

The Contact Centre Innovators' Roundtable

Innovators' Roundtable

The Top 10 "Sacred Cows" of Contact Centre Metrics

June 16, 2009



Overview

The evolution of the simple call centre into the multi-channel contact centre necessitates that we rethink the performance metrics we use and, in the face of added complexity, uncover those which help us manage our business. In fact, are our metrics adding to the complexity at a time when simplification is required? Are the measures of performance that served us well in the early days the same ones that will determine how well the multichannel contact center is working?

Call centres have all the tools to easily measure most areas of performance. The problem is that we review metrics that "everyone" uses in the industry but often cannot see how each metric directly relates to another and which ones in combination give us the "big picture". As one member of the Innovator's Roundtable aptly put, "We, in the industry, should be looking at these "Sacred Cow" metrics and asking ourselves 'Are we better off after we've done all these things than having never done them at all?' And if the answer is no, we should take good hard look at why we're doing them."

The time has come to take a fresh look at these and other traditional Contact Centre metrics and ask ourselves "Are these metrics serving us as well as they could be?" We challenge the industry to think about The Top 10 "Sacred Cows" of Contact Centre metrics.

Let's start by reviewing a chart of the metrics discussed in this paper.

Sacred Cow	FROM – When this is not working...	TO – Best Practice from Top Innovators...
1. Employee Engagement	<ul style="list-style-type: none"> Blind spend on Employee Engagement without knowing the ROI 	<ul style="list-style-type: none"> Measuring ROI on activities to improve the business which ultimately improves Employee Engagement Getting agents engaged in the work versus getting them engaged just to come to work
2. Customer Satisfaction	<ul style="list-style-type: none"> Focusing on individual questions / indexes in the survey which very often don't tell us what to do differently 	<ul style="list-style-type: none"> Connecting Net Promoter Score increase directly to Net Revenue increase Using verbatims to get real insight into actionable change
3. Shrinkage / Load Factor	<ul style="list-style-type: none"> Killing offline activities without understanding the impact 	<ul style="list-style-type: none"> Calculate ROI, business objectives for offline activities and then prioritize accordingly so you can defend keeping them.
4. Cost per call	<ul style="list-style-type: none"> A limited view which can lead to poor decisions 	<ul style="list-style-type: none"> Cost per Active Account End to end Cost to Serve
5. AHT	<ul style="list-style-type: none"> A front line metric -- often decreases the customer experience as Agents rush calls 	<ul style="list-style-type: none"> A planning metric only for workforce management A team score to hold TLs accountable for Agent efficiency coaching
6. Utilization	<ul style="list-style-type: none"> Focus on AHT 	<ul style="list-style-type: none"> Focusing on converting "productive" and "non-production" time into more Agent Talk Time – your ultimate objective
7. Service Levels	<ul style="list-style-type: none"> Living and dying by the industry adored 80/20 service level (this is the #1 Sacred Cow) Were the other 20% at 30 or 130 seconds? 	<ul style="list-style-type: none"> Conduct your own customer tolerance test – if they are OK with 40 seconds AND FCR, then you can save a huge amount of expense Measure speed to answer (ASA) from the start of the IVR to the Agent "hello" – that's the customer's real experience What is your ASA bell curve for all customers?
8. Occupancy	<ul style="list-style-type: none"> Using as a budgeting tool Using as a planning metric 	<ul style="list-style-type: none"> An excellent intra day pacing tool Use utilization instead (a broader metric because it's the difference between paid and productive hours.)
9. QA	<ul style="list-style-type: none"> Binary tick sheet = Call Flow 	<ul style="list-style-type: none"> Defining the Customer Experience and measuring against that. Developing your own Customer Experience Blueprint
10. Speed to Proficiency for Agents	<ul style="list-style-type: none"> Not measuring how long it takes for a new Agent to achieve Proficiency Level 1, 2, 3. 	<ul style="list-style-type: none"> Measuring and holding Training, Ops, Recruiting jointly accountable for making Agents successful faster.

