

# Financial ROI of Coaching



A Frost & Sullivan White Paper

“We began our coaching journey about 3 years ago. Our purpose was clear: leverage a coaching culture to drive our business results ... sales, quality of service, and cost. You can’t do this without a professional coach (Tiger Woods has several). Our agents now have goals with line of sight to both the bottom line and to customer satisfaction. Our leaders invest at least half of their time every day coaching their teams ... which has built relationships of value. The results speak for themselves. We have significantly improved first contact resolution which has driven our bottom line, and we have achieved record levels of both customer satisfaction and employee satisfaction. Coaching has clearly transformed both our contact center’s culture and our results.”

Dave Burns  
SVP & Chief Operating Officer  
Air Miles  
Alliance Data  
LoyaltyOne

## INTRODUCTION

The benefits of skillful coaching are substantial and can have a dramatic impact on the overall profitability of any company. For contact centers in particular, a well implemented coaching program is the surest path to minimizing costly repeat calls, optimizing revenue opportunities, and delivering a consistent, high quality customer experience. With 65-75% of contact centers costs driven by agent wages, benefits and incentives, coaching has become a critical tool for world-class operations to improve the retention and overall performance of frontline knowledge workers. It also corrects the problem constantly voiced by non-coaching organizations that, despite the expense and effort, classroom training fails to produce a performance ROI (return on investment).

As organizations push for improvements in performance and to encourage change, they often focus on the frontline employees. They often bypass the 1st line supervisor and in doing so miss leveraging the leadership triangle. The frontline leaders are the true secret to a world class organization.

## Focus on the “Leadership Triangle”



**SWITCHGEAR**

A coach that is proficient at improving performance by helping their agents continually become more skilled represents a 1:16 (depending on number of direct reports) point of financial leverage in the business.

One only needs to look at the professional (and amateur) sports model to see the impact of coaching. These multi-million dollar businesses have managers and administrators typical to any business. However, the core position is the coach and his role in the development of the “human capital” – that is, the players – to their fullest potential. Isn't it interesting that Call Centers with a similarly high human capital component don't also leverage coaching? They often relegate the job to managers and administrators instead of doing what sports teams do: remove the administration and management duties from the coach so he/she can focus on people performance.

Frontline management, the agents' direct leader, are the leverage point for agent skill and knowledge, yet few organizations make the required investment in these leaders that provides a real operational ROI. Industry stats consistently indicate that a rigorous coaching system returns an 8-18% reduction in operational expense and/or increased revenues.

Many Contact Center organizations erroneously believe they have an effective coaching program in place. There are many clues that this is not the case, such as: poor or inconsistent service and sales results, increasing operational costs, and high agent attrition, to name a few. There are multiple definitions of coaching but few companies have a sustainable and successful coaching system in place that can fundamentally change the culture into high-performance. See section “Coaching Techniques” below to understand how to define a well-designed system.

## **KEY CATEGORIES OF FINANCIAL IMPACT**

Benefits of employing performance coaching in your call center can be split into five different areas of impact:

1. OPERATIONAL EFFICIENCY – The ability of each agent to maximize their time on a call-by-call basis and over each shift worked. This category has a direct and immediate impact on profitability because constant improvements in efficiency lead to the need for fewer agents (and the support roles around them). Reducing agent headcount by even 5% is pure profit in the true sense of the word.
2. OPERATIONAL EFFECTIVENESS – Proficiency at handling large call volumes accurately, with high client satisfaction the first time without direct supervisor intervention. Many non-coaching organizations experience a greater than 40% repeat call rate on the same issues, dramatically driving up their operating costs.

