The CCA 'best practice' Standard: a critique

Introduction

The Vanguard community (consultants and clients) is critical of the CCA Standard and its associated guidance. It is our view that conformance to this Standard will do little to provide guarantees to customers or improve performance; instead it will obviate improvement and, furthermore, it will maintain the conditions that led to call centres being described as 'sweat shops'. The central criticism is that the CCA Standard is based on command and control thinking, a flawed logic about how to design and manage work.

For the last century, organisational norms in almost all public and private sector organisations have been based on command and control thinking. Call centres are the most modern command and control system, triggered by the advent of new technology – office environments built as factories. Just as we saw throughout the last century in manufacturing, the consequences of today's 'sweatshop' paradigm are alienation of workers, high staff turnover and low morale. In manufacturing, this meant poor product quality and industrial strife. In call centres, it means poor customer service, high costs and high turnover of staff. Deming[1] described command and control as an organisational prison: he reminded us that as we invented it, we could and should re-invent it.

This paper examines the CCA Standard, illustrating how it promulgates command and control principles, reinforcing the sweatshop paradigm. We also offer an alternative. Vanguard works with its clients to help them change from command and control thinking to systems thinking: a better way to design and manage work. The essential elements of the systems alternative for call centres are summarised here. The consequences are improved service, morale and efficiency. You would think that everyone would be doing it, but the systems solution requires a fundamental shift in management thinking.

John Seddon
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[1] Deming was the first Westerner to question management norms. His seminal work *Out of the Crisis*, Cambridge University Press, 1982, describes problems caused by command and control.

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Describes the essential design features of a systems approach to call centre design and management, creating better service at lower cost and using people for at they are best at, hence having a dramatic impact on morale.

Does a standard mean best practice?

In the introduction, the guidance notes say that the Standard is:

'a framework for best practice for call and contact centre employees and staff in the industry'.

This Standard was originally conceived as a response to wide spread criticisms of call centres, in particular that they were being described as modern-day 'sweat shops'. Appearing on "Brassed off Britain", a TV programme featuring call centres as something that most annoyed consumers, the CCA chief executive said if more call centres subscribed to the Standard, customers would be less brassed off. This is not the case. As we will show the features of the Standard will prevent improvement; they are the very cause of customers being brassed off.

The adoption of a standard is of particular importance to out-source organisations, key members of the Call Centre Association; the idea is it will be a 'kite mark' that will show the out-source provider is worthy in market terms. Yet the CCA Standard was written by the same people who created the 'sweat shop' phenomenon and this same ('sweat shop') thinking underpins the Standard. To treat the opinions of the industry as a definition of 'best practice' is to treat experience as knowledge. The same has happened with ISO 9000 and like ISO 9000 this Standard will be a false badge.

The authors of the CCA Standard have failed to prove that the prescription works – that it can be proved as 'best practice'. The very means by which the Standard was developed has ensured the current norms are assumed to be best practice. We prefer an empirical approach.

The guidance notes to the Standard state that it can be applied to any call centre:

'The standard has been developed to apply to call and contact centres:

- *of all sizes whether measured by call volume of agent positions*
- *taking inbound and/or making outbound calls*
- *… operating in the private or public sectors'.*

The inherent assumption is that there is something we can think of as a call centre industry. While it may be true that call centres use similar technology with similar (inappropriate) management methods, in most cases call centres are parts of larger organisations and should be managed as such. They are usually the 'eyes and ears' of a service system and when managed that way expose significant opportunities for improvement of service and reduction of costs. We should not think of call centres as an industry.

The guidance notes suggest the Standard operates at four levels:

- **'as a guide to any individual or group with an interest in call and contact centre operations'**

- at an '*aspirational'* level. Members commit to the standard '*in principle'* but are still developing their processes in preparation for validation or accreditation

- at a '*validation'* level. Members operate a process of '*high level review'* that states that they have processes, but don't yet know how effective or efficient they are.

- at a '*registration'* level. Members have processes in place that are independently assessed.

The Standard is said to accommodate members on a journey through each four levels. But is it the right kind of journey? We know that it is not. If this Standard becomes common practice in call centres we will see call centre managers focussing their efforts on meeting the Standard, and they will be unaware of the way in which this focus precludes them understanding and improving the work and, moreover, they will be unaware of the sub-optimisation (waste) caused by compliance.

The CCA requires its members to complete a self-assessment:

'Membership of the CCA will require organisations to review their operational activities against Standard fulfilmant'.

It is to mandate sub-optimisation. The self-assessment asks the wrong questions.

Members are encouraged to go beyond self-assessment and engage an *'independent audit assessment process'*.

This will lock in costs and formalise waste.

It continues by suggesting it will be of value to benchmark performance (using the Standard) against other call centres:

'a comparator with other companies by sector and within the industry of the measures audited'.

Such benchmarks will only serve to maintain mediocrity. The systems approach would lead you to benchmark against one thing, and one thing only: perfection. It can be found in your own system, if you know how to look.

