

Skill Deficiencies in the Telemarketer Candidate Pool

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Abstract

As a firm specializing in business-to-business (B2B) telemarketing and lead generation, JV/M (on behalf of its clients,) requires its Lead Generation Specialists to have a specific set of skills. This includes especially sales skills, but also business knowledge, a comfort level with technology and its terminology, and time management skills, among others. The need for these skills derives from our role as the critical front end of the sales process, where our job is to find or create qualified sales leads (i.e. new business opportunities,) for our clients. That is, that job of the telemarketer is to set up face-to-face or telephone appointments with prospective decision makers, so that our clients' salespeople can follow up, and close.

Reading from a script, as is done in most call centers (as a means of controlling and standardizing the selling approach,) is extremely ineffective when trying to get past gatekeepers. And it is no less so when trying to engage a high-level business decision maker in a conversation that might have a significant impact on his business. In fact, failure rates on campaigns with minimally skilled telemarketers who read from a script frequently approach 100%, according to clients.

To solve this problem, JV/M developed a test that can reliably screen out unqualified telemarketer candidates, and efficiently identify qualified telemarketers who can work without a script, resulting in a success rate of over 85% – versus less than 10% without the test. While the test solved the problem of finding qualified candidates quickly and easily, it also clearly demonstrated paucity of skills in the applicant pool, one that suggests that it is statistically impossible to staff a call center with qualified telemarketers – making the virtual (i.e. home-based,) model the only viable structure.

Background

Separating the lead generation function from the rest of the sales function is a useful and effective way to improve sales force efficiency. Most salespeople don't like cold calling, and few salespeople know how to do it well. Cold calling suffers from a well-earned reputation for rejection which, in turn, demoralizes salespeople who would

otherwise be effective. And the "breakage problem," (i.e. the loss of efficiency due to switching roles from prospecting to closing and back again,) can decrease sales productivity by 50% or more. Assigning the lead generation work load to people who, at least, *like* to do it (or are willing to do it,) can alleviate many of these stresses from the sales force. It can also dramatically improve sales margins, as there are significant economic efficiencies to be gained in separating the functions.

One of the most common approaches is to set up a team of telemarketers (either in-house or outsourced,) to do the cold calling, and then arming them with scripts, designed to help them find new business. Such scripts usually consists of statements and questions that the telemarketer can employ in the attempt to get past gatekeepers and voice mail, gain the attention and interest of the decision maker, and then convince the decision maker to take some action to move the sales process forward (e.g. meet with a salesperson, accept information, etc.) The problem is, though, that reading from a script, or even using a script-based conversation, has proven to be extremely *ineffective* in the B2B market (unlike the consumer market.) Rather, only when the telemarketer deviates from the script does he (or she,) generally achieve success when calling business decision makers.

Not surprisingly, this explanation for success is frequently reported by good telemarketers, retrospectively at least. Beyond raising questions about the quality of the script, this (more importantly) raises the question of how to identify candidates who are capable of coming off the script, and doing so effectively. For while anyone can be instructed to ignore a script, very few telemarketers can do so in a way that will result in their getting qualified sales leads.

This is the main challenge for companies like JV/M (who provide lead generation on an outsourced basis,) or companies that want to do their own lead generation in-house: Finding candidates who can be successful, and to find them efficiently.

The Rationale for Testing

Recruiting and selecting telemarketers, as a rule, involves advertising for candidates, pre-screening resumes, and conducting an interview over the phone, followed by a face-to-face interview and checking references for candidates who pass the pre-screen. In general, experience is highly valued as a pre-screening criterion, with B2B telemarketing experience easy to spot and select for.

Companies who have their own in-house telemarketing operations tell us that the other major criterion on which they select is specific product sales experience, as familiarity with their application terminology is viewed as reducing the training requirement. Specific technical experience, in fact, often trumps telemarketing or sales experience in the selection process, as long as the person is willing to make the calls. But given that these clients eventually come to companies like JV/M for help, such a prioritization seems dubious, at best.