3. **REVENUE GENERATION** – Coaching supports and improves the advanced selling skills of identifying customer needs and then up-selling and cross-selling. This rep ability, especially on service calls, allows organizations to transition from cost center to profit-center and easily pay for the investment in a coaching system.
4. **CUSTOMER SATISFACTION AND RETENTION** – With the high cost of customer acquisition, retaining the right customers is necessary for success. As product life-cycles mature exceptional customer service really becomes the only sustainable competitive advantage in businesses today. Ongoing coaching helps keep the importance of every customer interaction front-and-center in every agent’s mind.
5. **EMPLOYEE ENGAGEMENT AND RETENTION** – Keeping proficient agents and frontline staff engaged and in the organization longer. Sustained coaching can easily produce a 25 – 50% reduction in agent attrition rates. The data on savings possible – less recruiting, less training, less lost productivity – that by adding even 2-4 months to average rep tenure is compelling.

## IMPACT BY KEY CATEGORY

Firms that specialize in Applied Performance Coaching, such as SwitchGear Consulting, help organizations focus on coaching with quantifiable and measurable benefits:

**Primary Benefits:** Clear and direct financial benefits that are concrete and are calculated with few, if any, debatable assumptions and where data is readily available. Examples: Lower AHT, Sales AND FCR improvements.

**Secondary Benefits:** Financial benefits that involve debatable assumptions, data or predictions that are harder to quantify but represent strategic or significant ROI. Often these take a longer time to deliver and are residual versus leading measures. Examples: Employee and Customer Satisfaction.

**Auxiliary Benefits:** Benefits that are more observable than quantifiable with some question about direct cause and effect. Examples: Improvement in culture, client confidence.

To truly measure the specific benefits of coaching, each agent task and responsibility must be accounted for so the impact can be assessed. These are split into the key categories illustrated on the next page.

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“While serving as President and CEO at Streamlogics, our team engaged a professional coach who was in skilled at improving performance through applied coaching in service organizations. In our business, customer satisfaction and retention had a critical impact on the bottom line. By following some of their tried and true methodologies we were able to increase employee engagement, accountability and improve our service delivery measurements (efficiency and quality). Coaching had an immediate impact on our customer satisfaction levels, repeat business and our financial earnings.”

Shaun McIver  
Formerly President / CEO of  
Streamlogics (Acquired by  
Thomson Reuters)

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## Impact of Coaching by Category

| Impact Categories                          | Specific Primary and Secondary Benefits  | How Does Coaching Do This?   |
|--|--|--|
| <b>Efficiency</b>                          | Reduced agent headcount by: <ul style="list-style-type: none"> <li>• Lower AHT</li> <li>• Better attendance and adherence</li> <li>• Lower non-production time, higher production time</li> <li>• Reduced support staff required</li> </ul>  | <ul style="list-style-type: none"> <li>• More on-floor productivity focus</li> <li>• Process and workflow improvements</li> <li>• Sharing of best practices</li> <li>• Increased system skills</li> <li>• Better job design</li> </ul>   |
| <b>Effectiveness</b>                       | Operational effectiveness from: <ul style="list-style-type: none"> <li>• Reduced error rate, more accuracy</li> <li>• FCR leading to lower call volume</li> <li>• Lower # of transfers, escalations</li> <li>• Higher agent accountability and ownership</li> </ul>  | <ul style="list-style-type: none"> <li>• Faster time to proficiency for new hires</li> <li>• Better management decision making</li> <li>• Efficient root cause analysis</li> <li>• Faster skill assessment, close the gaps faster</li> </ul>   |
| <b>Revenue Generation</b>                  | More revenue from: <ul style="list-style-type: none"> <li>• Additional agent skill in clarifying needs, selling solutions and closing a sale</li> <li>• Coach is leading a consistent selling process</li> <li>• Best practices in engagement and diagnostics</li> <li>• Faster, clear communication about product changes, campaigns</li> </ul> | <ul style="list-style-type: none"> <li>• Managers working in the business with reps – they'll understand how to sell</li> <li>• Less emphasis on WHAT, more time spent on HOW</li> <li>• The right versus the wrong way to sell</li> <li>• More frequent recognition for achieving results and focus on behaviors</li> </ul> |
| <b>Customer Satisfaction and Retention</b> | Improved customer experience from: <ul style="list-style-type: none"> <li>• More accuracy, less frustration</li> <li>• FCR provides faster satisfaction</li> <li>• Fewer transfers, less frustration</li> <li>• Agent style approach, more engagement</li> </ul>   | <ul style="list-style-type: none"> <li>• Managers closer to customer perspective</li> <li>• Manager understands specific "how" of Customer service best practices techniques</li> <li>• Reverse role play – rep and coach understand the customers emotional needs</li> </ul>  |
| <b>Employee Satisfaction and Retention</b> | Higher employee engagement scores from: <ul style="list-style-type: none"> <li>• Leadership attention, better relationship</li> <li>• More confidence and skill in job</li> <li>• Less stress, fewer escalations, fewer unhappy customers</li> <li>• More fun environment</li> </ul>   | <ul style="list-style-type: none"> <li>• Managers face-to-face with reps</li> <li>• Culture of ASK, not TELL</li> <li>• Focus on one element to improve = less overwhelmed agents.</li> <li>• Growing self-awareness via coach skills</li> <li>• Identify stars for succession</li> </ul>                                    |