Failure to comply

In the guidance notes, the CCA indicates what may happen if members fail to maintain the Standard. This has echoes of the coercion driving the use of ISO 9000. The message is meet the Standard or risk losing membership:

'Members who fail to maintain the Standard will be reviewed by the Standards Board, which could result in suspension or registration being withdrawn'.

Coercion does not foster learning. The locus of control is with the standard-setters and assessors. Managers experience compliance, rather than learning. Worse, the CCA Standard, like ISO 9000, specifies practices that result in sub-optimisation. Compliance with the Standard will only guarantee poor performance.

Is the CCA Standard a guarantee of service?

Compliance with the Standard will provide no guarantee of service or quality to consumers or business-to business customers. The reasons will become clear as we discuss the Standard's clauses. First we need to explore the management ideas behind the Standard – command and control management thinking.

<u>Command and control thinking; the current management paradigm</u>

Since the advent of Henry Ford's mass production system – an undoubted success – our organisational norms have been based on command and control thinking. 'Command and control' is to think of our organisations as top down functional hierarchies, separating decision making from work; managers make decisions based on measures like budgets, standards, activity and targets; workers do the work. The job of management becomes manage people and manage budgets.

The separation of decision making from work, the cornerstone of command and control thinking, has its roots in Taylorism (scientific management) and was developed through Ford (mass production) and Sloan ('management by the numbers'). Command and control thinking was valuable as it solved the problems of its time. Taylor improved productivity by studying work methods, Ford created a repetitive manufacturing system that operated at low cost and Sloan introduced financial control and clarity into a large and amorphous organisation. While these innovations solved problems of their time we have not continued to learn. Managers share and do not doubt assumptions that have become norms governing the way we design and manage our organisations.

Yet it is easy to see how a command and control design spoils the delivery of service to customers. Breaking work down into low-cost functional operations fragments the flow of work. Customers experience difficulty in getting through to someone who can solve their problem, they find they have to repeat their problem, call back again and it takes time to get problems solved. Many customers give up. Bad service is not only bad for customers; it also costs more; for the true costs of service are made up of the whole flow of work, end-to-end, from the customers' point of view.

In any top-down, functional design people work within their own functional specialism with an understanding of their part, and only their part, of the service flow. And people are measured this way, often preventing them actually solving problems for customers. The prevailing ethos for managing people and budgets is one of control. Yet, paradoxically, these management practices undermine control. But of this managers are unaware.

The command and control paradigm was first challenged by Taiichi Ohno, who built the Toyota Production System. The results have been remarkable. The better alternative for the design and management of call centres is based on Vanguard's translation of Taiichi Ohno's ideas for service organisations. It is to manage the work of a call centre as a system.

Command and control thinking		Systems thinking
Top-down	**perspective**	Outside-in
Functional specialisation	**design**	Demand, value and flow
Separated from work	**decision-making**	Integrated with work
Output, targets, standards: Related to budget	**measurement**	Capability, variation: related to purpose
Contractual	**attitude to customers**	What matters
Contractual	**attitude to suppliers**	Co-operative
Manage people and budgets	**role of management**	Act on system
Control	**ethos**	Learning
Reactive, projects	**change**	Adaptive, integral
Extrinsic	**motivation**	Intrinsic

Figure 1: Command and control thinking versus systems thinking

It is only when managers learn to understand their organisations as systems that they learn to see how and how much their current management practices sub-optimise performance. Deming (and others) demonstrated that an organisation's performance is governed by the system, the way work is designed and managed. This means the total sum of things like work design, structure, measures, roles, responsibilities, information, and policies.

Understanding management in this different way leads managers to completely different actions from the norm. Managers learn how to work outside-in, design against demand, use measures derived from the work, eliminate the causes of sub-optimisation and, most importantly of all, design a system that puts people where they should be – at the heart of service delivery. The consequence is a u-turn from the current emphasis, 'dumbing down', to 'smartening up'; the people who handle customers are trained against customer demand. It is a simple design principle, the faster you solve a customer's problem (do the 'value work' in Vanguard language) the cheaper the cost of service provision. Service improves as costs fall. Something command and control managers find counter-intuitive, for they equate improvements in service with more resource. This 'resource management' paradigm underpins the CCA Standard, it is the paradigm upon which the

call centre telephony 'solutions' have been built. The consequences have been poor service and high costs.

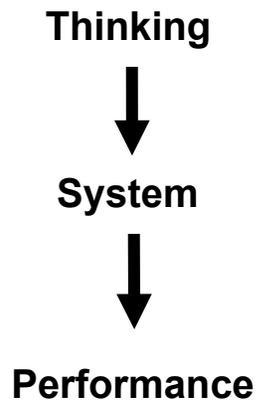**Thinking**

System

Performance

Figure 2: Thinking governs performance

There is a relationship between thinking, system, and performance. To change performance, we need to change the system. To change the system we need to change our thinking. There are two steps to changing management thinking: understanding what is wrong with the current assumptions – the harder part – and learning to operate with different assumptions.

