

The following white paper on “Adding Sales to the Call Center Agenda” was prepared by the Beagle Research Group.

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# Adding Sales to the Call Center Agenda

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Executive White Paper

May 2005

# Adding Sales to the Call Center Agenda

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## Executive Overview

The global business tempo is again accelerating. After a prolonged period in which enterprises were more concerned with cost cutting, the new direction is decidedly toward growing revenues and market share. The new up-tempo focus finds many organizations and their leaders wondering how they can derive revenue from their call centers. After all, the call center represents a sizable investment for many large organizations and there is near universal expert opinion that companies have great opportunities to make additional sales when customers initiate a conversation by calling in. But most call centers are oriented toward service only and frequently call center agents are less than enthusiastic about "selling" so the idea of generating revenue from the call center comes with its own set of challenges.

In a survey of executives with call center oversight responsibilities conducted during March of 2005, Beagle Research Group sought to understand the challenges associated with instilling a sales culture in a traditional call center whose primary responsibilities are to support customers calling in with service issues. Among the ideas we explored were the definition of selling in the call center, organization and management of the sales process, and developing agents sales abilities while motivating and measuring their performance. We discovered that the goal of revenue generation is not well aligned with the reality of the call center environment where service is "Job One" and efficiency measurements such as average call time rule.

Revenue generation in the call center is a relatively new concept. We discovered that many of the issues one might consider well defined for outside sales organizations have not been fully addressed for the call center. Moreover, it appears in some cases that the actual definition of the challenge has not been well defined. Alternatively, the definition may be clear, but early attempts to find answers have relied on solutions inherent to other sales challenges, not to those issues directly confronting the call center. This is apparent in the relatively large number of organizations that define the challenges as almost exclusively those of sales training for the call center agents, to the near exclusion of other factors such as sales process, management, and incentives.

While training call center agents to sell is certainly an issue, focusing on training as the primary issue ignores the fact that, even within the same organization, outside sales is usually run by a manager focused on selling, and that incentives, organization, process, and metrics all play critical roles in the success of each sales representative.

No similar understanding was manifest in people who manage call centers. Instead, call centers employ a Byzantine array of technologies designed to micro-

manage agents and most of these technologies focus on finding a problem and assessing ownership, rather than interceding in an interaction to affect a positive outcome.

Based on the data collected, we believe aligning the goal of revenue generation with the mission of a conventional call or service center will require not only training and personnel development, but also sales management, coaching, and incentives. At the end of the day, the simple quest of generating revenue from the call center signals a new level of maturation, not only in how these centers are managed, but in the role and contribution they make to the organization and in the key position that agents fill.

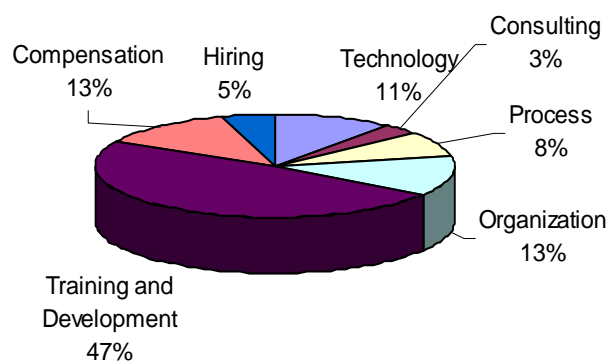
*Methodology*

The research was conducted during March of 2005 using CustomerSat’s ECEM survey tool. Over 4100 executives with call center oversight responsibilities for Global 2000 companies were asked to answer a survey of issues relevant to developing a sales culture in the call center. We received 126 responses for a response rate of three percent.