1. Employee Engagement:

While there is some research that proves 1% Employee Engagement equals 2% Customer Satisfaction, and we all believe notionally that a happy workforce equals lower attrition and higher productivity, we don't have a single metric that actually tells us how much money we make or save by having engaged employees. We typically take a survey snapshot once a year. Let's face it, if an employee had an upsetting interaction that day, the chances increase significantly to get a bad score. Is that the kind of data we want to be using to make important decisions? So the question is, "How does it drive my bottom line? If it's going to cost me more to engage my employees than the return I get from engaged employees, then why am I doing it?"

We all accept employee engagement as being important - but is it profitable? One member of the Innovator's Roundtable shared, "I worked for a boiler room organization where they could compete on a customer satisfaction level with anybody else AND do it cheaper and NOT have high Employee Engagement scores. They were a bottom-line company that had to manage their costs and they are trying to show a return. So I ask you, is employee engagement really important?"

Employee Engagement is defined as a heightened emotional connection an employee feels for her organization that influences her to exert greater discretionary effort to do her work. While a newly painted bathroom or a company boat cruise might have a marginal short-term impact on employee effort, more impact is usually achieved with investments in a strong coaching program, involvement in appropriate decisions, and more leadership attention.

2. Customer Satisfaction:

One Innovator Roundtable member was at an executive offsite where everyone was chanting "Customer Satisfaction needs to get better!" At one point, the CEO stood up and asked "How do we make money on that?" Many were surprised by that question but the discussion outcome clarified the real question which was "What's actually going to differentiate us in the mind of the customer that we can then monetize?" When we are clear that the reason we invest in satisfying our customers is to make customers happy only so we can make money, it puts a different spin on how to measure Customer Satisfaction. In fact, research shows that there is a direct correlation between Customer Satisfaction and Net Revenue – more specifically, between Net Promoter Score and Net Revenue.

At a leading financial institution, they do a Customer Satisfaction survey focused on Net Promoter Score. They have a very statistically sound set of historical data that shows that if their Net Promoter Score goes up by "x", their Net Revenues go up by "y". Because of their confidence that there is a very significant correlation between the two metrics, there is high motivation for them to want to achieve a higher Net Promoter score because they know that they are going to make money on it.

"We had front line employees sit in on New Hire interviews. We were clear with them that their job was to tell the hiring manager if they felt that the candidate would be a good fit on the team or would have trouble blending into the environment. We've been doing this for two years and have found that our attrition rate from training dropped down significantly since putting this into practice. There is a direct ROI for that activity and is only the cost of agent time off the floor."

One Innovator shared, "I get way more insight from the verbatims than I ever get from the numbers. 3 years ago, we took "x" percentage of 1000s of customers and did a fair bit of research in terms of satisfaction, retention and revenue. The study proved that low customer satisfaction resulted in revenue loss and churn and the high satisfaction resulted in revenue growth. It was all statistically validated over a period and it was with our own customer base so the results were very valuable for us in terms of the decisions we make."

3. Shrinkage/Load Factor:

A lot of people are looking for a return on investment for coaching, training and meetings. There is an enormous amount of time invested in teaching people but it doesn't always translate to moving the business forward. We all agree that training and coaching are very important to call quality and customer satisfaction yet when service level is tight, they seem to be the first activities cut – are we making smart decisions between service level and long term improvement and ROI? Ultimately, we do ourselves a disservice by not mandating that any kind of intervention, learning or otherwise, comes with a stated return on investment. It needs to be more specific than “This training will help.” At the very least, the training should be able to identify which metric it will affect and by how much.

It's ironic -- we're particular about measures like AHT, yet we really don't know what goes on, for example, in the meeting room for one hour a month between the Supervisor and the Agent. We've given them no structure or tools and so monthly meetings can cost a large Contact Centre operation \$1M plus annually but does anyone measure the ROI? This challenge might be resolved if leaders were managing these activities with a disciplined approach rather than by intuition. For example, providing a consistent methodology for the monthly one-on-one will produce a much better result rather than allow every Supervisor to use his own approach.

4. Cost/call:

Many organizations are moving towards more robust metrics like cost per active account and end to end cost to serve. Cost per active account is calculated by taking the entire operating budget from every aspect of the operations and dividing by the number of active accounts. This approach allows organizations to know the exact dollar amount that it costs to service an active account.

