


Tasha's Persuasive Memo: Version 3




Memorandum

To: Dmitri
From: Tasha
Re: Hiring Reps for the Call Center

 Our company prides itself on running a lean operation. Managers are trained to regard hiring as the wrong solution to most problems. We've followed that philosophy successfully in the call center.

As you know, our team has implemented quite a few measures that have cut our operational costs by 5 to 10 percent in each of the last few years. Two years ago, our department was given the Golden Scissors Award for the most innovative cost-reduction ideas.


Currently, we are experiencing multiple problems in the call center that require a decision. The center is losing experienced representatives at an unprecedented rate and human resources costs are exceeding budget targets.

We are in a situation in which hiring is the right solution. I am recommending that we hire two customer reps fluent in English and Spanish. By hiring, you not only protect our high-quality customer service, you also reduce costs. So the hiring proposal isn't an exception to our management philosophy—it's completely consistent  with it.

But action needs to be taken quickly or the underlying problems will become far worse.

There are several compelling reasons why we need to hire new bilingual reps: turnover, costs, and the quality of customer service.

Turnover

 First, turnover has surged in the last year: It is 100 percent higher. This sudden spike wouldn't be so alarming if it were short term or we were losing only new and inexperienced reps. But the rate of turnover has been abnormally high for a year, and we've lost some of our most experienced and productive reps: Hiroko,

Jack, Agata, Rosa, and Ursula. I'm told that more are considering quitting.

According to exit interviews and my observations, the experienced reps are leaving due to overwork and stress. Eighteen months ago, we had the small percentage of unused capacity we always budget for. It gave us a buffer for temporary surges in call volume, absences of reps, meetings, and other reasons. We're now in a very different place: service calls (phone, email, and live chat) currently exceed our daily capacity by an average of 15 percent. The biggest call bottleneck is lack of capacity for Spanish speakers.

Two factors explain why call volume has risen. Customers who request a Spanish-speaking rep account for more than half of the increased volume. Two years ago, the company decided to market more aggressively to Spanish speakers. The campaign has been successful. Sales to other segments have also increased, although at a slower rate.

By hiring bilingual reps, we will match our capacity to call volume and the changed mix of customers. That will reduce stress on reps and bring turnover down to a normal level.

Cost

Second, from a cost standpoint, the current level of turnover is unsustainable. Human resources estimates that \$200,000, or about a 17 percent increase in our total budget, is attributable to overtime, temporary help (new reps are less productive than experienced reps), and hiring and training expenses associated with replacements. In other words, each week that goes by, we add another \$4,000 in cost.


Hiring two new bilingual reps will add to payroll and may cause a temporary increase in our cost per call. However, if it stops experienced reps from quitting, costs will decrease. No one likes to see our cost per call exceed the industry benchmark, but let's remember that the benchmark is misleading.

Quality of Customer Service

Third, the quality of our customer service is declining. Here are a few indicators of quality problems:

- The number of callers put on hold is up 15 percent.
- The number of abandoned calls is up 13 percent.
- The average call length is up 2 minutes.

- Customer complaints about service are up 27 percent.

We have been one of the highest rated call center operations in the industry. Because the center was recognized as a strategic asset, not a cost center, the department has improved on most measures of quality. The reversal isn't compatible with the company strategy. 

More reps should get us back to the level of quality we want. It won't happen overnight, so the sooner we act the better. I am especially concerned about halting the exodus of experienced reps.

Thanks for giving me the opportunity to present my recommendation. I would like to meet with you to discuss the issue and answer any questions you have.