**Key Findings**

Executives with oversight responsibilities for the call center have identified revenue generation as an important objective; however, most of the details concerning the best ways to achieve this goal are far from settled. The definitions of what constitutes sales activity in this environment are not well focused and, as a result, neither are the approaches that attempt to add a selling dimension to the service center. One thing most survey respondents seem to agree on is the central role of the call center agents in any transition of the call center from a part of the business that takes and makes calls — largely to service customers — to a branch of the organization with revenue responsibilities. Our Key Findings bear this out and they include the following:

1. Developing a revenue generating capability in the call center is top of mind for many organizations but the challenge is not clearly defined. Concepts like how and what to sell, as well as how to prepare agents for the shift, elicit multiple opinions about what to do. For example, when offered an array of potential solutions to initiate a revenue generation process in the call center, most respondents said they regarded the challenge as one of hiring and training agents (Figure 1). Other key issues such as sales management, incentive compensation, or implementing a consistent sales process do not receive very much mind share.



**Figure 1: What do you think will have the single greatest impact on building a successful and sustainable revenue culture in the call center?**

Source: Beagle Research Group, May 2005

2. The call center lacks a clear selling mandate or a definition of the selling mission. One of the important findings revealed by the survey population is that the definition of selling in the call center does not appreciably differ from the definition of selling that the field sales force would use such as capturing new accounts, increasing wallet share, and converting customers from a competitor. It may seem intuitive that selling in the call center should be essentially the same as selling in the field, but that intuition may be misguided. In most organizations, sales representatives have the primary responsibility for capturing new accounts and doing the things that attract the lion's share of revenue. Ideally, selling in the call center should be part of a service continuum in which only relevant additional products and services are offered when a customer provides a demonstrated need. Selling in the call center should be organic and integral to service and focused on meeting or exceeding customer expectations to improve customer satisfaction, loyalty, and retention. For example, the survey population identified important sales objectives such as improving customer retention,

but failed to correlate such high level goals with supporting activities such as extending service agreements (Table 1). Therefore, the mission of selling in the call center must be defined both in terms of the possibilities inherent in the job of the call center agent, as well as in terms of what the organization needs.

Issue	Mean Score
Improving client retention	4.42 (65% rated this 5)
Capturing additional customer wallet share	4.08
Converting customers who use competing products	4.00
Capturing new accounts	3.65, (40.4% rated this 5)
Enrolling customers in loyalty programs	3.29
Improving collections	3.21
Upgrading a customer's service agreement	3.04
Improving balance transfers	2.76
Improving account transfers	2.56

**Table 1: Disconnect between objectives and activities essential to selling**

Source: Beagle Research Group, May 2005

3. Without a clear definition of the selling mission, it is hard to set clear goals and objectives or to measure against them. Incredibly, only about half the organizations surveyed said they set clear revenue goals for agents, but nearly seventy percent say they measure sales results, creating a mixed message for agents.

4. The survey data showed that people in the planning phase exhibited a predisposition to consider sales training and development solutions to the exclusion of considering additional selling attributes. This view is in direct contradiction to universally established sales methods where sales people are incentivized, managed, goaled, and measured — as well as continuously trained — to uncover customer needs and to sell specific products and services. Nevertheless,

in situations where a transition to a hybrid environment — in which service and selling are equally emphasized — has already occurred, respondents expressed deeper understanding and were more likely to confirm the need for additional attributes of conventional selling such as process, management, and compensation.

5. Our data showed a lack of understanding of the importance of incentive compensation for most of the survey group. Only 19% (Figure 2) of the population said they use cash incentives to motivate call center agents to make sales targets, though when non-monetary awards are factored in, the portion that use incentives nears 70 percent.