The CCA Standard states that excellent customer service is delivered by having three things:

- processes
- well trained staff
- planning

'***The standard is focussed on the establishment of processes which facilitate the provision of excellent customer service provided by a well trained and informed call and contact centre staff, backed by strong internal planning processes***'.

It is to assume the work of management is to train staff, establish processes and plan well. It sounds plausible, but as we will show, staff training in call centres often is irrelevant to the task, processes that are ill-conceived will only add to bureaucracy and costs, and when the planning work becomes the means by which people are managed ('make the plan') performance worsens. We will examine the way the CCA Standard treats 'processes, well-trained staff and planning' later. Firstly it is important to deal with the reason call centres have become labelled as 'sweat shops'.

Why are call centres 'sweat shops'?

Holding the worker accountable for the work they do is axiomatic to command and control thinkers.

Clause 1.4 states:

'Individual employees are aware of their personal and/or team objectives and organisational goals together with the means by which they are monitored'.

and clause 5.1 states:

'Standards have been set for key activities of the call centre and are measured'.

In the supporting information for clause 5.1, we learn that:

'There are a range of key activities normally associated with call and contact centres. A comprehensive but not exclusive list of measures for key activities is:

> *Time to answer*
> *Abandoned calls*
> *Attrition and sickness absence*
> *Wrap*
> *Talk time*
> *Available time*
> *Quality delivery'*

These measures are at the heart of the 'sweat shop' phenomenon. Of course it is important to know whether we are able to pick up the phone and how many customers abandon their call but these measures should be used for planning, not for managing agents. The measures of agent activity (wrap, talk time, available time), when used with no understanding of variation and the causes of variation, lead to demoralisation of the agent and sub-optimisation of the system. By using such measures managers actually make performance worse.

Standards, activity measures and targets are common in call centres. They are derived from the plan and budget, not from an understanding of the work. The impact of such measures on workers is the very reason call centres earned the sobriquet 'sweat shops'. This is how the phenomenon was explained in "Freedom from Command and Control"[2]:

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[2] Freedom from Command and Control, John Seddon, Vanguard Press, www.systemsthinking.co.uk

Acting on the work not the workers

The 'sweat shop' culture has been created by the production logic where the focus of management is on how to 'get them to do it' – take the requisite number of calls within the requisite handling time. It is to act on the worker not the work. When we look at the typical service centre, we see a hierarchical design:
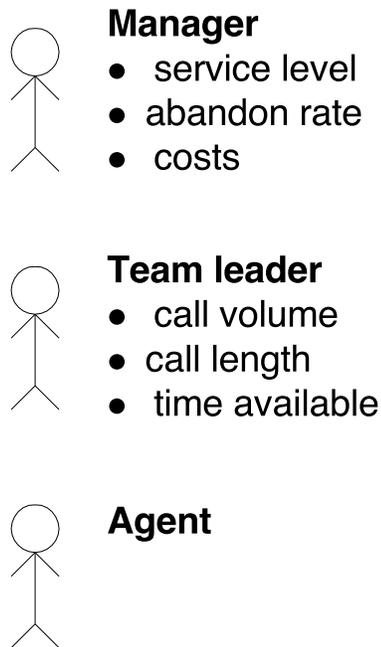
Manager
- service level
- abandon rate
- costs

Team leader
- call volume
- call length
- time available

Agent

Figure 3: The service centre hierarchy

The service centre manager sees his or her job as setting and monitoring work standards, productivity and procedures. It is an uncritically inherited assumption of traditional management thinking that people are the primary causes of poor or good performance rather than the system in which they work. As a consequence, management becomes concerned with working on the people. Paradoxically, managing productivity in this way undermines productivity because the major causes of variation in performance are in the system – the way the work works. As the manager is preoccupied with meeting his service standards, team leaders become pre-occupied with making sure people do 'as they should' – according to the plan. People are set targets or work standards. They are derived from the plan, not the work.

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Let us suppose I work for you in a service centre and you have set a work standard of one hundred calls per day. Yesterday, I did one hundred and twenty calls, today I did eighty. What happens to me?
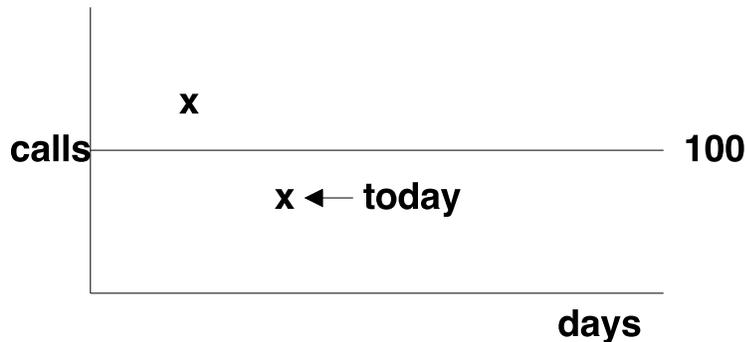

