



uncomfortable?

Whether your staff turnover is
50% or 5%
you should constantly be assessing & improving your
processes to recruit and retain your key resource
..... your staff

A guide to on-going Candidate Attraction, Management & Employee Retention with reference to statistics provided from the recent on-line survey conducted by Cactus Search

The Call / Contact Industry Size and Structure

At the end of 2003, the contact centre industry directly employed a staggering 800,000, more than 500,000 of those were agents with the remaining made up of Management and support functions.

(Source: Datamonitor)

At the end of 2003, the UK contact centre industry consisted of 5,320 contact centre operations with almost 500,000 agent positions. It has grown by almost 250% since 1995, and continues to add tens of thousands of agent positions each year. The industry is forecast to grow to almost 650,000 agent positions by 2007, directly employing over 1 million people. Continuing growth in the industry will be driven by growth in existing contact centres rather than new operations starting up.

(Source: The UK Contact Centre Industry - A Study by the DTI)

As the industry expands the competition for all levels of skilled staff continues to increase dramatically. As a result, any organisation that does not address their recruitment practices and attrition rates could find the effects extremely damaging to their business and subsequently their customers in the not too distant future.

Shocking Facts:

- 1) Labour turnover remains constant in the UK at 16.1% compared to 2002. In Ireland it rose by over 5 percentage points to 15.7%.
- 2) The proportion of UK survey participants experiencing difficulties retaining their people rose from 72% in 2002 to 77% in 2003 (69% in Ireland).
- 3) The highest levels of turnover are found in call centres (50.9%), hotels, catering & leisure.

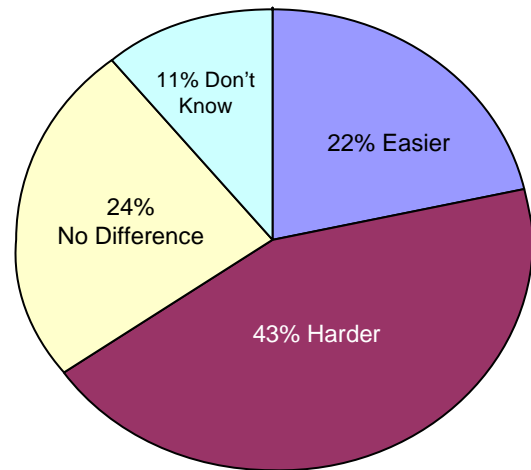
(Source: CIPD)

In addition to attrition rates, attracting new employees and specifically high performers and skilled staff, will become an ever increasing challenging.

Attraction and Recruitment

Question 1

Have you found it easier or more difficult to attract staff during 2004 than previously during 2003?.



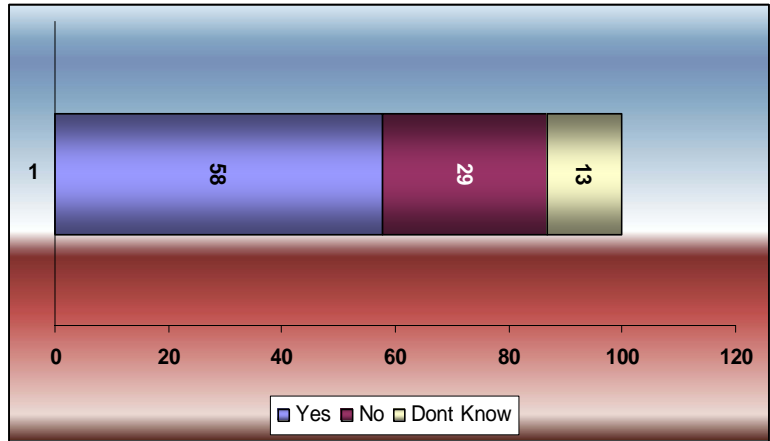
As the industry rapidly expands, the competition for attracting talent is becoming fierce. No longer can organisations hope to place an advertisement in a local paper and expect to receive hundreds of suitable applications. In addition to the expansion of the industry, creating this shortage of talent, high performers are demanding ever-increasing packages to secure top positions. Not only do employers have a challenge to attract talent, they must also ensure they retain them by offering consistent market rates.

Attraction of Candidates

The route of attraction is key to sourcing suitably qualified candidates. Before deciding the attraction method, consider the following:

Question 2

Is your company an employer of choice in your area?