In any event, our own experience with recruiting, (as well as that of other companies in the industry,) has demonstrated that just to get a candidate through the telephone interview, (i.e. advertising, prescreening resumes, and conducting the telephone interviews,) takes nearly one hour per candidate. Assuming a management cost of \$60/hour, this is relatively modest – until you factor in the failure rate.

Until we developed a test in 2005 that could reliably predict candidate success, JV/M's failure rate with new candidates exceeded 90%. (This was a bit above the industry norm of 75%, but not by much.) Not only was our cost-per-hire over \$600, but each failure usually cost us an account, because our projects tended to be small. Given the high cost of account acquisition, and the relatively thin margins available due to competitive pressures, the recruiting challenge alone doomed the business model.

To be sure, our competitors all suffered the same fate; although in most cases their solution appeared to be to churn both accounts and telemarketers, and make it up in volume.

Clients who had in-house telemarketing departments also suffered from high failure rates, although they usually felt it in their overall cost of the operation – easily exceeding \$250,000 for even the smallest shop. But with turnover rates in in-house operations typically exceeding 100% per year, very few companies have been able to create and maintain an effective outbound program.

In trying to solve the problem, we felt intuitively that failure, if not success, on the phones should at least be predictable. That is, if we could avoid spending time and resources on candidates who were destined to fail, we could reduce the cost of recruiting, and increase the percentage of candidates who succeeded. And so we set about developing a predictive test, one that we could give to any candidate quickly online, and for almost no cost.

What to Look For

Since we knew from experience that almost all successful telemarketers came “off script” regardless of how good we thought the script was, we started by analyzing what our telemarketers did when they went “off script,” particularly when they failed, as those were the easiest situations to identify.

An initial analysis of why telemarketers failed (rather than succeeded,) revealed a pattern: All of the failures, it turned out, fell into one of the standard sales force development categories.

- Approach and involvement
- Handling objections
- Closing techniques
- Ethics
- Questioning techniques
- Handling problems
- Qualifying prospects
- Prospecting and cold calling
- Making presentations
- Time management
- Sales skills
- Product knowledge
- Business knowledge
- Business judgment

That is, it was always very easy to identify what a particular telemarketer did “wrong” when they failed, and it always fell into one of the traditional categories used to subjectively rate sales performance (as opposed to quota-based metrics). One person might have had a time management deficiency that led to failure. Another might have had problems with qualifying prospects properly. Someone might have had problems asking good questions. And another might be weak in product knowledge. But the problems always fell into these traditional categories. So as a starting point, we concluded that the same criteria used for selecting salespeople should apply to telemarketers.

How they should perform in any given category may be different, of course. For example, the criteria that a telemarketer uses to qualify a prospect (in order to justify

making a phone call,) may be different from the criteria that a field salesperson may use (to justify a drive.) Or the level of product knowledge required may be different. But clearly, the categories were the same.

From there, then, the question became one of identifying the specific approaches and responses (i.e. behaviors,) that one would want to see from a telemarketer who's prospecting on the phones, as opposed to a field salesperson. For example, should you leave a voice mail, or not? How many times should you try calling before giving up? How should you open a call? How should you qualify a prospect? Etc.

To find out how a candidate would behave on the phones, we set up a series of situations, and asked what the candidate would do in each. For example, if you call a prospect, and he says he's not interested, what would you say in response? What would you do if the prospect hangs up on you? Or if a gatekeeper won't put you through, what would you do?

Obviously, candidates could answer as they thought we wanted them to answer; and so there was (initially, at least,) a question of whether people would actually behave as the test predicted.

And, in fact, there were actually four possible biases:

- The candidate could answer in a way that reflects their training
- The candidate could select the option that reflects what they learned by experience (i.e. if they hadn't had training)
- The candidate could answer based on their intuition or personal preference, or
- The candidate could give the answer that they thought we were looking for.