Figure 4: John's calls per day

In most service centres managers this means I'd get paid attention to. In harsh cultures this can mean bullying. In many service centres there are now policies about treating staff well, so the manager would turn up and 'coach[3]' rather than bully. But is this of any real difference? It is, most often, a mistake to even turn up. If you look at my performance over time you might find I could do as few as seventy five and as many as one hundred and twenty five calls in a day – the variation is in the system.
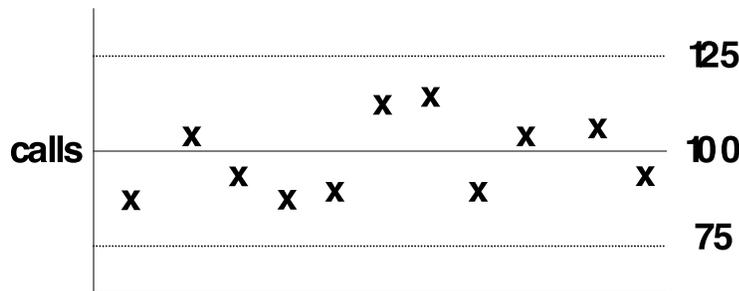
Figure 5: John's capability

Figure 5 shows my capability – what I am achieving and how predictable my performance is. If you were my manager you could now predict that I will do between seventy-five and one hundred and twenty five calls, unless something changes. My capability is measured by taking time-series data: the calls I can handle every day, plotted over time. The statistical variation in my daily measures sets the upper and lower limits[4]

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[3] It is a tragedy that most of the money invested in team leader training in service centres is spent on 'people management'.

[4] For more detailed explanation of the theory of variation and the use of measures see "The Vanguard Guide to Creating and Using Capability Charts" available from www.systemsthinking.co.uk.

– what can be expected as 'just as likely' results. It is not worthy of note that I might do as few as seventy five calls or as many as one hundred and twenty five, both results can be expected in this system.

There is always variation, in anything that we do. In a call centre, variation will be caused by the nature of the call, customers, products, procedures, availability of information, knowledge of the service agent and so on. There will be many causes. To improve performance we need to understand and act on the causes. This is an easy exercise to run in any service centre. Put the current performance measures in a capability chart, explain to people that the chart shows variation and ask what they think, from their experience, the causes of variation might be. Then having brainstormed the causes, return to the list and ask: which of these are attributable to the system – the way the work works – and which are attributable to agents? It is as Deming and others taught: 95% or more of variation in performance is in the system. By working on the agents, service centre managers are working on the 5%. It is an extraordinary waste of management resource.

To hold workers accountable for their performance when in fact their performance is governed by the system causes stress. If you apply these contingencies to a rat in a Skinner box, the rat behaves in a stressful way. Call centre workers are subjected to these same contingencies; they often believe, as their managers do, that they are accountable for performance. When they have a bad day they leave work feeling guilty, ashamed, responsible. The organisation has conditioned them to the prevailing philosophy; any agent who questions the philosophy is labelled as difficult or making excuses.

When, as will be inevitable, they risk becoming losers, agents 'cheat' – they do anything they need to do to make their numbers. Peoples' ingenuity is engaged in surviving rather than improving performance: it is a tragic waste of human talent. Agents close a call before the customer is finished, and sometimes before the customer has started; they tell customers to call back, they re-route difficult calls, in short they do all they can to avoid missing work targets or standards. Knowing that they do these things to survive exacerbates their feelings of demoralisation. These are not bad people; they work in a bad system. The human costs of demoralisation are incalculable. The obvious costs are recruitment and training as these conditions create high turnover of staff. But the real costs are higher – poor service and high costs are associated with customer dissatisfaction and staff dissatisfaction.

When managers first see agent data in a capability chart they express either disbelief or panic. Their attention is always drawn to the lower limit - they are terrified at the prospect of all service agents taking as few as that number of calls (seventy five in the example above). However, one would not expect a series of observations at the lower or, for that matter, the higher limit of the chart. The chart simply illustrates that the variation

existing within the observations (numbers of calls per day) would lead one to expect values as high or as low as the limits. All, however, would be distributed around the mean.

The better way to think about managing people is to lead them in understanding and acting on the system. It harnesses service agents' ingenuity towards contributing, learning and improving, rather than engaging their ingenuity against the system. Service agents are best placed to address the question: what are the causes of variation? Causes of variation identified as within the team's control can and should be acted on by the team. Causes of variation identified as beyond the team's control can and should be acted on by the manager. The measures help both managers and agents learn to 'see' the waste and causes of waste in their work.

Management's focus changes from managing people – ensuring that people do as they 'should' – to managing the system – understanding and improving how well the work flows, end to end, to fulfill the customers' demands. They establish a collaborative relationship with the agents, for they are working on the same problems (for a change). It is to move from managing the 5% to managing the 95%.

