

Taking the Guesswork and Gamble Out of Hiring Employees

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Tossing a coin may be a good way to start a football game, but it's a lousy way to select new employees.

Yet tossing a coin is comparable to the hiring practices of most call centers. Many companies' processes for screening applicants may seem thorough. But they tend to suffer from a serious flaw, which is that companies don't see candidates in action before they hire them. When a company extends a job offer, the fundamental question remains unanswered: How will this person perform?

Performance is only one uncertainty. Other questions persist. How does the candidate handle stress? Can he or she solve customers' problems? Will the outcomes of calls to this person satisfy customers and the company?

Hiring practices seldom include observations of call center candidates under job-related conditions. Rarely do companies use methods that reliably determine whether candidates' personalities suit the often stressful environment of working in a call center.

With one company we consulted with, the performance of the call centers was critical to the overall company's success. Faced with the continuing need to provide better service at lower costs in the call centers, they used us to help them rewrite their approach to screening, assessing and observing applicants.

Our objective was to help them improve the hiring process so that they were *confident* the candidates selected would perform, rather than gambling on people they *hoped* would perform. The success achieved was measurably greater than it was with the previous method of hiring agents, which was probably about as good as tossing a coin.

Validated Testing – The Key to Hiring Better Talent

Our hypothesis was that hiring better qualified agents who were better matched to the jobs would lead to a higher performing call center...better customer service, lower hiring and turnover costs and a higher return on investment.

At the time, the approach to hiring was straightforward: they cast a wide recruiting net, resumes were reviewed and they invited the most promising candidates to sit through group interviews with several managers.

The results of this approach were inconsistent at best. Some people were perfect for the jobs they applied for; others left dissatisfied. Performance was a hit-or-miss proposition.

They hired some very good people. But they also hired some who were in over their heads, thus doing a disservice to the other employees, their customers and the company. Clearly, they needed a better way to assess candidates before they hired them.

We ended up helping them create a three-step hiring process. This process helped our client find the right candidates, verify that they understood their jobs and gave them confidence that they would perform well from day one.

Test, Observe and Interview – Then Hire

In the first step, we pinpointed the traits and skills that were characteristic of the highest-performing sales and service employees. We distinguished among their cognitive abilities, their customer service orientation and their conscientiousness. Then we identified valid, reliable Web-based assessments of these competencies, and key performance metrics for the jobs.

We validated the accuracy of these tests by giving them first to employees, and compared their scores to objective performance measures, such as sales conversions and first call resolution rates. We retained only the tests that identified top performers among the current employees.

The validation process is critical to implementing a successful assessment program. We already knew how the current employees were performing. By using validated tests, we demonstrated a relationship between test scores and performance.

Those who passed the on-line exams then handled calls from simulated customers. Although we tailored these calls depending on whether candidates applied to sales or service positions, we consistently emphasized three areas with all applicants: propensity toward serving customers, problem-solving ability and tone of voice. As with the written tests, the simulations were validated with existing employees.

In the year the three-step hiring process was introduced, the assessments and the simulated calls narrowed down the number of applicants by about 75%. The remaining candidates proceeded to the third and final step in the process, the job interview.

Now that they conduct assessments and simulations before interviews, managers spend less time assessing and selecting applicants...an immediate productivity hit for the managers. With the previous hiring method, one or two supervisors conducted two-hour group interviews with six candidates. With the new method, one supervisor meets individually with a candidate for only 30 minutes. Because they pre-qualify candidates, nearly 80% of the candidates pass the interview process.