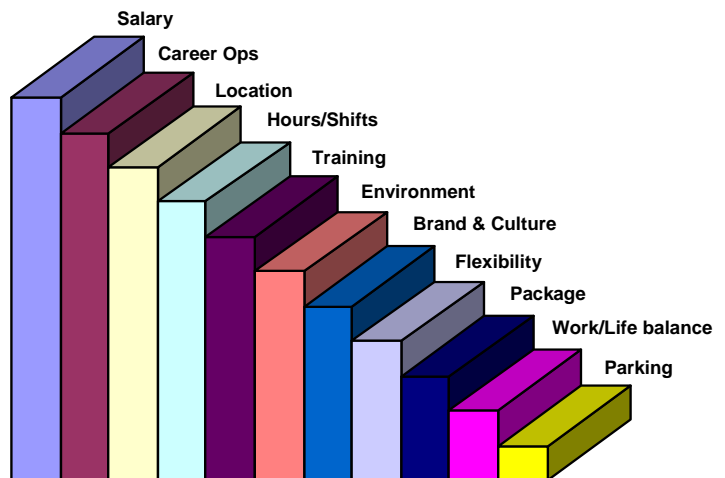
Should your company not be an employer of choice, branded advertising could prove futile; maybe consider advertising blind or advertising in conjunction with an agency and allowing them to handle the response.

Survey Results indicate that **58%** of Employers do feel that they are an employer of choice in their area, however a total of **42%** either don't know or feel that they are **NOT** employers of choice!

Are you ensuring that the **working environment, salary and package** are in line with expectations to ensure you are attracting the right skills and number of candidates required?

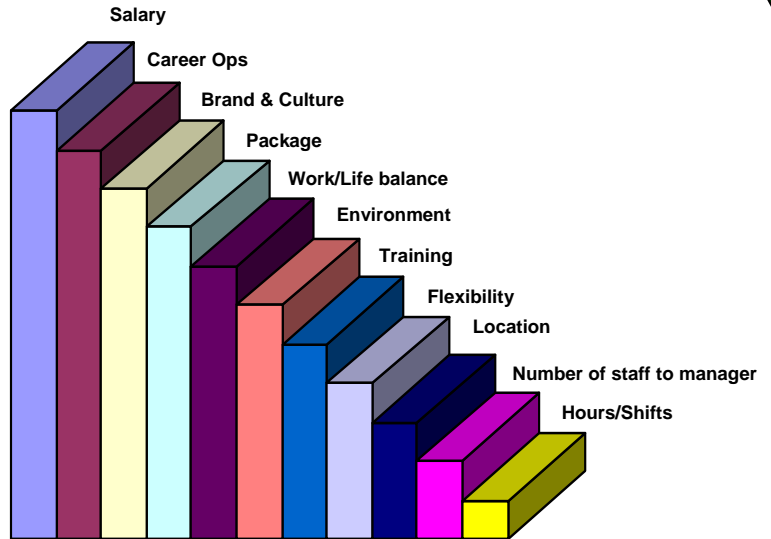
Question 3

What do you perceive as the most significant factor in attracting new **frontline** staff?



Question 4

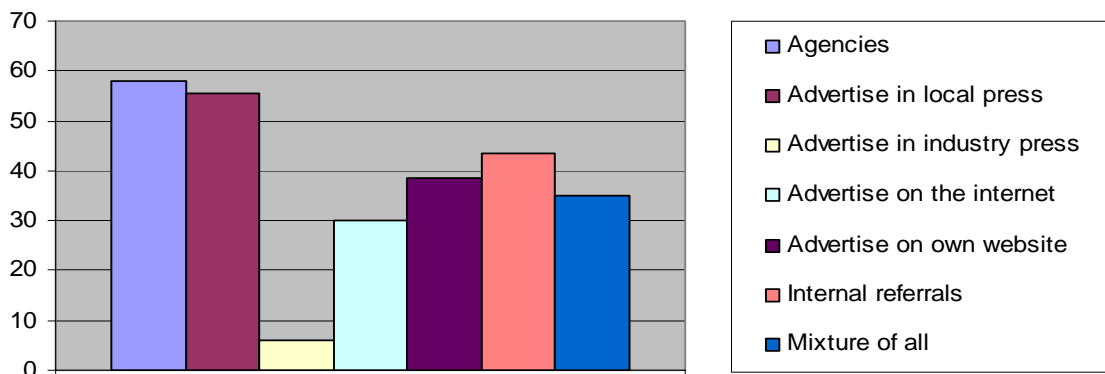
What do you perceive as the most significant factor in attracting new management staff?