This is a revolutionary leap away from the current pre-occupation with managing people. It is a step that managers are only prepared to take when they have first learned that their organisation's performance is governed by the system and not the people. Once managers make this conceptual leap, they stop wasting time doing people management ('one-to-ones'); the impact on productivity is enormous.

This simple change of emphasis, from managing people with arbitrary numbers to letting people work on the work with measures derived from the work removes the 'sweat shop' conditions. People engage, service improves and costs fall.

Planning: something that should be separated from operations

The reason managers manage agents with targets and standards is because they see their job as making the plan. This is the central rationale behind much of the CCA Standard, so we turn next to the typical process for planning in call centre operations. In simple terms, managers plan with volume data, they seek to predict the volume of work they will receive. This is to ignore the nature of demand. Again, this is the way the notion of understanding demand was introduced in "Freedom from Command and Control":

How do organisations plan for a service centre?

Managers use call data – volumes and duration – to plan resources, the questions are: how many calls will there be, how long do they take to handle and thus what resources (people) do I need to answer them?

> *In a UK bank, the organisation and methods personnel had measured the volumes and durations of telephone calls into the bank's branches. This 'sized' the work. They moved this work to three new call centres. This means they routed all the phone calls to the new centres and made the surplus branch staff redundant. It was to replace high cost staff with low cost staff. The plan was for three call centres. However, because of higher than anticipated demand, managers added another and then another. When they got to five call centres the chief executive started to express concern about costs. Managers rationalised the reason for the unanticipated volume of calls, they claimed customers must be enjoying the service and were making more use of it. They compared their experience to that of the advent of the M25. Just as this motorway had experienced unexpected volumes of traffic when it opened, their call centres were attracting unanticipated demand.*

However managers knew nothing about the nature of demand. When I became involved I listened to calls for a few days, discussing with the agents what I was learning. There are two broad types of demand on any service centre – value demand, the calls we want, and failure demand, the calls we don't want. Value demand is what the service centre exists to serve; it represents the demands customers make for things they want, things that are of value to them. Failure demand is created by the organisation not working properly. I define it as follows:

Failure demand is demand caused by a failure to do something or do something right for the customer.

A failure to do something – turn up, call back, send something that is anticipated and so on – causes the customer to make a further demand on the system. A failure to do

something right – not solve a problem, send out forms that customers have difficulties with and so on, similarly creates demand that represents extra work. Failure demand is under the organisation's control and it is a major form of sub-optimisation. In the case of the bank (above) failure demand was 46% of the total volume of demand. Now I knew how they had got to five call centres. The majority of these (failure) demands had been caused by separating 'phone work' from other work.

It is a fundamental mistake in call centre design and management to treat all demand as units of production. In service centres managers are regaled with data about call volumes, time to answer, abandon rates, how much work there has been to do by hours of the day and days of the week and how much work each agent has done. It is to treat customer service as something that can be 'made' in a factory with standard times and standard procedures.

The greatest leverage you can have on a service centre system is to alter the characteristics of demand.

The single greatest lever is the eradication of failure demand. Is there an economic prize associated with the removal of failure demand? Consider the following statistics: In the financial services sector I have found failure demand to run from 20 to 45% of demand; in police forces, telecommunications, and local authorities I have found failure demand to run as high as 50% to 80%. Consider the cost associated with such levels of waste – for that is what it is. In service organisations failure demand is often the greatest source of waste. Imagine the productivity improvements that follow its removal.

Ignoring the importance of understanding demand, the guidance on planning the CCA Standard is all concerned with planning by command and control means – establishing the anticipated demand, determining the resources required to meet it and communicating that plan.

Clause 5.8:

 'Forecasting and business planning are in place to manage the impact of activity on the operations'.

It is important to know how many bums on seats you need, but it is a failing in command and control thinking to then use the measures for managing. In a systems solution the planning function is separated from the execution function and the latter uses measures derived from the work (failure demand and other measures of performance capability).

But the CCA Standard is concerned with managers providing the rationale for their scheduling to agents:

'Where rotas exist, the need for them and the process for their establishment is communicated to all employees'.

The guidance notes for clause 3.2 set out some of the working conditions that the authors believe call centre employees should expect:

'It is essential that recruits know what to expect and particularly essential that no false expectations are raised'.

'… potentially repetitive tasks, rotas, some pressure and some stress'

And the authors add:

'false expectations are one source of high attrition'.

The authors appear to believe the causes of stress are repetitive tasks, tough rotas and work pressure. In truth the principle cause of stress is being held accountable for the work when in fact it is the system that governs performance.

The CCA Standard puts a veneer over the sweatshop paradigm:

'There is no suggestion that the future is other than bright' (guidance notes to clause 3.2)

The systems approach separates the planning and operational activities in call centres. The latter form the means for improvement, which then shows through on the former. By encouraging the use of planning measures in managing operational performance call centres drive up costs, worsen service and damage morale.

Is performance a 'people problem'?

