

# Will We Kill the Goose?



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**I**n a well-known Aesop's fable, the greedy farmer kills the goose that lays the golden egg. We all know that story, but have we, as an industry, forgotten its moral?

I have grave concerns that the very success in outbound consumer telemarketing we have enjoyed for the past 15 years is quickly drawing to a close. Success has sown the seeds of its own failure. Unsatiated by the golden eggs, we risk killing the goose. If this happens, we have no one to blame but ourselves.

## **Why?**

It won't happen because of overzealous government regulators. It won't happen because of those unscrupulous "boiler room" operators who are not members of the American Telemarketing Association (ATA) or who are not readers of professional magazines such as this. It will happen because we, those upright, legitimate, stalwart members of a professional industry, did not pause long enough in our rush to riches to see what we were doing to our marketplace. We have treated our market as though it were inexhaustible. In reality, it is a limited resource.

## **A Cautionary Tale**

We only have to look at the New England fisheries industries for a lesson in harvesting abundance to excess. If this analogy seems far-fetched, bear with me. Upon more careful examination, you will discover uncanny parallels between the fate of the fisheries industry and the possible future of telemarketing.



First, a detour through the history of codfish.

At one time, and until the 1970s, the Gulf of Maine boasted the most abundant and diverse marine life in the world. The sea appeared to hold an unlimited supply of food. Early warnings of over-fishing were ignored for a century.

So, fishing as an industry grew. And grew. Spurred by technological advances, fishing also grew more and more profitable. Other technologies—notably the steam engine and frozen food—changed the nature of commercial fishing forever.

By the 1960s, government policies, encouraging growth through subsidies, fueled the rapid development of the industry. After all, fishing meant jobs.

By the 1980s, only those fishermen with the biggest boats and the latest technology could catch enough fish to operate profitably. Gradually, the prevailing wisdom changed, too.

"The stocks are not what they were 10 years ago. They are diminishing slowly all the time. All you can do to compensate is buy a bigger boat with a bigger net, and you still can't catch what you did 10 years ago."

Ask the head of any outbound telemarketing agency if he can relate to that fisherman's plight and the analogy becomes clear.

Today, the ground fishing industry throughout the Gulf of Maine is in financial ruin. Self-induced and largely unforeseen ruin.



In the United States, we in the outbound telemarketing industry have operated for 15 years with a view of our market as a giant, inexhaustible resource. We have fished it with abandon. If we continue, the fate of the fisheries industries awaits our own.

It is time for us to recognize that the U.S. consumer market, although large, is indeed a finite resource. It is renewable, but renewable only if we “fish it” at levels that allow regeneration of customer goodwill between calls.

A renewable resource must be exploited at a rate less than maximum in order to renew itself.

Today, Georges Bank is closed to virtually all commercial fishing; regulations are so restrictive that the federal government is actually paying boat owners to destroy their vessels—those same vessels they helped finance 10 years earlier. A similar fate awaits the outbound business-to-consumer telemarketing industry if we do not take preventive measures soon.



***The Limits to Growth***

In this essay, I take the position that the American telemarketing industry is fast approaching the limits of its growth. Consumer goodwill is like a natural resource. American consumers should be marketed to at a pace that allows our customers to maintain and renew their willingness to accept the next call... and the next. It is, perhaps, not too late to learn a few lessons from the fishing industry and avoid its fate.

Given this framework, in the paragraphs below, I will outline six specific steps we must take to preserve consumer goodwill and avoid the possible collapse of our own industry. My recommendations fall under these categories:

- Numbers of calls placed
- Connect time of predictive dialers
- Agent turnover
- Use of scripts
- Performance Metrics
- Monitoring

***The Number of Calls***

In just eight years, predictive dialers have come to dominate outbound telemarketing. From an expensive and exotic tool that gave a productivity advantage to the biggest and most sophisticated call centers, dialers have become a minimum requirement for doing business in virtually any outbound center. This means we are all dialing the same numbers much more frequently.

In the fishing industry, the inventions of stern draggers and factory ships had a similar effect. Early adapters became rich from the productivity gains. Within a few short years, every fishing vessel had to be similarly equipped simply to remain competitive. Broad and unquestioning acceptance of this technology marked the beginning of the end.