According to the survey results for both frontline and management staff, it is clear that salary and career opportunities are both key factors in attracting staff. It is therefore imperative that salary surveys are carried out and career opportunities are clearly identified if you are to successfully attract the best candidates in the market. It is also clear however that there are some key differences between attracting management & frontline staff, which should be noted.

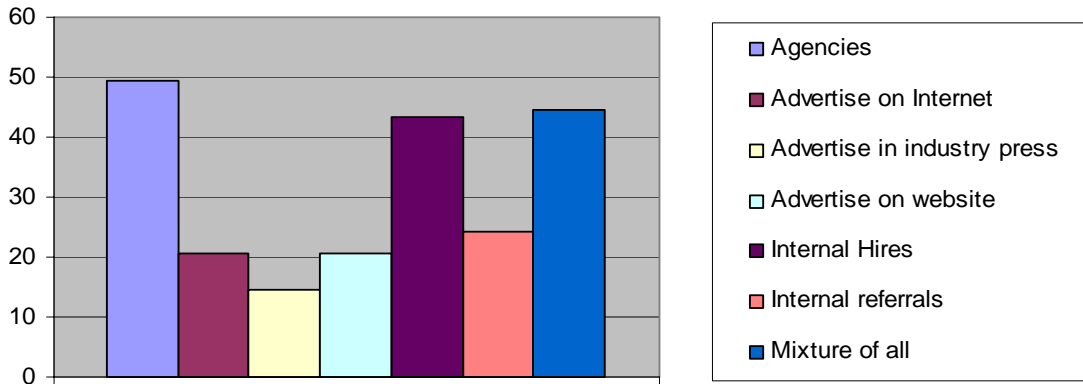
Question 5

How do you recruit and attract your **frontline staff**?



Question 6

How do you recruit and attract your **Management staff**?



The survey clearly indicates that the most popular and widely used method of employing staff is through recruitment agencies. There is no doubt that agencies can offer huge amounts of support and assistance in recruiting both frontline and management staff. However there are some key points to consider when using agencies:

Pick the agency carefully, don't just go for the one with the lowest charges because recruitment agencies can do as much harm to your brand as good – *remember, they are representing you and as a result a bad experience with them does reflect on you!!*

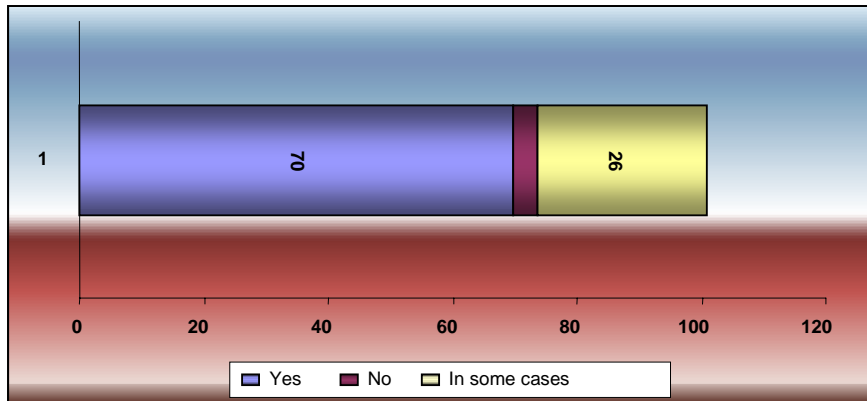
Constantly look for 'value add', the days of agencies receiving a job description and blanket sending CV's to a client are gone. Be sure to ask what processes they will use, how they will select candidates and what they will provide for their fee. In the recruitment of management staff, services agencies should be willing to offer are:

- Full face 2 face interviewing
- Formulation of detailed Role Profile and candidate profile following interview
- In-depth psychometric testing
- Reference gathering

A good, reputable agency will ensure that they understand the role, the company and will try and add value to the process, not just dump CV's on you. Pick the agency with a good reputation, spend time looking at their case studies and talking to their clients. While it is always more 'comfortable' to go with household names, often the most successful agencies are those that focus on specialist markets. Make sure you meet with recruitment suppliers in order to establish a good working relationship and to ensure that both parties fully understand the requirements and services on offer.