As can be seen by the above chart, the number of measureable benefits from a coaching program is significant. Moreover, coaching takes advantage of operational expenses the organization is already spending (wages, benefits) versus investing in new capital expense such as with technology solutions.

Frost & Sullivan and SwitchGear Consulting have developed a calculator that allows you to input specific data from your call center and estimate the potential benefits of coaching for your company. We encourage you to use this calculator and see for yourself the significant, quantifiable benefits of a systemized coaching program.

“Hiring and Training the right people provides the foundation for you to be successful...coaching is the ENABLER, allowing you to course-correct along the journey to reaching your business objectives.

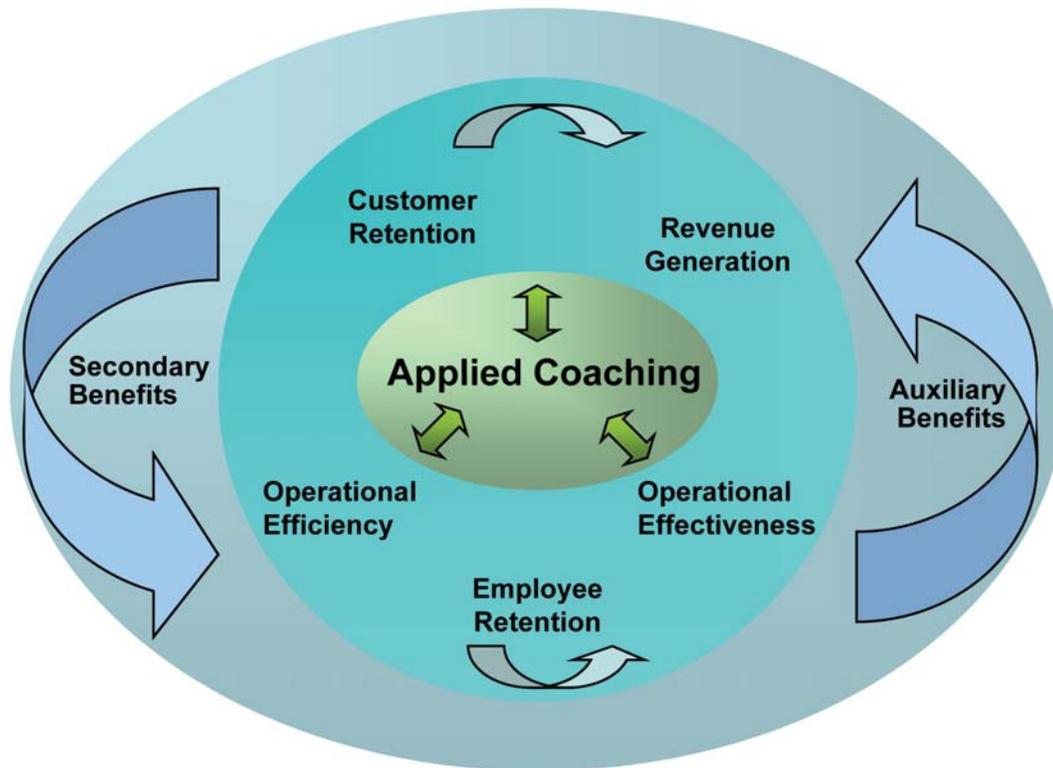
Coaching can impact so many intangibles in a business, but at the core coaching provides the ability to enable a business to achieve financial success primarily through two key levers;