The cost per call metric has become quite meaningless. It really doesn't take into account all the different aspects that make up the Customer experience like First Call Resolution, for example. It's an arbitrary number that says a call costs \$x. So what? We can double our call volume by being lousy the first time and bring down that cost per call.

One Innovator quipped, “Nobody seems to care about the cost of 100's of unproductive meetings but as soon as AHT goes up by 1 second, the bells go off!”

One Innovator from a leading financial institution shook his head as he shared, “We recently changed our IVR to incorporate point updates. IVR utilization went up year over year from 35% to 52%. As a result, many short calls (ie. “What's my point balance?”) were absorbed by the IVR. Of course, the cost per call for longer calls has gone up roof and now I have to defend to the executives why the cost per call is out of control despite the overall cost reduction for the business.”

“In our organization, we live in a “cost per active account” world and it's beautiful! In our monthly meetings, every department tells me how much they are contributing to that cost per active account...which is great! People are really interested in what Marketing is doing, what our forecasting is becoming, what's happening with accounts this month. When we see accounts going down, everyone is quick to take accountability of how to get ahead of this curve. I have teams that never talked to each other before now who now collaborate and have discussions like “Hey...because of where we're going with active accounts, I'm going to be understaffed next month and you're going to be overstaffed so let's swap some employees.”

5. AHT:

AHT is an end result; it's a symptom of something else driving AHT. AHT should be used as a diagnostic tool...to find the problem. It is not THE problem. Service Level is lost because there was an advertisement on TV or there has been a product failure. But because we are beholden to AHT, we try to reduce AHT versus solving the problem that caused it.

One key to break the current AHT paradigm is to decouple it from the budget. Many organizations see this as one of the major budgetary mechanisms and as a result, they hold the Agents accountable to the number. Let's face it ...an Agent can find any number of ways to reduce their AHT if mandated to do so...and many of those tactics do not support your goal of delivering a WOW customer experience!

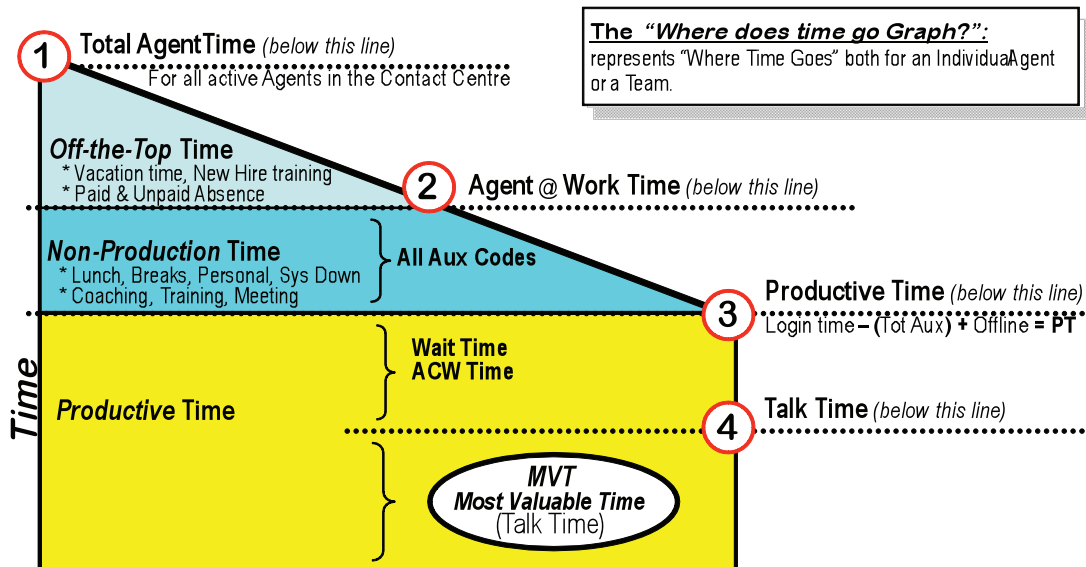
An excellent approach is to observe those Agents who have very low or very high AHT. For those agents with low AHT, capture best practices if they are performing optimally, and disseminate those best practices to others on the team through effective side by side coaching. For high AHT, provide improvement coaching if you notice that they are missing key elements of the call flow. Using AHT to do outlier skill development will serve the contact centre much better in terms of driving performance.