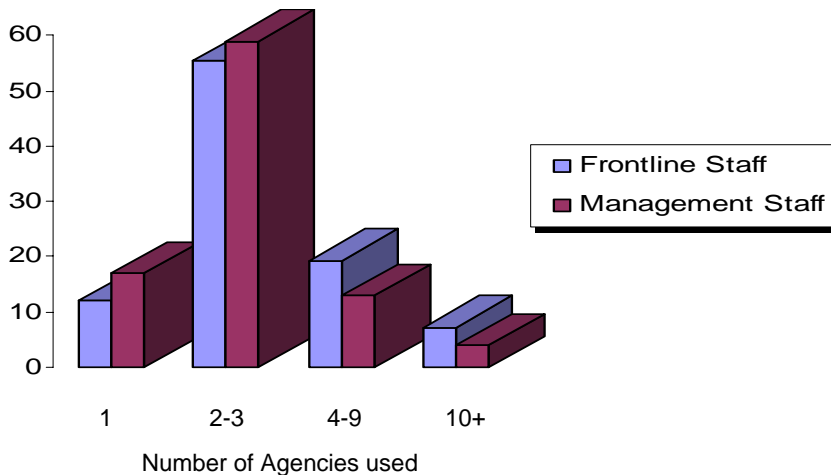
Question 7

Do you prefer agencies to meet with you to gain a clear understanding of your organisation & role?



Question 8

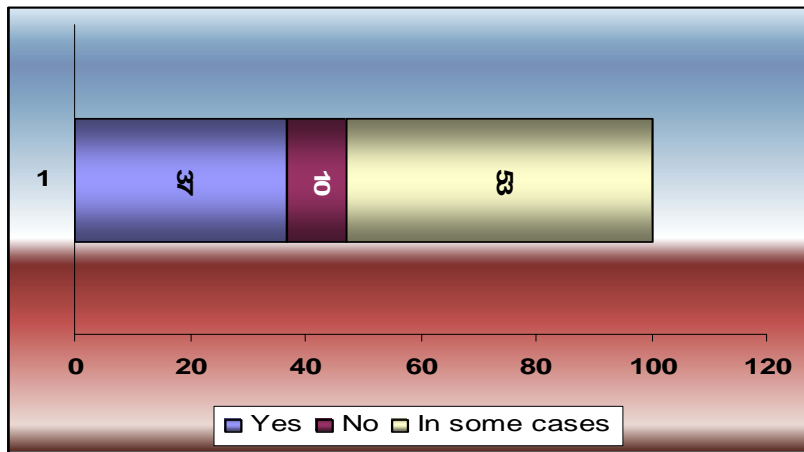
How many agencies do you use for recruiting call centre management and frontline staff?



Many organisations across the UK are still receiving below average services from their recruitment suppliers. In a market where there are over 91,000 recruitment consultants it is no wonder that many are still operating below expected standards and charging above expected rates. As the market changes and recruitment of talent becomes more specific then organisations will have to develop a strong network of recruitment suppliers to meet their needs. This may bring HR department in to conflict with the Purchasing department where their drivers are more likely to be price reduction without any real evaluation of quality.

Question 9

Do you feel your relationship with your suppliers can be described as a professional partnership?



It appears from the survey results that only 37% believe that relationships with suppliers can be described as professional partnerships.

The relationship between organisation and agency is evolving constantly and as the shortage of staff continues, it is essential that organisations develop a good network of suppliers.

This should not mean a move away from the key issues of quality and value but will change the relationship to more of a strategic partnership where the objective of organisations is to become a 'Preferred Client' of key quality recruitment businesses where they get priority service from experienced and knowledgeable recruitment suppliers. With the recruitment industry directly employing over 91,000 people in the UK, often finding and assessing the best suppliers and consultants is the biggest challenge businesses face today in the war for talent.

The Candidate Journey

Once you have attracted the right candidate it is imperative to create a professional, informative and enjoyable 'recruitment journey'.

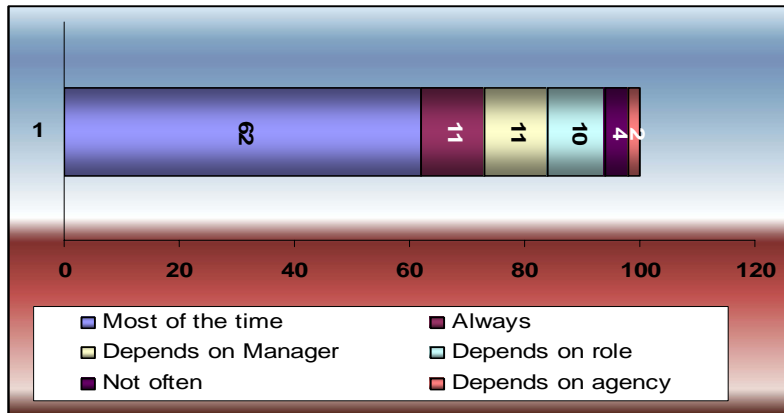
Cactus Search has dealt with many clients throughout the UK and the experience for the candidate can often differ dramatically from one organisation to another. There is no doubt that organisations who have successfully recruited talent, have adopted thoughtfully designed and carefully planned recruitment processes. Which in turn have ensured the most effective '**candidate experience**'.