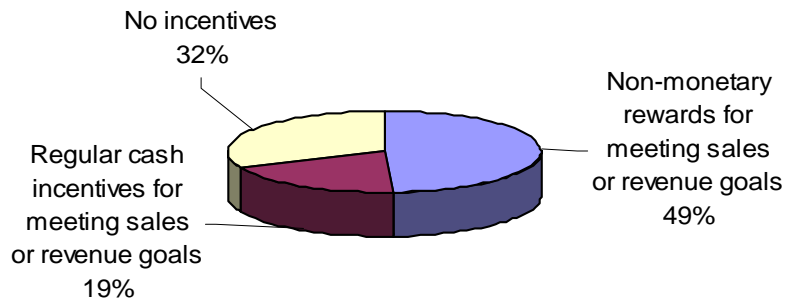


Figure 2: Types of compensation offered by survey respondents

Source: Beagle Research Group, May 2005

6. Not surprisingly, when we cross-tabulated questions about incentives and agent comfort level with selling there was a clear correlation between incentive compensation and agent comfort with performing the task. Just under two thirds of those who offered cash incentives for agents said their agents were somewhat or very comfortable with selling. And the reciprocal was also true. Just over two thirds of organizations that said they did not provide cash incentives said their agents were somewhat or extremely uncomfortable with presenting additional products or services to customers. Although more study is required to confirm the efficacy of this finding, it would appear that intelligent incentivization may be at least as relevant as any other success factor.
7. The amount of incentive compensation relative to overall pay that appears to be effective to this population is not enough to incentivize an outside sales representative, but may be in line with continuing the primary mission of service within a hybrid environment. Nearly 50 percent of those responding said their agents derive 30 percent or less of their income from incentive compensation. In contrast, outside sales staff may derive half or more of their total compensation from incentive compensation or performance bonuses. Incentives in the 20 to 30 percent range may strike an appropriate balance between the missions of service and sales and could constitute a best practice.
8. Up to now most respondents don't have an organized sales process though they do recognize a need for many of the attributes of a sales process. Implementing a standard sales process is a latent need that is gaining momentum. Although few have a recognized sales process today just over 70% say they want to implement one in the next 12 months.
9. Another possible blind spot involves sales management; as with sales process, there appears to be a latent need. Although sales management as a formal

topic is not highly regarded in this group, attributes of the sales management function are very much on the minds of these executives. Issues that can best be handled by an experienced sales manager — such as setting compensation standards, goal setting, sales training, and contests, all scored well over 50%. This apparent contradiction indicates the group sees a need for many aspects of sales management even though the group has not gone all the way toward accepting the need for the position of sales manager. An even higher percentage of those in the planning stage said they would only seek out sales coaching training for call center managers, again supporting the belief that the function of sales manager could be handled within the current call center construct.

10. Call centers currently rely on the same technologies and metrics for selling that they have used to manage service processes such as classroom education, quality assurance, and workforce management. These tools are valuable in service situations and the survey group expressed moderate satisfaction with them. But mean scores for their effectiveness in selling situations indicated most users continue to search for technologies and metrics that will enable them to achieve breakthrough success in adding a revenue or sales dimension to the call center.
11. Multiple data points from this survey confirm that we are early in the trend to add a sales dimension to the contact center. The respondents showed a lack of interest in hiring outside consultants to help diagnose their need and the evidence suggests that self-diagnosis of the challenge and the needed solutions by those in the planning phase — in contrast to those that have successfully made their transitions — is off the mark.

### **Recommendations**

The big takeaway from this research can be reduced to aligning the historic mission of the call center with new goals. Many of the discrepancies we see in the survey data are the result of evolving objectives that are not yet synchronized with the mission and available tools that support the call center. Our suggestions for what to do to foster call center alignment include the following:

#### **Define what selling is in the call center as distinct from selling in a more generalized direct sales environment**

The data shows a discrepancy between the objectives of implementing a selling dimension in the call center and the concrete steps that can be taken to achieve the goal of increased revenue development. The big picture goals of increasing customer retention, increasing wallet share, capturing new accounts, and converting customers from a competitor, for example, are neglected when it comes to supporting the actions that will achieve these goals. Those actions include upgrading service agreements, enrolling customers in loyalty programs, and improving collections, balance transfers and account transfers.

Before any call center — whose primary mission is service — can become effective at selling, managers must determine what results they can reasonably expect. Some activities such as cross- and up-selling will bear immediate results while

other indirect revenue generating activities that foster customer loyalty and retention should also be counted as selling.

At the discretion of the call center and sales management, other activities such as capturing new accounts should be left to the primary sales force and making these distinctions will clarify roles and make goal setting easier.