"Let me tell you an AHT story. A major retailer is our biggest private label client. They believe that nothing is more important than Service Level and they hate AHT. So, they made us write in our contract that there would be no whiff of AHT anywhere! We can use AHT to forecast but we can't measure the Agents against it, we can't hold our Agents to it and we can't report to our client on it. It was hard at first to get used to it but we have run a group without AHT for several years now and the results are AMAZING! First, the AHT has fallen to pretty much where you would expect it to anyways. Second, the way we coach is different because we now look for outliers...not because their AHT has gone up but because it's an indicator that there might be something with that Agent that requires targeted coaching. Third, and most importantly, Customer Satisfaction is much higher because nobody is in a rush to get off the phone."

6. Utilization:

Utilization can be defined as the percentage of time that an Agent is occupied with any productive activities. It can quite simply be calculated as follows: (Total Talk Time + Total Hold Time + Total Wrap + Available Hours) / Paid Hours. It's important that the single biggest expense in any Contact Centre be well understood – the use of Agents' time. By understanding where Agent time goes, it helps to clarify what contribution is being made to the Expense to Revenue ratio. In the business of Contact Centres, time is money and the game really becomes how much non-production time can be turned into productive time. See the model below to see how to measure this accurately.

** For more information about the model below and how to apply it to your operation, see www.switchgear.ca.



7. Service Level:

Many centres see Service Level as the definitive measure of Customer Experience which couldn't be further from truth. It may be a contributing factor because having the phone answered in a reasonable time is something a Customer would appreciate...but it's not the only thing. Service Level measures speed to answer...period. Answering 80% of calls in 20 seconds (the industries most popular service level target!) uses a weak average to predict customer satisfaction. It is very common to "buy" back the 80/20 service level – if you are way over one day you will get back to average by being way under the next day. This is similar to sitting with our head in the oven and our feet in the fridge but have a perfect average body temperature. The 80/20 service level did nothing for the customers who called on a day when wait times were unreasonably long. It also doesn't show you the bigger picture of where ALL customers fell in terms of service speed.

The truth is, most customers would rather wait a few extra seconds and get a knowledgeable person on the other end of the line that can actually help them.

8. Occupancy:

Some have admitted that they have not found a useful application for Occupancy at the Agent level but if you take a closer look, you'll find it very useful in gauging the pace of calls to Agents. High occupancy burns out your Agents and low occupancy burns out your budget! If you view it as being almost like a quality of life metric, it will serve you well!

One Innovator shared, "we should measure service level from the beginning of the IVR until the call gets answered. And measure it as a range of speeds to answer, not average speed to answer. For example, I might set my ranges at 90% of calls being answered between 110 seconds and 150 seconds, including time spent in the IVR. If I'm answering in less than 110 seconds, I'm probably overstaffed and it's costing me money. If I'm answering in more than 150 seconds, I've probably exceeded my Customer's wait tolerance and created a negative customer experience. And because I am using actual speed to answer rather than average of averages, I will have a much more precise picture of my front-end service level."

One Innovator commented, "I use occupancy to determine when I'm driving my Agents nuts. I've analyzed occupancy against AHT... that's how I determined that 80% occupancy is the right measurement. Anything higher than 80% and any gains in occupancy are lost through higher AHT because Agents take longer on the phones and sit in ACW longer. For me, it's an indication of when I'm putting too much stress on my Agents."

9. Quality Assurance:

Many Contact Centres still believe that their quality process defines the Customer Experience. The only person that can assess their experience is the customer himself, not the Quality team. Anything on a Quality form that is subjective and open to opinion is doomed, so use objective and binary metrics (yes/no) and you will be more successful.

Some of the best applications for Quality teams are marketing driven rather than Contact Centre driven. They pick up CUSTOMER insights rather than focus on what the AGENT is saying and doing. They are centering on such things as Marketing opportunities, First Call Resolution opportunities, and insights that create decisions to steer positive change for the business.

When we asked, "What would happen if we just stopped doing quality?" an interesting response emerged.