Through our experience of successfully supporting clients in recruiting talent, Cactus Search have identified key recommendations of how to create and manage a successful 'candidate experience'. Not only to ensure excellent recruitment practices and recruit talented candidates, but also to promote individual client brands, as often '**potential candidates are potential customers**'.



Question 10

Would candidates experiencing your recruitment process feel they had a positive and valuable experience?



The majority of organisations believe that for **most of the time** candidates have a positive & valuable recruitment experience. However, only 11% believed that candidates **'always'** receive this level of experience. 4% of organisations believed candidates do **not** have a positive experience very often.

Do you know how much a bad candidate experience costs you?

The answer is 'probably not' because it is an 'unseen' cost. It is obviously damaging to treat any prospective candidate badly and the effects can be far reaching. It is a known marketing fact for example, that if you treat a customer badly they tell 20 people about it.

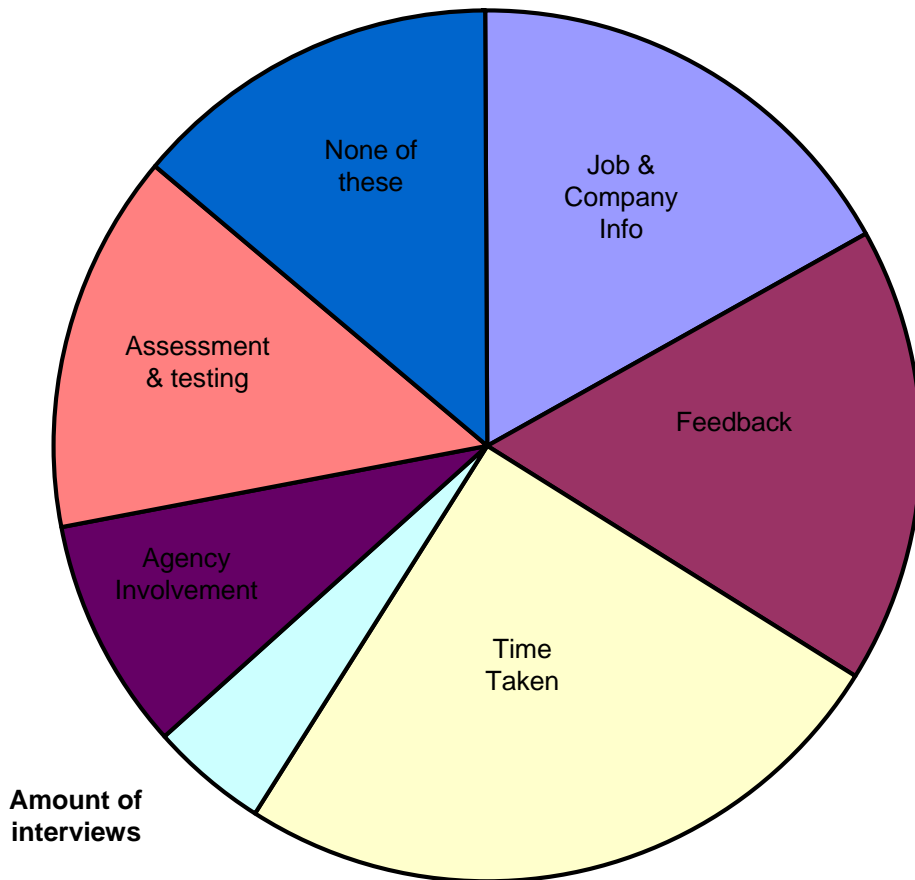
How do you ensure an excellent Candidate experience?

- Produce a full and detailed role profile for the position including information on the role and also the company.
- Ensure a quick response to applications, sending them more information if they have applied directly in response to an advertisement
- Communicate and stick to the timescales agreed for the process
- Undergo full competency based interviewing with each candidate
- Provide feedback following the interview
- Undergo a range of Psychometric testing and profiling (if appropriate)
- Ensure a quick response to interviews

The aim of a 'managed candidate experience' is to provide a consistently high service to all candidates.

Question 11

Which areas, if any, would recent candidates through the recruitment process say needed improving?



