



Case Study: Verizon Wireless Messaging

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Late in 2000, the Dallas-Fort Worth customer care center for Verizon Wireless Messaging (formerly Air Touch Messaging) was recognized by an internal audit as the premier call center facility in the Verizon network of more than forty. At the very time this recognition was awarded, the call center was in the midst of the most comprehensive performance-improvement project undertaken since the center opened.

In 1994, Air Touch chose the Dallas-Fort Worth area for a future centralized customer care center. Until then, a number of small regional/district call centers managed the customer service function for Air Touch's 4 million paging customers. Seeking to establish a high-performance center, a call center management and development team evaluated the best practices of 28 of the industry's leading-edge customer care centers on which to benchmark their design and operations.

In 1995, the center opened near downtown Fort Worth. It was the first of two integrated centers that would ultimately seat more than 500 customer care representatives (CCRs). After coming on line, the DFW center began a methodical process of amalgamating the outlying customer service responsibilities, ultimately replacing a system that lacked the consistent customer care and cost-effectiveness desired by Air Touch management.

The next five years mirrored the evolution that is typical of many national call center operations. The stages of development can be classified as follows:

Stage 1: Start-up (1994-1997). Job descriptions allowed and even encouraged a fair amount of cross-functionality as everyone worked to get things up and running. Those who worked hard and demonstrated an appropriate willingness were promoted to higher levels of responsibility.

Stage 2: Consolidation and Expansion of Services (1997-1999). The national call center accelerated the roll-in of regional and district customer service responsibility. Another facility was added in Lewisville, Texas, increasing the number of CCRs and supporting managers to a workforce exceeding 600 persons.

Stage 3: Striving for Improvements (2000-2002). This phase finalized consolidation from the regions and districts. The national call center undertook a major project to establish a marketplace advantage by providing superior customer service and improving efficiencies and productivity while Verizon management dealt with significant internal changes brought about by the Verizon merger.

In the spring of 2000, corporate HR and call center management became concerned about excessive attrition in the CCR workforce—an average of 60 people per month, or an annual attrition rate of about 134%. The high attrition rate caused a negative financial impact in numerous areas, including hiring, training, customer service quality, and workforce morale. Much of the turnover was occurring in the first 90 days, suggesting possible problems in recruiting and training processes.

As the challenge of attrition intensified, Verizon selected Pepitone Worldwide to redesign the new-hire training and development process. Jim Pepitone, a principal of the firm, is well-regarded as a pioneer in the field of human work systems, productivity, and the emerging applied science of humaneering, and, is frequently called on by major corporations to resolve difficult organizational problems and improve operations that depend on people.

Pepitone conducted interviews with current and prior employees and managers and personally observed processes and people throughout the operation. His insight confirmed the inadequacy of the current training for new CCRs. After five weeks of classroom instruction, little had been learned. Learning did not begin in earnest until CCRs “graduated” from the training program and were assigned to taking customer calls. Because this experience was difficult, stressful and frustrating for the new CCRs, many qualified new hires quickly felt unsuccessful in their work, eventually becoming discouraged. This result was a substantial display of poor attitudes, absenteeism, disciplinary actions, negative workforce morale, and voluntary resignations.

Further analysis showed a deficient work design that had no best-practice solutions for even routine call flows. Unprepared to effectively handle customer concerns, CCRs used shortsighted work-arounds that often ended without resolution. More than 20% of all calls resulted in callbacks, increasing customer frustration and adding cost. In addition, CCRs were unprepared to troubleshoot pager failures and often sent free replacement pagers and waived shipping charges as a “quick-fix” to get problems off their phones. Such work-arounds shifted charges to other Verizon operations, an approach which effectively buried the costs. A thorough feasibility analysis allowed Pepitone to project that he could produce a potential cost savings of about \$6 million from the operation’s \$30 million budget if these problems were solved.

Redesigning the CCR training and development process resulted in several associated improvements:

- Optimal CCR profile characteristics were identified to enable recruiters to interview and hire people with the right skills and competencies.
- A carefully orchestrated “onboarding” process was developed to assure that new hires were welcomed into the organization and mentored throughout the first 90 days of their employment.
- The new-hire development process was redesigned to extend over a 10-week period, but actual training time was reduced to two weeks, with new hires handling actual calls by the end of the first week.
- Improved employee satisfaction resulted from management’s attention to training that had long been recognized by CCRs as deficient. A standard for a higher level of service was established for existing CCRs.

The \$1.2 million cost for this 1-year initiative was quickly absorbed by immediate cost savings. Overall, first-year savings exceeded \$4.5 million, with the projected annualized savings expected to exceed \$8 million.

Some of the critical metrics reflecting improvement include the following:

- Reduction in average call-handling time by 50 seconds (\$3.5 million cost savings)
- Attrition reduced from an annual average of 134% to 37% (\$840,000 cost savings)
- Reduction in the cost of recruiting (\$302,000 cost savings)

- Shortened training with productive phone work in the first week (\$2.1 million cost savings)
- A 25% reduction in callbacks (\$595,000 cost savings)
- Proper routing and caring for advanced issue calls (\$160,000 cost savings)
- Increased effectiveness in caring for retention calls (\$400,000 revenue savings)
- Staff reduction and related organizational changes, including pay level increases for CCRs, supervisors, and customer service managers (\$262,000 net cost savings)

Comments from Gary Riding, Vice President Messaging Services, express the view of Verizon management toward this project.

Through analysis, Pepitone Worldwide was able to pinpoint the problem—a traditionally designed five week training program that focused too much on education and too little on supported learning—and worked with us to design a dramatically improved alternative. Using an entirely different training/learning method that was designed specifically for call centers, they created a new-hire onboarding and development process for us that produced amazing improvements. Not only has our attrition plummeted in a matter of a few months, but also our new-hire representatives are now taking calls and providing high-quality customer service by the end of their first week on the job. At the completion of the development program, the representatives' skills, handle time and ability to provide outstanding customer service far surpass our most seasoned customer care representatives developed with the former training program.