It's important to be really clear on what the objective of the Quality Team is. Is the objective to gauge customer experience (difficult to do) or is it to ensure compliance to process, policy, procedure and product knowledge (easier to do)?

10. Speed to Proficiency

Increased proficiency creates customer loyalty and delight, a dramatically reduced cost to serve and a greater confidence level and feeling of success with Agents...which translates into lower attrition and absence.

Very few centres, if any, are measuring Agents' Speed to Proficiency. In other words, how long is the development curve for an Agent to be very competent and very confident – that is, highly skilled in delivering a WOW customer experience and generating revenue for the business. Notionally, agents can be deemed beginner, intermediate, or advanced or as the SwitchGear team measures it: Proficiency Level 1, 2, 3 and anyone below PL1 is at PLO – the "Do No Harm" line -- and should not be on the floor. Know the PL levels of your teams to gain a full understanding of why you have or have not achieved a great customer experience.

Innovators build a Roadmap to Proficiency for their Agents starting with a collective vision of what WOW looks like, ensuring that Agents are great at the basics before they ask them to add value to the customer experience. As one Agent was heard saying, "I need to eat the pizza one slice at a time rather than the whole pizza at once!"

"The best calibration session that I ever participated in was at a large Telco. The SVP of the Consumer Contact Centres brought together weekly the Directors and VPs responsible for Marketing to listen to one group's calls for two hours. Before we listened, we did the work to find out what happened afterwards (ie. Did they call back, did they get a credit, etc.) So, we'd done the full post-mortem on it prior to the calibration session. We listened to it and talked about, NOT what was right and wrong, but what could've been done and all of the opportunities that were there. We had cases where the call sounded great but the customer got the wrong product or on the wrong date. You just don't see that unless you have someone working on it...like a quality team."

"5 years ago at a large Telco, the quality team was removed for 6 months with a very negative outcome. The visibility to cause and effect was lost. There was no ability to diagnose what happened so therefore, if I decide to make change, I don't know if it's an adoption issue or if I've made the wrong change. Also, the Agent behaviour changed when they knew nobody was watching. The best Agents remained the best Agents but the middle and bottom Agents changed their behaviour – not generally for the better."

Summary

There you have it - The Top 10 "Sacred Cows" of Contact Centre Metrics. These metrics are well-loved and fiercely protected in our industry. We're not suggesting that we dismantle our metrics but rather that they have been immune to criticism for a very long time and could now use more thoughtful interpretations that will drive improved behaviours. So to all you great Contact Centre professionals out there.... Ask yourselves this... "Am I using these metrics as well as I could be?"

About the Innovators' Roundtable

SwitchGear Consulting launched the Innovators' Roundtable in October 2008. This event came about as clients mentioned the lack of opportunities for executives in the Canadian Contact Centre industry to solve the biggest problems of our day. This group has banded together not as competitors but as partners to tackle these issues.

The following are the pioneers of the Innovators' Roundtable. We look forward to our next one.

Peter Berczi -- VP Wireless Customer Operations, Rogers Communications
Réal Bergevin -- GM Transcom (previously Nucomm international)
Patsy Bertoia -- Managing Director Customer Service, FedEx Canada
Dave Burns -- COO and SVP Operations LoyaltyOne (Air Miles Reward Program)
Beth Carver -- VP, Client Care, TELUS**
Mike Hayes -- SVP, Customer Contact Centres, Scotiabank
Graham Kingma -- Head of Call Centre Operations, WIND Mobile
Richard Litvack -- VP Operations, Citi Cards Canada **
Greg Root -- VP Customer Operations and Service Delivery, MTS Allstream**
Marco Sciarra -- Director, CSO, TELUS**
Luca Zoppi -- Manager, Channel Care, TELUS **
Scott Williams -- Associate VP, Canadian Tire Financial Services

**** For those able to attend at our The Top 10 "Sacred Cows" of Contact Centre Metrics dinner – thank you for your thoughtful contribution! Stay tuned for more Strategic Insights papers.**

Regards,

Afshan Bye, Winston Siegel, Bruce Simpson

For additional information about the Innovators' Roundtable or to learn more about how to implement the above strategies contact:

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