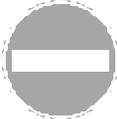
We are going down the same path in our industry. An outbound center has to operate with a dialer just to compete today. Problem is, while focusing on our competition, we have lost sight of our customers. And they are disappearing beneath our eyes.

What we need is a study that reveals how many phone calls the American consumer is willing to accept in a given period of time without an increase in their resistance to being called. We can think of that volume of calling as their renewal threshold.

Then will come the hard part—self-regulating the number of calls that we, as an industry, will make to those households. If we do not restrain ourselves, we will be restrained. Regulations will be enacted, consumers will increasingly purchase or subscribe to household screening devices and increasingly embrace do-not-call lists.

In the March 1998 issue of the ATA’s Connections magazine, the association’s president reported that the Direct Marketing Association has seen a four-fold increase in the numbers of households requesting to be put on its “do-not-call” list in the past year.

Once consumers have put themselves effectively out of our reach, they won’t come back. A formerly renewable resource will be gone indefinitely from our marketplace.





***Connect Times of Predictive Dialers***

Predictive dialers have brought us another predicament... for want of a better word, I call it the “double hello” phenomenon.

It’s caused by slow connect times that create a delay between the consumer saying “hello” and the agent getting a tone in his/her ear. The rep, not hearing the consumer’s first hello says “hello” and waits for another response.

You can’t tell if this is a problem through monitoring. When monitoring, we hear only what the rep hears. What the customer is experiencing, though, is something different.

The problem with the double hello phenomenon first came to my attention a few years ago.

I was sitting down to dinner with my wife when the phone rang. She said, “I’ll get it.” Upon answering the phone she said, “Hello...” pause... “Hello...” then quickly hung up.

“That was rude,” I remarked. You just hung up on somebody.”

“That’s okay; it was only a telemarketer.”

“How do you know that? You didn’t even give the person time to introduce himself.”

“I didn’t have to. Any time you have to say ‘hello’ twice, it’s a telemarketer, so I just hang up.”

Now, this insight came from a person who has never stepped foot inside a call center and who has never even heard of a predictive dialer. Since then I have spoken with dozens of other consumers who have adopted the same defense strategy. They are not alone. We don’t know their numbers; they may be legion.

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***Our customers have learned how to abandon us and we don’t even know it!***

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By using dialers that do not allow the agent to hear the customer’s first hello, we are creating a conditioned reflexive response among our potential cus-

tomers that is detrimental to our intent. All that we hear on the rep’s end of the line is dead air which gets duly logged as a quick disconnect. Our customers have learned how to abandon us and we don’t even know it!

***Three Remedies***

There are three partial solutions. One is to tune your dialer’s logic to be very accurate at detecting live answers and to accept some errors in classifying answering machines as humans. Second, carefully watch the pace with which we operate dialers. The third is to encourage the development of technology within dialers and switches that will allow the agent to hear that first “hello.”

If we operate a dialer too aggressively, we run two dangers. The first is abandoned calls. Abandoned calls are when we hang up on the customer before the customer answers the phone. We usually distinguish between abandons that occur before the customer’s phone rings the first time and those that occur after it rings. The latter are accurately referred to as nuisance calls. We must hold ourselves to a near-zero tolerance for nuisance calls or we will condition customers to recognize that another call soon to follow is going to be from a telemarketer.

One alternative to abandoning calls is to delay, ever so slightly, the connection to an agent. How long does it take to say “Hello?” A second? Half a second? Even that additional time in connecting calls exacerbates the double hello problem.

Paradoxically, operating a dialer too slowly also can result in a double hello. If a rep has, say more than 15 to 20 seconds between calls, the temptation to become distracted is quite high. This is particularly a problem near the end of a campaign when the dialer is recycling those hard-to-reach remnants of the list.

The solution to this part of the problem is a combination of training and diligent supervision. We must make reps aware of what the double hello can do to our potential customer base.

As buyers of technology, we must press upon vendors the importance of near-instantaneous connect times. Customer pressure will encourage creativity in the development of better technology.





### ***Agent Turnover***

No industry can claim professionalism with the sort of turnover rates that have long been considered acceptable in outbound telemarketing. These rates run from 70% to 100% in many of the centers with whom I have worked. In these environments we simply cannot afford to develop in our reps the sort of professionalism that can only be achieved by attention to small things such as the double hello.