1) "First time Right" : this takes exceptional execution

2) Differentiated customer satisfaction in your marketplace : the only sustainable competitive advantage.”

Greg Root  
VP Customer Operations and Service Delivery  
MTS Allstream

## Benefits of Applied Performance Coaching



## FOUNDATIONAL PRINCIPLES OF COACHING

Overall, organizational culture is an important factor to determine potential for success. A fundamental building-block to developing a “coaching culture” is the ability to establish trust and engage people in meaningful work. You can manage employees without trust, but to lead and coach them requires that they trust you. Successful performance coaching is based in trust, in alignment with all objectives (individual and corporate), and a win-win mindset is almost unstoppable.

There is a well-established methodology for creating a “coaching culture” in any business team. The first step for the VP of Contact Center is to determine the state of readiness to invest in coaching as a core capability. Coaching can only be successful if it becomes a top priority job responsibility for the frontline leader. There are often too many duties assigned to Team Leaders spreading them thin and taking them off the floor and away from reps – in some operations they become the “dumping ground”. In organizations with centralized shared-service teams (Workforce management, training, HR, etc) that operate remotely, this can be an even bigger issue.

Following this examination, there are specific elements to effective coaching within the call center. When engaging a coaching firm, look for a company that implements coaching programs as a core offering, and can quantify specific performance results. In addition, check that their approach integrates the following best practices, which were distilled by SwitchGear Consulting:

## APPLIED COACHING PRINCIPLES: TOP 10 LIST

1. GET THE COACH “ON-THE-COURT” – Get the coach (supervisor) working side-by-side in, and on, the business with their individuals and team. It’s very difficult to establish foundational credibility needed to be an effective coach if the coaches’ knowledge of the business is superficial and they are more comfortable in a meeting room or being a spectator than on the field of battle.
2. RUTHLESS PRIORITIZATION – Stop the emails and the special projects and start applauding managers for being on the floor and working with their people (see point one). Focus is critical – what is more valuable than the coach’s ability to motivate and help accelerate the performance of his / her people? ... the answer is nothing.
3. MANAGEMENT LEADERSHIP AND COACHING – Be clear what the differences are:
  - Most call centers struggle because they are over-managed, under-led and under-coached.
  - Most often leaders are wearing their management hat up to 90% of the time – caught in a reactive paradigm that focuses on processes, control, and what happened yesterday. Coaching by contrast is proactive impacting results today and tomorrow.
4. ASK VS. TELL – “Ask” is the foundation for both commitment and accountability. Focus on helping managers learn from their people versus being a judge. In this knowledge-based world of contact centers ask yourself, “Who knows more about workflows, systems, products: agents or managers?” The common “Command and Control” approach is useless in the new era of knowledge-based call centers.
5. ENERGY ... THEN VALUE – If agents don’t trust management and interaction with the “higher ups” sucks energy from them, then it is unlikely that supervisors will be trusted and welcomed on the call center floor. It’s a leader’s job to bring positive energy first, which then brings value that improves the performance of team members. If they can’t stand having the coach side-by-side with them in the business, then it will be hard for the coach to truly add value.

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“Coaching is not about employee satisfaction ... it is always about the bottom line.