The CCA Standard requires that:

'Employees at all levels are given mandatory training and development' (Clause 1.1)

If that were to mean trained against customer demand, it would be positive. However, training in call centres often has little or nothing to do with the work and that which is purported to be to do with the work often fails to take account of customer demand. It follows; as managers usually know little or nothing about the nature of demand from the customers' point of view, agent training is unlikely to take it into account.

It is typical, when studying call centres, to find that agent training does little to equip agents to handle customer demand. For example in a financial services organisation we found agents were trained for five weeks and subsequently could handle only 20% of demand. Having understood demand the training was re-designed; in three weeks agents were trained to handle 80% of customer calls.

Training against demand is an essential feature of the systems solution. Agents should only go to work when they can serve the known high frequency demands. Having been trained against demand, agents are attuned to the nature and variety of demand and this forms the basis of learning on the job. Agents know they are responsible for their own quality (it is to design for prevention rather than use inspection, as is the current norm) and agents become responsible for 'pulling' expertise as needed.

The systems solution engages both agents and their leaders in working on the work. By contrast, the CCA standard focuses on 'managing people'.

'There should be at least one formal recorded meeting for each employee with his/her line manager in each year. Ideally, this should be supported by informal meetings on a regular basis to discuss performance, development and realistic aspiration') (guidance notes for clause 1.3).

It is to mistakenly believe that peoples' performance should be managed. 95% of the causes of variation in peoples' performance are due to the system (the way the work is designed and managed), only 5% is attributable to the characteristics of agents. In command and control call centres a lot of time is wasted in 'one to ones'. It is worth re-emphasising that the data used in one-to-ones typically ignores variation and is thus misleading[5].

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[5] It is only a matter of time before call centre agents realise they can make a claim against their managers' use of inappropriate measures under the provisions of the human rights act.

Rather than acting inappropriately on agent activity data, managers are better employed understanding how to *'act on the system'* – understanding and improving how well the work flows, end to end, to fulfil customers' demands. Understanding how to act on the system cannot be done in offices or meeting rooms, it can only be done where the work is done. When managers learn to do this work they effectively lead learning in the organisation and, consequently, their people begin to learn and contribute to a far greater extent than is possible in a traditional, hierarchical command and control system. It becomes common knowledge to both parties that the causes of variation in performance are in the system – the way the work works.

As the design of a systems solution is based around the work, the roles of service agents and managers change:

	Focus	Measures	Role
Agent	Creation of value for customers	Achievement of purpose, variation in service agent performance, type and frequency of demand	
Team Leader	Creation of value for customers	Achievement of purpose, demand and flow, variation in service agent performance	Lead agents in action on the system: act on causes of variation within the team's control; act on causes of variation beyond the team's control
Manager	Creation of value for customers	Demand and flow, service capability – predictability of demand, response, and failure	Leads action on the system

Figure 6: managing the system for improvement

In this design, agents have measures that relate to the customer's purpose in their hands and the latitude to experiment with the way the work works. Training is 'pulled' as needed by the agent and is directly related to the requirements of the work.

There is nothing of this thinking in the CCA Standard. Instead command and control concepts are promulgated through 'qualifications':

'Employees at all levels are encouraged and supported in achieving recognised Industry Qualifications'. (Clause 1.5)

This is creating an industry of plausible call centre training based on a command and control view of work. For example, there is an NVQ for inspection of agents' work in call centres. It is the wrong thing to do.

Management processes identified in the Standard

The CCA Standard describes management as being concerned with the following processes:

- *the complaints procedure* (clause 5.4)
- *processes for gathering employees' views* (clause 2.1)
- *procedures for resolving inter-employee and employee/manager disputes* (clause 2.2)
- *the development planning process* (clause 3.3)
- *the process for gathering customer feedback* (clause 5.5).

These are, in effect, specifications - they dictate what managers must do to comply with the Standard and, thus, manage. To specify such things is counter-productive. Instead of managing complaints, managers should be removing the causes of complaints; gathering employees' views leads managers to think of surveys, they treat employees in hierarchical terms; in a systems design employees' views (about the work) are at the heart of the work. The command and control design creates disputes for the central split between decision-making and work will ensure disputes, especially when management's attention is drawn to irrelevant and misleading numbers. People development is often very 'peoply' and not focussed on how the work works; as a result management is focussed on the 5%, the least available means for performance improvement and it is of little value to have processes for gathering customer feedback if your very design obviates your ability to respond to customer demand – to give customers what they want.

These specifications will serve to increase the costs of service provision and they will focus management's attention on the wrong things.

Managing complaints

Clause 5.3 states that:

'Customer complaints are logged and reviewed. Action is taken to eliminate recurring complaints'.

and:

'***A record is kept of the relevant areas of complaint aimed at facilitating performance improvement***' (guidance notes to clause 5.3)

and:

'***There should be a recognised and properly documented process***' (guidance notes to clause 5.4)

which:

'***identifies how complaints are dealt with at each stage of their handling, who becomes involved, and when and what authority levels individuals have to settle complaints***' (guidance notes for clause 5.4).