To prevent the last possibility, we asked the same questions multiple ways, forcing the candidate to contradict themselves if they were playing to the test.

But as for how predictive the answers were of actual behavior, it was startling how accurately the answers reflected the actual behavior of the candidate. If someone said that they never leave voice mail messages, then they *never* would leave voice mail messages, even if you demand that they do it. If someone "just lets it roll off their back" when a prospect hangs up on them," you can be sure they will never change what they're doing in response to failure.

Ultimately, whether they said what they would do because of training, experience or intuition, they always

said what they were going to do, and always they did what they said they would do.

In fact, people were so adamant in their answers and defensive about how they felt the job should be done that, in some cases, if they got a question "wrong" (i.e. in our opinion,) many would write nasty emails explaining that we didn't know what we were talking about, and how it was a good thing they didn't get hired because there was no way they would want to work for a company who believed that sales should be done the way we were advocating!

Clearly, we hit a nerve. Whether we were correct in looking for the answers that we looked for (and historical results and performance suggests that we were,) there was no question that one could, with a test of this sort, predict what a candidate would do in a particular situation.

At the very least, scenario-based testing and pre-screening was predictive. And any company could easily come up with a test based on how they thought the job should be done.

More importantly for us, given that less than 5% of candidates passed our test, and that 90% of those who passed succeeded in the job, it suggests (ignoring Type II error for the moment¹), that 95% of the candidates were incompetent, and have serious skill deficiencies – at least according to our criteria. And this has enormous implications for anyone looking to hire a telemarketer, or a telemarketing firm.

Setting aside those issues for a moment, the purpose of this paper is to: (1) illustrate a method for pre-screening candidates, (2) demonstrate the value of testing for reducing hiring costs and failure rate, and (3) prove the paucity of skills in the candidate pool. We won't show all the questions, but a small sample highlights some key issues.

Scenarios

The following scenarios show some of the key issues in the candidate pool.

Business Knowledge

One of the biggest problems in B2B telemarketing is that the prospect is usually highly educated. Decision makers

¹ But does anyone actually care about Type II error? That is, if you can reduce your cost of staffing by 90%, and have a 90% success rate with new hires, eliminating otherwise qualified candidates is a non-issue.

generally know their business well, and will only talk to people who have something to add, and whom they respect. Because of this, some basic business knowledge is crucial.

One of the simplest questions enabled us to eliminate many unqualified candidates:

Your assignment is to get appointments with the CFOs at the Fortune 100 companies. But after calling each company many times, you've only gotten two appointments. What do you do?

- a. Keep calling until you get eight more appointments.
- b. Ask for a new list.
- c. Change your pitch, and then try again.
- d. Take a break, and start again after you're refreshed

The 500+ candidates who took the test during the validation period gave the following distribution of answers:

Answer	Percent
A – Keep calling	19.6%
B – Ask for a new list	8.5%
C – Change your pitch	58.3%
D – Take a break	13.6%
Total	100.0%

Whether you think it's reasonable to ask a telemarketer to get appointments with CFOs of the Fortune 100 companies or not, the responses to this question demonstrate an astonishing lack of basic business knowledge and judgment among the pool of candidates.

Note:

- Over 40 candidates didn't know that there were only 100 companies in the Fortune 100, and therefore asked for a new list – expecting that there were another 100 companies available in the Fortune 100.
- Over 165 candidates would continue calling (some first taking a break, and others not,) without changing their pitch – even after making multiple unsuccessful attempts. Isn't that the definition of insanity?

Slightly more than half the candidates knew that failure suggested a change in the pitch, but more than 40%, or over 200 candidates, didn't know, or care, resulting in a continued wasted effort.

Only 58.3% of the candidates answered this question correctly.

Approach and Involvement? Or Objections Handling?

