technology). However, seldom has technology improved customer or employee satisfaction. ***In this paper SQM has proven that improving employee satisfaction is the key to improving customer satisfaction and first call resolution performance, especially in moderate to high call complexity call centers.*** Interestingly, a lot of employees believe resolving the customers' call on the first call is the measure that matters the most. Yet, their performance appraisals, reward and recognition programs don't factor in their first call resolution performance.