The first requirement is important. Without data about complaints and other failures to serve customers the system cannot be improved. The further requirements of the Standard will lead to complaint-handling bureaucracies. Service agents are, most often, able to understand a customer's problem from the customer's point of view. Between the agent and the customer most problems can be handled quickly. Where other information / knowledge / expertise is needed to understand or remedy a problem, the agent should 'pull' the requirement on demand. This simple design improves service, solves complaints quickly and obviates the need for a bureaucracy.

More important than understanding complaints is understanding the type and frequency of demand that is placed on the call centre. All call centres we have worked with have high levels of failure demand, caused by the command and control design. Understanding demand and the system's response in customer terms is a better representation of what is happening for customers; for only some customers complain.

Clause 5.5 describes what its members should do with regard to customer feedback:

'***A process is in place to gather customer feedback. Measures are set for satisfaction and plans are in place to achieve / maintain targets***'

Satisfaction measures are notoriously misleading. Often the wrong people ('experts' and managers) decide the questions; 'how was it for you?' is not to know 'what matters to you?' A full discussion of these problems is included in "Freedom from Command and Control". The Standard says nothing about methods by which call centres should understand what matters to customers.

Customers take their view of any organisation from the transactions they experience. Understanding and acting on customer demand is essential to service improvement and cost reduction. Working in this way removes the causes of complaints at the same time as improving customer satisfaction.

Working across boundaries

When the Standard turns to how the call centre works with other parts of the organisation, it reinforces the command and control design:

'Arrangements are in place to manage call centre internal relationships with other business areas and to identify, review, and resolve issues as they arise', **(**Clause 5.6)

implying that the call centre is viewed as a distinct and separate function within the business. Functional thinking is further evident in the guidance notes to this clause, which explain that:

'*It will not always be clear to colleagues working outside of the centre operation what impact their actions can have on staffing levels or other requirements working within it. Where issues arise, positive proactive steps are taken to educate colleagues involved and agree actions on future similar situations*.'

In a systems design managers work across the system; they manage end-to-end services (core work) and they manage things that affect the performance of the core work (support activities). This obviates the requirements for procedures and bureaucracy for managing the interface with the rest of the organisation; which, in any event, would not manage such issues effectively.

Communication

The Standard also sets out how managers should manage communication within the call centre, clause 2.1 states:

'Processes are in place to gather employees' views, disseminate information and take appropriate action'.

and:

'Staff are expected to act upon information or instruction provided through the management structure':

and:

'*The intention should be to ensure access to the decision makers by staff so that their input can be taken into account'.*

and:

'Staff who have immediate access to customers should be encouraged to reflect their findings through line management or otherwise'

and

'Management should be aware of the need to demonstrate that staff input has been considered even if it has not been acted upon'.

and:

[staff] 'should be given time to absorb new instructions or process changes',

rather than change being integral to the work frontline agents do.

A systems thinking approach wouldn't need to gather employees' views as decision making is integrated with the work. The focus for managers and agents is the customer, as the system has an outside-in perspective. As managers and agents work together to understand and improve the work, there would be no need for a process to exist to gather views and disseminate information. People who do the work would understand the purpose of the system (in customer terms) and would have measures that relate to purpose in their hands and latitude to experiment with method – how the work works.

The Standard and guidance notes talk a lot about disputes and how to resolve them … ie: with a procedure:

'A documented process is available to resolve inter employees and employee(s)/ management disputes' (clause 2.2).

Many organisations cite communication as a problem and as something they would like to improve. Communication problems and subsequent disputes are symptoms. Managers attempt to fix these perceived problems with a variety of communications activities. It is better to act on the causes of communications problems and the principal cause is the organisation's design.

Managing attrition and attendance

Clause 3.4 discusses attrition and attendance:

'Measures are set for attrition and attendance.   Plans are in place to achieve or maintain these'.

When you manage attrition and absenteeism, you get more of them. The Standard shows no recognition of the causes of either. It is not unusual for command and control organisations to have high levels of both. People leave and are absent because of how their managers think about the design and management of work. Adoption of the systems approach has an immediate and beneficial impact on morale hence attrition and absenteeism fall; the systems approach tackles the causes. When people who do the work are placed at the heart of service delivery, have control of the work and the means to both do it and improve it, and are supported by managers working with them and acting on the system, problems with attrition and attendance disappear. Plans, measures and procedures for managing absenteeism are waste and will cause further waste.