We must recognize that our agents are our custodians of a renewable and diminishing resource—our customers. Customers deserve better than we are giving them.

What can we do to get turnover below 30% in outbound environments? There are many answers, none of them sufficient alone. Together, though, they will make a difference.

One obvious place to start is pay. We are getting what we pay for. Closely related to pay is the subject of benefits, including health insurance, vacation time, flex time, and other generally accepted perks of professional work.

We can also be more selective in hiring. The only way to do this is first to break the mindset that says we need to fill seats with warm bodies at all costs. This common practice is a mindset borne of the perspective that customers' goodwill is inexhaustible. We can only afford to be selective in hiring when we decide to be. Understanding the economics of a renewable resource will tell us that high hiring standards are smart practice.

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We can do much to widen the pool of potential new hires. We're all dipping our straws into the same glass. Our tendency is to hire people based on a combination of skills and experience. But skills and experience are the least predictive indicators of performance. We will do much better if we look to hire people with the right attitudes, interests, and behavioral inclinations for a telemarketing job. We can teach them skills once they are hired.

Any new employees who have no prior experience but who possess the right attitudes, interests, and behavior for a job opening are worth investing whatever is necessary to train them to do the job. This is true even if their phone interviews show unsatisfactory mastery of spoken English. We can teach English grammar and pronunciation skills. We can teach the computer novice how to type and how to operate screens. Almost any investment in skills training becomes a wise investment if the person is right for the job.

### ***Scripts: Their Use and Abuse***

If I have not made enemies of any readers to this point, then my opinion about the use of scripts surely will.

They're killing us. Customers can't stand them. And they can tell when they are on the receiving end of a scripted call.

I used to think differently. In fact, as a sales trainer, I used to teach agents to follow scripts—my scripts, for sure. After all, I was the outside consultant. I used to exhort them with examples such as, "When Scarlet said to Rhett, 'Where will I go?... What will I do?...' she was reciting a script. She had committed to memory the words or phrases scripted by a screenwriter. Yet, she sounded extemporaneous. So can you," I would intone.

I've since changed my tune.

What we must remember is that Rhett Butler was also scripted in his now famous reply of, "Frankly, my dear...."

So, now I urge reps to follow a script only when they know with confidence that their customers are also following the same script. Of course, customers never do.

Customers talk spontaneously. They will speak more willingly and for a longer time with reps who engage them in a conversation. That takes first, our permission to do so and second, a great deal more training... training of a higher caliber than the sort that teaches reps merely to read a script.

I now recommend that the only parts of the call to be scripted are the opening, initial bridging statement and the first two or three questions that the agent intends to ask. I have agents prepare these in their





own words. All else is based on mastering the art of engaged conversation. We focus the rest of our training on helping reps to understand and apply the art and science of the psychology of persuasion.

Our industry has been shortsighted in transferring the communication techniques of one marketing medium to another without pausing to consider the differences. Telemarketing is an offspring of direct mail marketing. Both media share an intense focus on demonstrable results. Direct mail copy is carefully tested to produce the precise wording that will generate the best response from customers. We have assumed, unthinkingly, that the same discipline should apply to telemarketing.

In our industry, copy writing became script writing. But in this instance we have applied a good discipline to the wrong medium. Direct mail is by its nature a monologue medium. It's one-way communication. Once printed, its message is fixed. Response to it is triggered later, often after the customer has reread, reflected on, and absorbed the message. One message gets sent; one response is triggered.

But telemarketing is a fundamentally different medium. It is, by nature, a medium of dialogue. The message we deliver can be modified in real-time based on initial responses from the customer. Telemarketing not only permits dialogue; it invites dialogue. That is its power. Customers want dialogue. Why don't we make more use of it?

I'm often given many other arguments in favor of scripted calls. I repeatedly hear telemarketing managers justify script adherence in these ways, "We must have script adherence in order to make comparisons among various offers." "We need it to compare different campaigns or different lists." "We need it to compare the performance of different service agencies." "It shortens the training cycle." "Only with script adherence can we conduct objective quality monitoring." "Our dialer's algorithm is based on reps' reaching a certain part in the call." "Our clients demand it of us."

Do you see what these reasons all have in common? They are all based on making our jobs easier. They benefit management. This logic ignores the customer. It reflects the belief that customers are an inexhaustible resource. If we accept that customers are a limited but potentially renewable resource, then the above arguments crumble.