Another example of the skill deficiencies in the candidate pool is exhibited by the following question. This question appears to be about handling objections, but it really is much more basic.

You've just given your opening pitch to the prospect on a telephone cold-call. They then respond by saying, "Thank you, but I'm not interested." What do you do next?

- a. Offer him at least two additional advantages of your product that are designed to stimulate his interest before he hangs up.
- b. Thank him for his time, and end the call politely.
- c. Ask him a question.
- d. Go into the "objections handling" portion of your script

The distribution of answers was as follows:

Answer	Percent
A – Offer 2 advantages	32.0%
B – Thanks, and end call	7.4%
C – Ask a question	27.2%
D – Objections handling	33.4%
Total	100.0%

One of the most important fundamentals of selling is knowing that a sales call has a structure, and knowing what that structure is. Salespeople who have had real sales training (as opposed to product training,) know this; they know where they are in a call, how to diagnose a situation, and how to fix it.

In this case, almost 73% of the candidates missed the fact that the "not interested" comment came in response to their opening. This is the most important factor when diagnosing the situation – not the fact that the prospect expressed disinterest (seemingly an objection).

Had it come farther into the call, the comment could reasonably be seen as an objection. Or if it had come after some in-depth discussion, it could have been seen as the end of a failed call. But since it explicitly came right after the opening pitch, it can only be interpreted as a failure to get the prospect's attention or stimulate initial interest in the opening. The only thing you can do at that point is ask a qualifying or benefit question so as to engage the prospect in the conversation (since you failed to do that in the opening thus far). Later, of course, you can re-write your opening, but the immediate need is to salvage the call by asking a question.

Offering advantages (or making any declarative statement, for that matter,) in response to an objection, by the way, is universally seen as argumentative. Not only did most candidates fail to recognize that they don't have the person's attention or interest, but many wanted to argue with the prospect – a sure sign of failure.

Only 18.4% of the candidates answered *both* questions correctly thus far.

Answer	Percent
A – Don't leave a message ever	21.5%
B – Leave a detailed message on every attempt	17.3%
C – Leave a detailed message on some attempts	17.1%
D – Leave only your name and phone number on every attempt	20.7%
E – Leave only your name and phone number on some attempts	23.4%
Total	100.0%

Voice Mail

One of the more controversial issues in business-to-business telemarketing is whether or not to leave a voice mail message if you can't get the prospect on the phone. There is a valid case to be made for not leaving a voice mail message *every* time you call, since that could be perceived as annoying. There is also a valid case for leaving a voice mail message on *some* calls, since it is, at its heart, an advertisement. But never leaving a voice mail message assumes that you have the right phone number, and that the person is eventually going to answer. Both of these are wildly inappropriate assumptions that could lead to a significant waste of time and resources. Most training programs therefore advocate leaving a voice mail message on some calls. So the question is: Should you leave a voice mail message, and if so, how often, and what kind of message should you leave?

One of the questions that tried to get at the candidate's response was this:

You're trying to contact a decision maker via the telephone, but you keep getting routed to his voice mail by the auto-attendant. What do you do?

- a. *Keep calling until you catch him at his desk, but don't leave a message.*
- b. *Leave a detailed message (including information about your offering, and asking him to call you back,) each time you call.*
- c. *Leave a detailed message (including information about your offering, and asking him to call you back,) every few times you call.*
- d. *Leave a simple message (including your name and phone number, and asking him to call you back,) each time you call.*
- e. *Leave a simple message (including your name and phone number, and asking him to call you back,) every few times you call.*

The distribution of answers was as follows:

As alluded to above, never leaving a voice mail message is an unmitigated waste of resources in B2B telemarketing. It leaves unanswered the question of whether the telephone number is correct, or if the prospect is qualified. And it neglects to "run a free ad" when you have the chance. More than one-fifth of the candidates, though, appear to have been taught never to leave a voice mail message. This, by the way, is an excellent way to identify candidates who received most of their training in consumer telemarketing, where not leaving a message is an acceptable (if not necessarily correct) practice.