Shunned jobseekers turn into brand bashers

Research carried out by Capital Consulting, March 2007

- One in four has been badly treated by a prospective employer
 - 53% of job seekers will not purchase products and services if they have been badly treated
- 55% tell at least three people about their bad experience

Poor recruitment practices are damaging brands, turning off potential employees and losing customers – that's according to new research. The study by **Capital Consulting** indicates that companies are not handling the recruitment process as well as they could, with one in four (23%) job seekers saying they have been badly treated when applying for a job.

Not only do poor recruitment practices alienate the individual job seeker, they will tell others. **Thirty one per cent** of people tell between three and five people about their bad experience, and 24% of people tell more than six people. A very vocal 10% tell more than ten others, and one per cent will go as far as venting their spleen on the internet by blogging about their bad experience.

And they don't just talk about their bad experience. People are prepared to hit back by withdrawing their custom. A staggering 53% of job seekers actively avoid buying products and services from a company that treats them poorly, with almost a quarter of those (23%) declaring that they will never purchase any product or service from the company again, even if it means going without, yet according to Government figures* more businesses need to attract more talented workers than ever. The average number of job vacancies for the three months to January 2007 was 607,900 - up 7,300 on the previous quarter and up 6,200 over the year.

The main gripes from job seekers about the recruitment process involved a lack of communication. One in two (53%) people were aggrieved that no reason was given for not being offered the job. Fifty one per cent of people said the lack of feedback following an interview was their main irritation. And almost half (49%) of all job seekers find the lack of acknowledgment of their application the most annoying part of the recruitment process.

About Capital Consulting - Working in close partnership with high profile clients, such as Royal Mail, Vodafone, Bank of America, Amex, Britvic, Royal & Sun Alliance, Whitbread and Yahoo!, Capital Consulting's team of over 200 recruitment experts across the UK, Europe and Asia delivers competitive advantage in the increasingly challenging market for talent. For more information on this research please contact Capital Consulting at:

www.capitalconsulting.co.uk

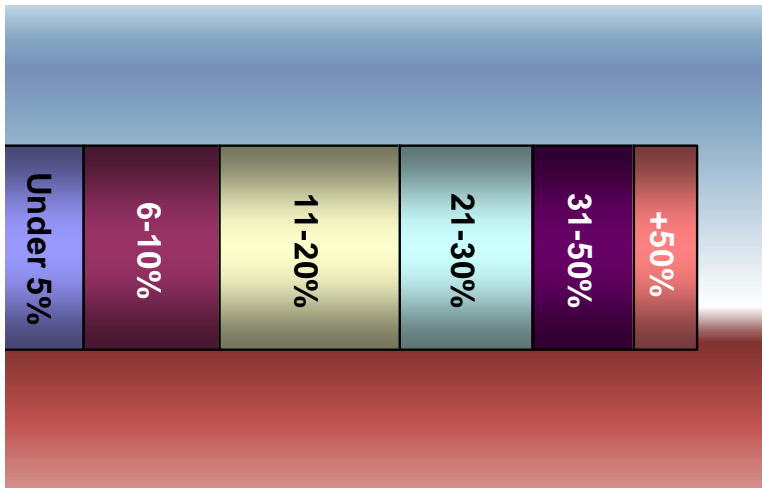
Retention of Staff

The following report is provided by the CIPD and offers an interesting insight into the widespread issues involving the retention of staff over all industry sectors. *Labour turnover rates, by industry sector (UK and Ireland) (%)*

	All Leavers	Voluntary Leavers
Agriculture and forestry	20.7	3.1
Electricity, gas and water	8.6	5.2
Engineering, electronics and metals	12.0	5.4
General manufacturing	13.0	8.2
Textiles	13.5	9.6
Chemicals, pharmaceuticals and oil	11.7	5.8
Construction	20.2	14.8
Other manufacturing and production	16.4	7.8
Voluntary, community and not-for-profit	15.5	10.4
Charity services	11.7	11.1
Care services	17.5	12.7
Private sector services	20.5	12.9
Professional services	12.5	9.5
Finance, insurance and real estate	16.0	11.5
Hotels, catering and leisure	45.7	34.0
IT services	18.7	9.3
Call Centres	50.9	33.4
Media and publishing	22.9	16.5
Transport and storage	17.8	10.1
Communications	27.1	18.1
Other private services	18.1	12.4
Public sector services	12.4	7.5
Local government	11.9	8.0
Central government	12.2	5.4
Education	13.9	9.2
Health	11.7	7.5