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## *Stop making strategic decisions that adversely affect our customers merely because they make our jobs easier.*

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We must stop making strategic decisions that adversely affect our customers merely because they make our jobs easier. Now that we are faced with diminishing returns from an increasingly resistant base of customers, we must begin to do whatever it takes to provide more and higher levels of training; to manage our call centers in the face of nebulous data; to make subjective judgments about call effectiveness, list selection and campaign management; and to urge those clients on whose behalf we are calling to do the same. We must empower, then train our agents to engage in the art of persuasive communication.

Anything less means we will continue to erode the goodwill of customers on whom we depend for our livelihood.

### ***Measurements***

Average talk time ought not to be used as a significant measure of a sales representative's effectiveness in outbound sales. It is silly.

In 95% of all conversations, the challenge is not to get customers off of the phone. They're too quick to hang up on us already. The challenge is to keep them on the phone long enough for us to engage them in a business conversation that is meaningful to them.

Average talk time matters little in an outbound sales environment. In a finite market, conversion rates are what matter, and these can be increased by fewer calls, more of which result in meaningful conversations with customers.

### ***Monitoring***

Many of the aggravations we inflict on our customers are prompted by the way we monitor calls. Look at your own observation forms. Do you see categories like, "Overcame resistance," "Made a second effort," "Attempted to close after initial 'no'?"

Chances are, you do. They're driving the wrong behavior and trashing our market.



There is absolutely no positive correlation between agent behavior and sales success in the absence of prior signals from the customer that they should be used.

Let's stop monitoring what agents say and start monitoring what customers say.

Let's listen for those response signals and only then make note of what the agent said and how she or he triggered that response. Also, listen for whether or not the agent replied appropriately to the customer's signal.

Revise your current monitoring forms and replace them with new categories such as, "Customer was willing to continue after opening," "Customer became emotionally involved in conversation and at what point," and "Customer expressed explicit interest at what point." Or, how about this one, "Customer said with sincerity, 'Thank you for calling me.'" Then, next to each customer response category, make space on the monitoring form to capture exactly what the agent said that triggered either a negative or positive customer response at each of those emotional signposts that are important in your typical sales call.

By focusing on our customers and the customers' responses to our calls during monitoring and coaching sessions, we can help our sales reps to modify talk patterns in ways that work for their style of communicating. And in doing so, our agents become co-creators of conversational patterns that work effectively for them. They learn to engage themselves in the art of ethical persuasion.

**Summary**

By eliminating script adherence and modifying the way we monitor, we enable reps to bring to the job their creative and analytical skills. The more they get to bring their own creativity and mental abilities to the job, the more intrinsically satisfying the job becomes, which helps reduce turnover among our best reps.

When we recognize that our customers are a finite but renewable resource, we will manage our predictive dialers with a velvet hand.

When we recognize that it's our job to make life easy on customers, not the other way around, then we will work a littler harder, accept more subjectivity in our measures, and train our people longer.

When we monitor the customer, not the agent, we bring a higher level of discernment to the monitoring process.

When we scientifically investigate what is the renewable threshold of consumer goodwill when it comes to the number of telemarketing calls they receive, and then embrace the discipline necessary to hold our call volumes within those limits, we will create a sustainable future for our industry.

While each of these steps is important, no one step alone is sufficient. We must work on the whole picture if we are to avoid the fate of the fishing industry.

Gradually we can turn a vicious cycle into a virtuous one. We get motivated agents who become better persuaders, stay on the job longer because more customers want to talk with them and buy from them, and we stop eroding the goodwill of a finite resource.

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**About the author**

Cliff Hurst is president of Career Impact, Inc. located in Wells, Maine. Career Impact provides training and consulting services to call centers. Cliff has worked across the United States and Canada, in the United Kingdom, Hong Kong and Australia.



Cliff is also author of the following:

- *A Career for the 21st Century: A Handbook for Call Center Agents*
- *The Five Principles of Business Leadership*
- *The Business Success Series* of CD-ROM training programs.

Cliff's workshop on *Coaching the Call Center Coaches* has been widely acclaimed by executives, managers, supervisors, coaches, team leaders, and trainers from Newfoundland to Florida.

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