**Identify reasonable goals for selling in the call center and create metrics for achieving those goals**

Establish realistic ideas about what can be expected of selling in a service environment, and set effective goals and metrics for achieving those goals. There is evidence from the survey that the most popular metrics currently in use do not deliver the best results for sales and, more importantly, many of the metrics that are rated highly for effectiveness have little or nothing to do with selling. For example, in the survey average handle time received a mean effectiveness rating of 3.95 out of 5.00; this and similar metrics designed to get people off the phone fast are counterproductive in a blended environment where selling is expected. Each organization should be prepared to develop or adopt metrics that emphasize selling effectiveness as much as service efficiency. Table 2 provides some examples.

<b>Sales Effectiveness Metrics</b>
<b>Customer satisfaction</b>
<b>Sales or revenue/ hour</b>
<b>Number of conversions or closes</b>
<b>Percentage of agents who make quota or obtain revenue goal</b>
<b>Number of revenue opportunities</b>
<b>Number of attempts to close</b>
<b>Number of saves</b>
<b>Number of products per customer</b>
<b>Collection Dollars per Hour</b>

Table 2: Proposed call center metrics

Source: Beagle Research, May 2005

**Internalize the elements of successful selling including sales training and coaching, sales management, sales process, goal setting, and compensation.**

Any kind of selling, but especially selling in the call center, is a complex process with many moving parts. In our survey, organizations that have been through a conversion from a service only environment to a blended environment that emphasized appropriate selling have shown this understanding. On the contrary, organizations in the planning stages of a conversion are much more likely to view the conversion process in simplistic terms of hiring and training agents to sell. We believe those organizations that are successful at making the conversion will be the ones that understand the bigger picture and plan to address all aspects of sales training and coaching, management, process, goals, and compensation. Moreover, many of these aspects — such as sales training and coaching — require frequent refresh and should not be seen as one time jobs.

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**Identify technology and methodology solutions that support the entire service and selling process**

The evidence we compiled suggests that while many call centers have implemented a variety of solutions for training, quality assurance, workforce management and the like, relatively low scores for satisfaction for most of these popular technologies as sales tools suggests that many call centers are not satisfied with these solutions as sales tools and they will continue looking for better solutions. Based on the data, we believe solutions that include methodologies that assist organizations in making the transition, as well as in managing the sales process in the call center, will offer their users a greater chance of success than technology alone.

**Embrace the full spectrum of challenges**

The call center is moving from a cost center to a corporate asset responsible for one of the most critical functions most companies have — care for the full spectrum of customer needs. Some of those needs will be easily recognized as the elements of service on which the call center was founded. But other aspects will involve understanding new customer needs and satisfying them with additional products and services. As call centers step up to this new mandate, it will fundamentally change how the call center is viewed by the parent organization because the call center's contributions will increase.

Many experts in the field have written about integrating appropriate selling with service. For example, in *The Support Economy*<sup>1</sup>, Shoshana Zuboff of Harvard Business School and James Maxmin highlight how service and sales become intertwined when companies wish to support and expand relationships with customers. Zuboff and Maxmin point out that today's customers are richer, better educated, and more prone to think of themselves as unique with unique needs, than any consumers in history. These customers are also time starved and view intelligent offers of additional products and services — provided they materially advance a solution to a need — as added value and reasons to remain loyal. The kind of care that Zuboff and Maxmin envision is already appearing but it cannot be nurtured by techniques designed to reduce call time and it requires a special category of professional to provide those services.

**Professionalizing the call center and its workers**

Any enhancement of the call center's status within the organization can only be achieved by a parallel rise in the status of the people who perform the multiple functions envisioned for the call center's future. Our own observations from other research, combined with the findings of this study, tell us that call center agents must become regarded as professionals who are capable of charting at least part of their own courses to achieve desired company results. A reasonable model would be the outside sales position. Sales representatives are usually incentivized and given the latitude to follow their instincts to get the job done.

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Zuboff, Shoshana and James Maxmin, *The Support Economy* Penguin Books, New York, NY Copyright Shoshana Zuboff and James Maxmin, 2002

The position of call center agent has its roots in the job of the female telephone operators and traditional male/female job roles may have contributed to the belief that agents must be micro-managed to be effective. We think that agents will respond to the same motivations that work for other sales personnel — provided they are also provisioned with the appropriate tools and methods for their enhanced jobs. Assuming the initial results have validity, the technologies and methodologies that could have the greatest positive impact on call center agent performance and revenue generation would be those that empower, rather than micro-manage, agents.