Systems thinking – the better way

The better starting-place is to think of the design and management of work from the outside-in. In his work in the manufacturing sector, Taguchi learnt that instead of working to a standard or a blueprint or working within tolerances, picking any single value and working to make things more and more alike resulted in better quality and lower costs. Vanguard has applied this idea to service organisations, observing that the further the organisation departs from the customer's nominal value, the greater the economic loss to the organisation (see figure 7). A major difference between manufacturing and service is that, in service the customer is involved in production. Therefore, rather than there being a single nominal value (requiring a 'standard' service), each customer sets their own nominal value when they transact with the service organisation. The challenge, therefore, is for the service organisation to design a system that is capable of absorbing this inherent variety.
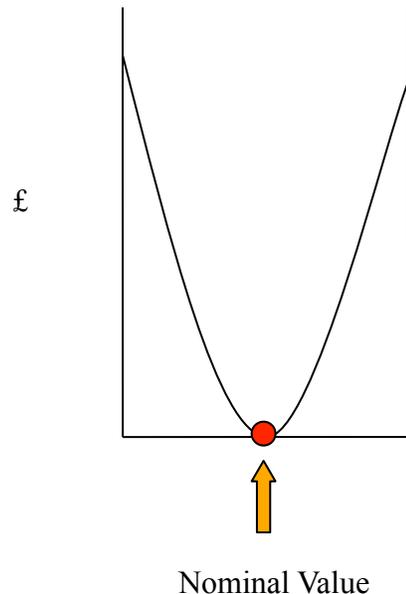

Figure 7: Costs of variation from the nominal value

As variety is absorbed, customers get what they want and costs fall. Customers like it because the design is based on their demands, they find it easy to 'pull value' from the organisation.

In the systems approach managers are engaged in understanding:

- Purpose: what is the purpose of the organisation from the customers' perspective?

- Demand: why are customers contacting us? what, predictably, do they contact us about?
- Value: what matters to customers when they contact us?
- Flow: when we respond to our customers, what are the steps? How well do our core flows work (in customer terms)? What is the value work, what waste is in our flows and what are the causes of waste?

and managers measure the organisation's capability against purpose and learn from variation in the system. By acting on the causes of variation, managers learn how to improve service at the same time as cutting costs.

Continuous performance improvement starts with understanding the 'what and why' of current performance as a system – 'check'.   Understanding your current capability against purpose (in customer terms) and why it is like that will uncover what needs to change.
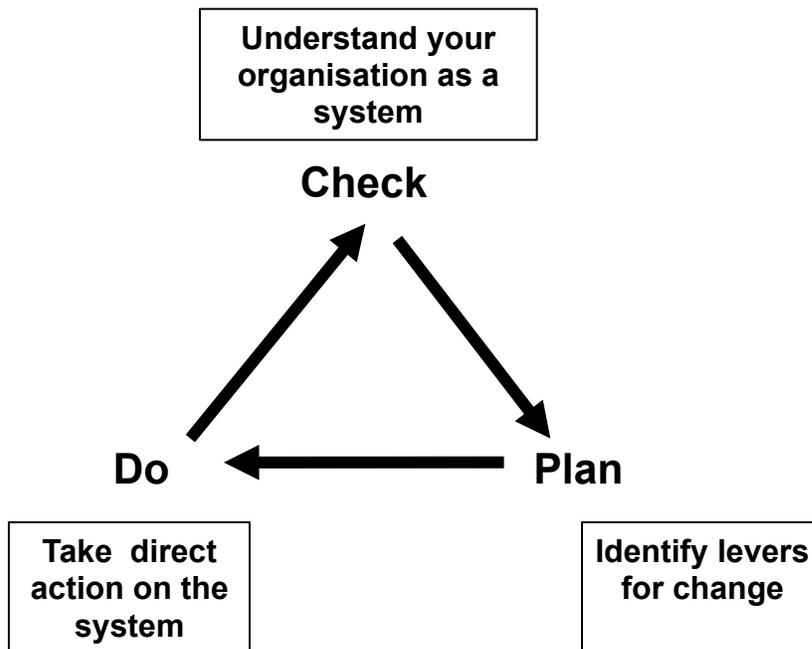

Figure 8: Performance improvement though 'check-plan-do'

Conducting 'check' leads to knowledge. As a consequence the plan for change will include prediction of what improvements will follow the re-design. In conducting 'check' it becomes obvious that turning off failure demand and improving the ability of the system to respond to value demand will improve service (and capacity) as costs fall. Because people who do the work are at the centre of this endeavour, the intervention transforms morale.

Leading organisations that have adopted the systems approach have an unambiguous sense of purpose permeating the organisation. Purpose is thought about in customer terms; it is known and understood by everyone and the measures and methods in use reinforce that perspective. It is the universal way of thinking about all decisions and tasks and people – managers and agents – are focused on finding better ways to achieve the organisation's purpose.

Strategic and operational plans support each other. Strategy is informed by operations. Decision-makers understand how their roles contribute to the whole. Day to day operational decision-making is in the hands of people who do the work. Management and agent roles alike are designed to improve understanding, control and improvement of the system. The ethos changes from status to contribution. And last but not least, people have a sense of freedom. Freedom to act, learn, experiment, challenge and freedom to build relationships with customers.

The first step is for managers to be prepared to change the way they think.

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To help organisations make such a change we have developed the Vanguard Method. It provides a systematic, step-by-step, method for change through informed choice. For more information visit: www.systemsthinking.co.uk