Coaching just happens to drive so many of the right things ... employee satisfaction just happens to be a byproduct we value more than perhaps some firms may.”

Dave Burns | SVP & Chief Operating Officer  
Air Miles | Alliance Data | LoyaltyOne

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6. START FROM WHAT THEY DO WELL AND BUILD ON STRENGTHS – Don Schula, the former Miami Dolphins coach, is famous for saying, “Build on people’s strengths to engage them early in the process and have them partner with you to deliver results.” Leaders must inspire and build on strengths versus tearing agents down. If the rep is doing her job well 75% of the time, why isn’t 75% of the feedback they receive positive? A decade of employee satisfaction research shows that the top reason people leave an organization is due to a poor relationship with their direct boss. What does your attrition, attendance and employee satisfaction metrics tell you about this?
7. FOCUS ON ONE SKILL AND STEP AT A TIME – A weekly or daily approach which first focuses on specific behaviors produces incredible results. Conversely, giving someone a monthly list of required results without support typically fails. In management organizations 5-10% of employees (the poor ones) are on performance improvement plans. In coaching organizations, 100% of employees are on an action plan – not to get fired but to continuously improve performance and develop essential skills.
8. BE SPECIFIC! – If your coaching summary is “build better rapport,” or “ask more questions” then there’s no way to leverage these into measurable results. If an agent and manager can’t walk away and both know exactly what to work on, then coaching has not occurred.
9. FOLLOW-UP – If the coaching can’t be used on the next customer call and the agent doesn’t start implementing and learning immediately, would it be likely that they will suddenly implement the new technique weeks from now? If the current plan would be to follow-up once a month, in a meeting room, go back and see point one, (Get the Coach “On-The-Court.”) To be clear, this is not micromanaging, but if there is no trust, it will be seen that way by the employee. The objective of coaching follow-up is to provide support and positive reinforcement.
10. PRACTICE CRR = Consistency, Repeatability... Results... start the wheels in motion by focusing on a repeatable approach that works every day. World Class leaders and coaches are exceptional at “keeping the main thing the *main thing*.”

## COACHING BENEFITS CALCULATOR

Organizations leverage their coaching strategies to optimize the performance of their call centers. Most commonly, they will be looking to increase revenue or decrease costs by focusing on some combination of the objectives below:

- Increased operational efficiency (cost management and reduction);
- Improved operational effectiveness (error free FCR with high customer satisfaction);
- Higher employee retention (reducing attrition costs and protecting talent);
- Increased revenue (vs. call center as cost center); and
- Increased customer retention.

The Coaching Benefits Calculator allows you to use your organizations' data to see how changing your current results will impact your bottom line. While there are many downstream benefits of adopting the Applied Performance Coaching approach, the calculator focuses on primary, measurable and direct results. You can also see the range of financial results achieved by a cross-section of sales and service organizations.

## CONCLUSION

Coaching used to be a discussion limited to the Human Resources group, but now operating executives and heads of Finance are clear on the tangible benefits it provides to the organization. It is clear that coaching isn't a soft skill or feel-good activity but rather a critical leadership tool that produces quantifiable results and delivers a bottom-line financial impact.

World-class organizations that make the investment in developing this skill in their frontline managers overwhelmingly outperform their competitors from a service delivery and revenue generation perspective. They enjoy a culture of high performance, retain their top talent, and get the best out of their people.

### Learn More About the Benefits of Coaching:

If you'd like to walk through the Coaching Benefits Calculator and understand the business case for coaching in your organization, contact SwitchGear Consulting at [getvalue@switchgear.ca](mailto:getvalue@switchgear.ca). or visit us at [www.switchgear.ca](http://www.switchgear.ca).

### About SwitchGear Consulting:

SwitchGear Consulting are the authors of the 2nd edition of Call Centre for Dummies. For more on how SwitchGear produces exceptional results visit us at [www.switchgear.ca](http://www.switchgear.ca).

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