### **Beagle Research Conclusions**

The trajectory of implementing a sales culture within the call center has some parallels to the first implementations of CRM. The most striking similarity is the apparent disinterest on the part of corporations to either analyze their own requirements or to bring in outside experts to help diagnose their problems. According to our earlier CRM surveys, only 49% of CRM early adopters conducted baseline studies to determine their needs. Most plunged ahead with projects and often found they needed to rework their systems once they were deployed to account for “new” developments; consequently, many projects ran long and over budget. This situation contributed greatly to the lack of ROI and the frustration many organizations experienced with CRM in its early stages.

The survey data shows that a high percentage of organizations have predetermined that the solution to implementing a sales culture in the call center lies in hiring experienced agents and training them to sell. We agree with this assessment to a point. However, we suggest that anyone planning to add a revenue dimension to a call center make a careful assessment of their needs in all areas that touch on the call center and the company’s goals. We believe through this exploration, they will discover what we discovered in this survey: organizations that have been through the transition cite many more factors than training alone contribute to success, including sales process, sales management, goal setting and the development of appropriate metrics. No doubt some of these organizations, like their CRM forebears, learned the hard way about the importance of identifying all their needs ahead of beginning an implementation.

The call center is already embarked on a path that leads to revenue generation from call center activities. If call center organizations are to escape the fate of earlier CRM implementers, they would be well served to heed the lessons of CRM and begin working with experienced organizations that can help them properly scope the transition.

In line with needs definition in general, call center operators need to come to terms with a definition of selling in the call center that both achieves the basic aims and fits in with the mission of providing service first. Data generated in this survey shows a great deal of confusion when it comes to these definitions. Without clarity on these issues little progress can be made because goals, objectives, incentives, and metrics will continue to be muddled.

Lastly, there is the issue of professionalization of the agent position. The call center agent is not the first blue collar position to evolve into a professional or quasi-

professional position and it will not be the last. Over time, call center agents have transitioned from “smile and dial” script readers to take on increasing responsibilities for customer satisfaction and now cross-selling and up-selling. The array of technologies that have been developed and deployed over time to drive agent behavior to a degree resemble over-engineered devices that can be partially replaced by the self-motivation and self-monitoring that would result from professional standing and incentive compensation.

The change of status called for here will not eliminate the need for technologies that assist in providing service and suggestions for additional sales. On the contrary, it will drive the need for integrated processes supported by technology and method. But these changes will put both parties — management and service professionals — on the same side of the table by offering parallel opportunities and benefits. It is the next logical step in this evolution.

## About the Author

### Denis Pombriant

Denis Pombriant is a well known CRM researcher and thought leader and the founder and managing principal of the Beagle Research Group. Pombriant's work appears frequently in the press in CRM Magazine and other publications as well as on-line at CRMBuyer.com and DMReview.com. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. In addition to the call center, Pombriant's research covers an array of CRM topics including sales, marketing, and application hosting. Pombriant is the author of "The New Garage" a white paper that explores the emerging new enterprise software industry business model. He is at work on a book on the future of CRM.



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## About Beagle Research Group

Beagle Research Group is a consulting and market research organization focused on emerging companies and technologies that will have an important impact on the way business is conducted in the years ahead. Our work is based on professional standards of quantitative and qualitative research which informs all of our publications.

This document was researched and written by Beagle Research Group which takes full responsibility for all content. The information contained in this report is accurate as of the date of publication.

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Knowlagent, Inc. sponsored this research. Headquartered in Atlanta, GA, Knowlagent offers a software solution that encompasses patented, next generation technology and methodology to help companies to drive rapid revenue growth and achieve higher levels of customer loyalty through their service centers. Unlike call center management solutions that focus exclusively on call center efficiency, Knowlagent's methodology focuses on the requirements many organizations have for transforming the mission of service oriented call centers to include reliable revenue generation. Knowlagent's customers include many leading companies in financial services and consumer products.

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