A staffing manager told us, “By the time we get to the interview process, we know we’ve got a potentially great match and that the candidate is qualified. That changes the entire dynamic of the interview. It’s no longer a process to screen out candidates. Instead, it’s our opportunity to explain more about the company – our beliefs, our values, our culture

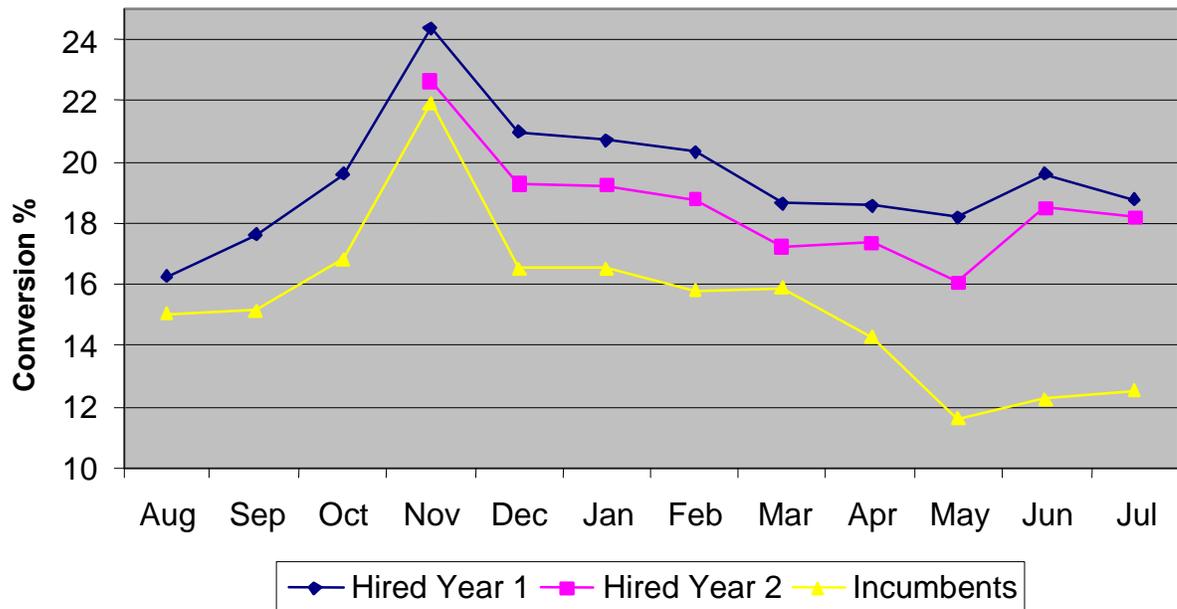
and how the employee fits in. It helps eliminate any uncertainty about the job and the company.”

Sales Results: Better Performance and Greater ROI

Formal evaluations of both the sales and service organizations revealed that a combination of validated tests and a standard hiring process attracted better-performing employees

During a one-year period, the company compared the sales conversion rates – the percentage of calls that led to sales – of the incumbent sales force (those hired using the old method and having more experience) and the sales force hired through the validated testing program (see figure 1).

Figure 1: Sales Conversion Rates of New Hires – August Through July



Notes:

Incumbents include those who participated in the original validation study and were still with the company during that particular month. They were all hired with the old, interview centered method and multiple months and even years of experience

Hired Year 1 and *Hired Year 2* includes those hired using the new approach, including the assessments and role-plays.

From these results, we drew two conclusions:

- Collectively, those hired during the first wave of the new selection process consistently outperformed the incumbent staff.

- Those hired in the second wave also performed better as a group than the incumbents. After nine months, they approached the level of the first wave.
- Finally, though there is a “seasonality” to conversion rate (the agents convert more at the end of Q4 and the beginning of Q1), the agents hired with the tests performed at a higher level throughout the year. The message is that better talent is better through all business cycles.

These findings demonstrate that when a company’s hiring process identifies candidates who have the skills, ability and personality traits to do their jobs, these candidates are more likely to perform better right out of the gate.

Our new selection process seemed to make sense from a performance standpoint. But did it result in greater revenue? To answer this question, we studied the cost of assessing prospective employees and the increased revenue that employees hired under the new program brought to the company. We compared results between the new and the previous selection processes.