Question 12

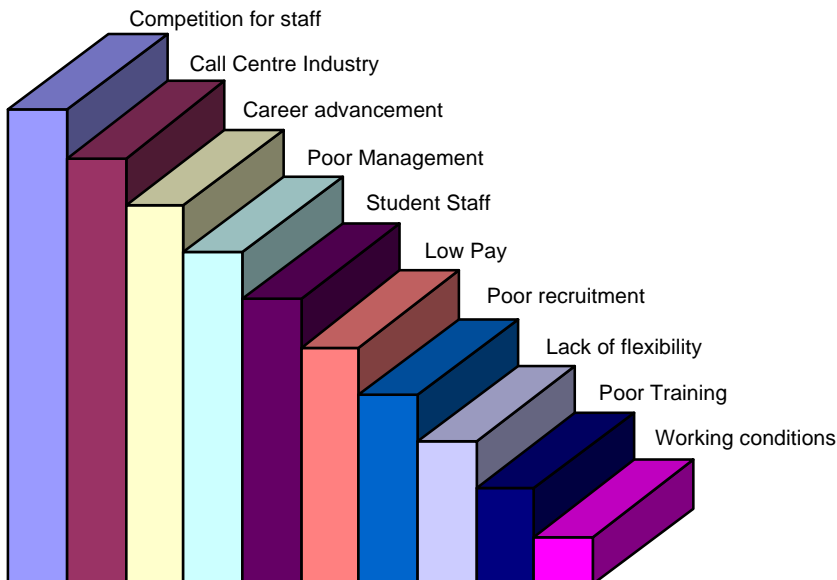
What has your company's attrition been during the last 12 months (2004).



The survey indicates that many organisations are still experiencing significant problems with high levels of attrition with 64% of organisations experiencing 11-20% and over and of those, 40% are experiencing 21-30% and over.

Question 13

In your experience which of these reasons do you think contribute to the main cause for attrition issues?



It is interesting that the survey clearly revealed that the most dominant cause for attrition is due to competition of staff. This only reinforces how critical it is to be seen as an 'employer of choice' in your area. It is clear that organisations not only need to be aware what makes them an employer of choice, but also what their competition is offering their employees.

Career advancement is always going to be a problem in a call centre environment, however you need to ensure that good employees are retained and do not move to advance their career within the same industry, with another employer.



Poor management is also regarded as a significant contribution to attrition. This is an area that all organisations should be able to address, especially in an industry that employs such large volumes of staff. Identifying and developing good managers is an essential component to both career succession planning and providing a strong management structure, with the ability to manage and lead staff.

Whatever the statistic of your own Contact Centre there are certain methods & strategies of ensuring attrition is kept under control.

An '**Employee Retention Strategy**' is based upon two primary beliefs:

"It is difficult for employers to retain good employees if they do not have a process to hire the right people in the first place"

Once the right people are in place how do you go about retaining them?

"Retention processes must directly support the reasons that successful, satisfied employees stay. Many 'experts' dwell on the reasons employees leave, which is not as important or revealing as the reasons they stay"

Tackling Retention

Retention of staff is as critical in the cycle of employment as the initial recruitment, however as relatively massive budgets are put aside for the attraction, recruitment and selection processes, employee development and retention strategies often receive a fraction of the attention.



To provide a solution to our clients to tackle problems with attrition, Cactus Search has partnered 'TalentDrain', a company whose focus is to **reduce the flow of talented people leaving your organisation**. Their services and solutions are based on the simple belief that by decreasing staff turnover you will not just save money and solve problems, you will ultimately ensure your organisation is more efficient and effective in its core activities. Below are 2 examples of the cost of attrition according to the size of organisation:

Below are 2 examples of the cost of attrition according to the size of organisation:

1. A small organisation or department within a larger entity. These figures are based the turnover rates, replacement costs, and salaries on a very average call centre operation.

Employee Turnover Costs	
Number of Staff	100
% Staff turnover	35%
External Recruitment Costs (per head)	£1000
Internal recruitment costs	£1200
Total Recruitment Cost	£77,000
Training investment per new recruit	£400
Total Recruitment & Training Cost	£91,000
Average Salary	£12,000
Time taken by new starter to become proficient	4 weeks
Total Cost of Skilling Up	£36,522
Total Cost of recruitment, training & skilling up	£127,522

2. A larger organisation where turnover is an issue across a number of functions. The impact of the wide spread problem being that the average costs associated with recruitment, training etc increase giving a quite terrifying cost of turnover.