Beyond the group of people who don't understand the value of leaving a voice mail message is a much larger group of candidates (44.1%) who play "secret squirrel," mysteriously leaving only their name and phone number – and no reason why they've called. These candidates often don't even mention their company name, but because they don't tell the prospect why they're calling, they therefore don't give the prospect a reason to call back.

The theory behind this widely taught approach, of course, is that the prospect will think that the call *could* be important, and will therefore call back. The problem with this approach, however, is that, in the unlikely circumstance that the prospect does call back, he will almost always be angry for having been tricked into calling back someone who just wants to sell him something.

Finally, while one could argue about how often to leave a detailed message, specifically one that articulates the value proposition, only one-third of the candidates ever thought it was a good idea. And only 17.1% of the candidates knew that you should leave a detailed message, but not to leave it on every attempt.

As you can see, the fraction of candidates who have telemarketing experience, but who have significant deficiencies in three fundamental skills, is over 90%.

Only 3.3% of the candidates answered all *three* questions correctly thus far. This rises to 5.4% if you accept B (leaving a message on every attempt) as a valid answer to the voice-mail question.

Ethics

Looking at two more questions highlights the dearth of ethics, and a lack of effective time management skills, in the candidate pool. For example:

What is the best way to get past a gatekeeper?

- Call when she's not there.*
- Tell her that her boss is expecting your call.*
- Sell her on the benefits of your offering.*
- Send information directly to the decision maker.*
- Move on to the next prospect.*

Answer	Percent
A – Call when she's not there	10.5%
B – Tell her the boss is expecting the call	23.5%
C – Sell her	44.5%
D – Send info around her	19.0%
E – Move on	2.5%
Total	100.0%

The correct answer is to sell her, at least on putting you through; but potentially on the value of your offering, as she may well be an influencer. But as you can see, almost 24% of the candidates felt that it was acceptable to tell the secretary that her boss was expecting the call even if, based on the way the question was asked, it wasn't true. At the same time, 93.4% (below) felt that it is never appropriate to lie, suggesting paradoxically that at least some people don't believe that telling a secretary that her boss is expecting the call – when, in fact, it isn't true – is a lie.

When is it okay to lie to a prospect?

- Whenever necessary to get the appointment*
- If the lie is small and inconsequential*
- Only if it is part of your company's standard operating procedure*
- Never*
- As long as you won't get caught*

Answer	Percent
A – When necessary	1.6%
B – Only if it's inconsequential	1.8%
C – Only if it's SOP	2.5%
D – Never	93.4%
E – If you won't get caught	0.7%
Total	100.0%

This strongly suggests that at least 24% of the candidate population don't know what a lie is. And so ethics, it seems, is in the eye of the beholder.

Almost as troubling as the population's ethical relativism, though, is that less than half of the candidates above (only 44.5%) recognized the gatekeeper's value as a potential advocate. As a strategic error, this often leaves a tremendous amount of money on the table.

Time Management

Although there were, as indicated previously, many other issues examined in the test, one more will be discussed that illustrates the lack of time management skills in the candidate population.

Of the following, which is the most important measure of productivity?

- Your dial rate (i.e. dials-per-hour)*
- Your contact rate (i.e. dials-per-contact)*
- Your appointment rate (i.e. contacts-per-appointment)*
- The cost-per-qualified-lead*

Answer	Percent
A – Dial rate	15.7%
B – Contact rate	12.8%
C – Appointment rate	59.3%
D – Cost-per-qualified lead	12.2%
Total	100.0%

Having conducted campaigns for hundreds of clients, while we track numerous metrics (including the dial rate, contact rate, appointment rate, etc.) the only thing that really matters to the client is his cost-per-qualified-lead (option D). That is, how much did he have to pay for each qualified appointment? Critically, if the importance of this measure of efficiency doesn't reach the telemarketer, the campaign can fail – even if it's successful in producing leads – because the program will end up being too expensive. But based on the population's responses, sensitivity to cost is almost non-existent.