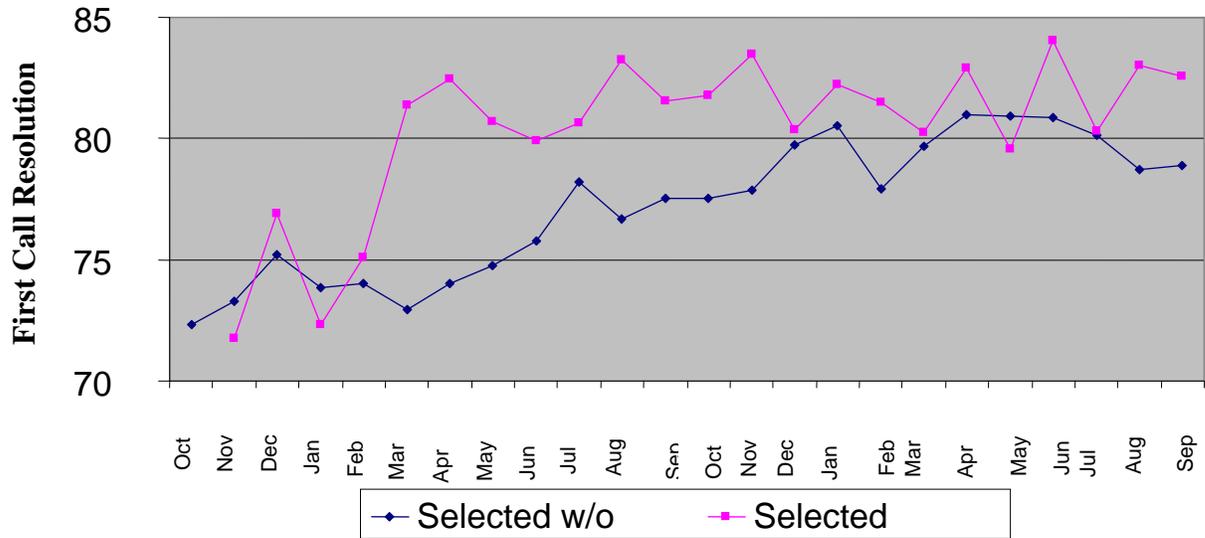
We found that the candidates hired through the new process generate an additional 10.5% per month in revenue compared to the incumbent staff.

The company fully expects the ROI to continue to grow as they hire a greater percentage of sales agents through the new selection method.

Service Achieves Comparable Improvement

Just as sales agents hired through our new selection process had higher conversion rates, service agents who joined us through the new hiring process increased their rates of resolving customers’ requests during the first call (see figure 2).

**Figure 2: First-Call Resolution Rates –
October through September**



Based on these findings, we concluded that:

- Those hired using the new selection system collectively outperformed those hired under the old system.
- First-call resolution rates increased with both groups. The group hired through the new selection process achieved higher scores in 19 of the 23 months of our comparison.

Agents hired under the new program achieved a 79% first-call resolution rate, 4% above the percentage for those hired through the previous selection process. This result was crucial because first-call resolution is the biggest driver of customer satisfaction.

Resolving calls on the first attempt has also enabled the company to handle more calls and satisfy more customers.

Conclusions

Training and incentives can help improve performance among existing employees. But they cannot eliminate the gap between candidates who match the requirements for the jobs they're applying for, and those who don't. The results achieved by our client demonstrate the value of conducting assessments and simulations before interviewing prospective call center employees.

By selecting employees with ideal skills and traits for their jobs, performance across the call centers is improving. As a result of raising the overall level of talent in the sales and service organizations, the company delivered better results for their employees, customers and shareholders. For the employees, the company is creating a front-line workforce of all-star performers whose skills and interests match the jobs' and customers' demands.

They are also satisfying more customers more often. Sales representatives are better at offering customers products they want. Service agents resolve more calls on the first attempt.

Finally, their shareholders appreciate the increase in sales and productivity and the lowered hiring costs.

The lessons learned are clear. Companies that include validated testing and simulation in their hiring processes give their organizations, and their employees, the best opportunities to succeed. Casinos are for games of chance. When you're deciding which agents to hire in your call center, it's best to put the odds in your favor. As the great baseball executive Branch Rickey once said, luck is the residue of design.

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