Employee Turnover Costs	
Number of Staff	1000
% Staff turnover	25%
External Recruitment Costs (per head)	£2000
Internal recruitment costs	£1500
Total Recruitment Cost	£875,000
Training investment per new recruit	£800
Total Recruitment & Training Cost	£1,075,000
Average Salary	£25,000
Time taken by new starter to become proficient	8 weeks
Total Cost of Skilling Up	£1,086,957
Total Cost of recruitment, training & skilling up	£2,161,957

In order to calculate your attrition costs, try TalentDrain's 'turnover calculator', an easy to use tool that helps you establish the real costs of staff turnover. Find out how much your organisation can save if employee retention is increased by just a few percent - <http://www.talentdrain.com/retention/calculator.asp>

For more information on TalentDrain, please visit: www.talentdrain.com

Attraction, recruitment, candidate management and retention of staff are all critical areas affecting the Contact Centre Industry today. With the ongoing threat of 'off shoring' it is critical to the UK Contact Centre Industry that it matures, in not only the provision of services, but also the costs associated with the provision of these services. Attacking these areas are all ways in which organisations can reduce overheads.

With the tight labour market showing no immediate sign of abating, more organisations are realising that effective resourcing is the key to their success. Employers now require a more sophisticated approach to resourcing, one that strategically links talent acquisition to the needs of the business.



At the same time, people's expectations of what they want from employers are also rising, and organisations need to be more innovative in how they attract and retain staff. Many are adopting a more flexible and diverse approach to their recruitment practices to meet these challenges. Organisations will also have to consider innovative approaches to recruitment ensuring that both 'best suppliers' and 'best practices' are adopted and utilised to achieve 'best results' in the recruitment of new employees.

While this document has been written to reflect the experiences and views of a select group of people with supporting statistical information from the Cactus Search Survey which encountered over 300 responses, we leave it up to you to interpret the information included here, and how it relates to your business and we hope that it has been of interest and will enable you to make key decisions about the future of your organisation.

About Cactus Search

Formed in 2003 Cactus Search have enjoyed a rapid period of growth. The aim of the organisation is to provide **higher service levels** and business support services that will benefit both clients and candidates.

Unlike other recruitment organisations within our sector, we are not here to "fill vacancies". Our aim is to provide our clients with real competitive advantage and work in ongoing partnerships with them to ensure we source inspirational leaders.

Our processes are thorough and have benefited many of the UK's largest organisations...

What Our Clients Think..



Successfully Recruited: Head of Operations
Head of Operational Administration
Training Manager
Resource Planning Analyst

I've experienced recruiters under terrific pressure to meet their financial targets and no one person in control. Candidates unprepared (and often completely unsuitable because no-one has interviewed them since they were first placed on their database!!) and exorbitant retainers, irrespective of a placement being made!

That is not the case with Cactus – they are a **world apart** from the norm. Undoubtedly their core expertise is in resourcing high calibre candidates for B2B and B2C environments. However, in our experience they have proven to be extremely versatile and with their unique and very much personalised approach to understanding and supporting client needs, they are an exceptional team, a pleasure to work with and worth every penny we've spent with them so far.

Debbie Newton, HR Director – Travelsphere

Our Processes

Headhunting / Executive Search

Designed to recruit Directors, General Management and Board level Operations in a totally confidential manner. Cactus Search are experts in the identification, attraction and selection of Senior Contact Centre professionals having recruited some of the most influential people for some of the UK's largest organisations.

Advertised Selection and Assessment

Designed to recruit Senior / Middle Management and Operational roles. Cactus Search has extensive experience of advertising to source the highest calibre of individuals. Working closely with leading Trade publications (on and offline), national newspapers such as the **Sunday Times** in addition to niche or local publications, Cactus Search can utilise either the advertising experience of their preferred Media agencies or their clients preferred partners to design and secure exceptionally attractive advertising.

In addition to offline advertising Cactus use all major internet job boards in addition to a number of niche specialist sites.

Cactus Search's own website (www.cactussearch.co.uk) is a valuable addition to any campaign driving many visitors each month, all of whom are management level candidates within Contact Centres. This valuable tool is key to Cactus' success enabling them to work exceptionally quickly in the delivery of quality candidates to clients.

Cactus Database

With many thousands of registered, Cactus Search have an extensive database to draw on. Working with their bespoke Candidate Management System Cactus are able to search, select and profile candidates who match specific skills, within a specific geographical area, who are seeking a specific package. Built over the past 4 years this enviable database holds many of the most influential individuals within the Contact Centre industry.

Contact Us

If you believe Cactus Search have the right approach to find the inspirational leaders your organisation needs to gain and retain competitive advantage, Cactus Search will be delighted to become a partner.

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