One obvious reason for this is the failure of most call centers to measure it. That is, most call center managers simply measure the telemarketer's dial-rate, and then beat them into increasing it. But dialing is useless without making contact. Others will also measure the contact rate, or the fraction of dials where the telemarketer reached a decision maker. This is important, of course, but unless you can convert it to a lead, it can actually do more harm than good. And still others will measure the conversion (or appointment) rate. But if you have a high appointment rate, but you only get a small fraction of your prospects on the phone, you'll fail because your cost-per-lead will be too high. Likewise, if the leads don't close, or if the salespeople refuse to pursue them because they weren't well qualified, the campaign will also fail. Only a metric that combines these factors, and uses cost as the yardstick, can effectively measure productivity. And barely 12% of the candidates understood this.

As a company interested in growing the business: If your telemarketers don't care about the cost-per-lead, how can you expect them to minimize it?

Call Center Implications

Based on the results of our testing, and depending on where you set the passing grade on this 45 question test, the percentage of candidates who responded to a typical B2B telemarketing job ad, and who were qualified to do the job (according to the type of screening criteria discussed above,) was somewhere between 2.5% and 5% of the applicants.

Assuming the more-generous 5% pass rate, if you were to attempt to staff a call center with as few as 50 telemarketers, you would need to attract and test at least 1,000 candidates to fill your seats initially. And this would need to be increased significantly, of course, to account for turnover.

While this creates a manageable advertising burden, you also need to consider that the call center has to be within driving distance for the candidates. And while some cities may be able to fill this requirement, our advertising was never able to identify more than a half-dozen qualified candidates in any city where we advertised, even at pay rates well above average.

All of this suggests that it is statistically impossible to staff a call center with qualified business-to-business telemarketing professionals. Whether these skills can be taught economically is another matter; but the dearth of qualifying skills and experience in the candidate population is so profound as to make staffing a call center

with qualified and effective telemarketers a statistical impossibility.

In-House Implications

While geography imposes the statistical limitation on the call center model, in house operations also suffer the impact of the skill deficiencies in the candidate pool because most recruiters don't know what attributes to look for. That is, while it is generally easy for a company to find one good telemarketer (one candidate out of twenty will be qualified, and most companies have the patience to try a few until one works out) it is generally very difficult for them to find another good telemarketer, when the first one leaves. This is because, while the statistics suggest that the company need only interview another twenty-or-so candidates to find a good one, in fact companies rarely understand why the first telemarketer was successful. Therefore, they don't know what to look for, and end up hiring the next one based on inappropriate criteria.

Only if a company were able to develop a skills assessment that could eliminate unqualified candidates, and validate it over time, would it be possible to replicate success. But because in-house operations (and therefore the sample sizes,) tend to be small, validation is almost impossible.

Summary

Pre-screening candidates for the B2B telemarketing position is an extremely effective and efficient way to eliminate candidates who are likely to fail. Companies should therefore first design their telemarketing programs. They should then create a candidate screening test that poses scenarios that the telemarketers are likely to encounter, screening for candidates who give the "right" answers. Given that over 95% of candidates are unqualified, a test that looks for trained responses can save a lot of money, while reducing the risk of failure.

Even with a test, though, the fraction of qualified candidates in the applicant pool is so low as to make staffing a call center or in-house operation with qualified telemarketers statistically impossible. As a result, often the only viable model for creating a team of effective B2B telemarketers is the work-at-home, or virtual, model.

With the appropriate support structure, such a model can be an extremely effective and efficient resource for achieving high levels of sales growth, despite the low prevalence of skills in the candidate pool.

For more information, contact JV/M, Inc.