Performance Management for Contact Centers: Beyond Metrics

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Pity the call center manager who has been charged with two conflicting objectives: increase customer satisfaction and reduce the cost of providing customer service. Faced with this conundrum, organizations have chosen to emphasize the more tangible of the two: cost efficiency. Turning to analytical tools such as business intelligence to streamline their operations and meet their cost efficiency objective, the number of metrics tracked by call centers has mushroomed — from simple activity measures like number of calls per day and average length of call to more complex output measures like service level, staff occupancy, and shrinkage. While these metrics have helped transform call centers from managing by intuition to managing by the numbers, the sheer number of metrics has become overwhelming. Now, instead of enabling fact-based decision making, call center managers are inundated with so much information that should multiple metrics simultaneously fail, prioritizing which ones to focus on is nearly impossible.

Compounding this prioritization issue is a fundamental shift transforming the call center from an independent entity solely charged with solving service issue to what is often referred to as the unified contact center. No longer the island it once was, but rather a hub for all customer touch points, including sales and marketing, the new contact center has been elevated from focusing purely on operational processes to becoming a strategic asset in improving overall business performance. In other words, it no longer has the luxury of selecting which objectives to focus on; it has to find a way to enable seemingly conflicting objectives to coexist.

This change can have a wide-ranging impact for the contact center, including the need to re-examine its metrics. For example, while call centers have often struggled with using the average length of the call given their objective of increasing customer satisfaction, what happens if the contact center's goal now includes the conducting of incremental market research? How about if it would like to cross sell customers additional products? In both of these cases, rewarding a shorter average call length is likely to be in direct conflict to the contact center's overall objectives.

As a result of this new charter, contact centers must change their focus from emphasizing efficiency (doing work in the right way) to considering effectiveness (doing the right work). Performance management can provide the backbone for this transformation.

What is Performance Management?

Performance management is a methodical process for helping an organization accomplish its goals by ensuring that everyone is working collaboratively towards the same goals. Said another way, performance management focuses on alignment to ensure that day-to-day execution is consistent with an organization's strategy. While this seems simple in principle, in practice an organization's actions is often contrary to its stated goals; not intentionally, of course, but because strategy and execution are typically handled by two distinct functional groups within the organization. As such, successful performance management emphasizes the collective understanding of *what* the goals are and *how* they will be accomplished, not just the measuring of progress towards them.

Unfortunately, as with many valuable concepts, the term performance management is increasing being bandied about by vendors and consultants alike to describe a wide range of solutions. Most commonly, analytic and business intelligence providers have slapped the performance management label on their existing metrics-based products. Regardless of whether they use the term financial performance management related to budget and financial data, workforce performance management for incentive and compensation data, or even call center performance management for operational data, the emphasis is always on defining and tracking a series of metrics. However, managing performance requires more than just managing metrics; it also requires a way to explain and discuss goals (objective management) and a way to track and prioritize efforts to achieve those goals (initiative management).

	Business Intelligence	**Performance Management**
Focus	***Measure*** and ***monitor***	***Motivate***, ***manage***, measure, and monitor
Visualizations	***Dashboards*** and ***reports***	***Strategy plans***, ***pathways***, ***initiatives, scorecards***, dashboards, reports, ***comments***
Timeframe	***Lagging*** metrics	***Leading*** and lagging indicators
Data Structure	***Structured quantitative*** data	Structured quantitative and ***unstructured qualitative*** data
Data Entry	***Automated*** data loading	Automated loading and ***manual*** entry

The chart describes the differences between business intelligence and performance management

Why is Performance Management Valuable?
Performance management can deliver tremendous benefits for both an executive audience and front-line employees of the contact center. For executives such as the COO and the VP of Service, performance management can help identify new ways to drive value from the contact center and provides a feedback mechanism to refine objective in a timely fashion, allowing organizations to remain competitive in a dynamic environment. Because performance management emphasizes goals over metrics, it provides an easier-to-understand business context for status and results. Metrics become a way to monitor progress towards objectives, not just a series of numbers. As a result, executives can manage by exception, focusing their attention on those elements that are most critical. This frees up their time from examining metrics and dashboards to initiating corrective actions or promoting lessons learned.

Four Benefits of Performance Management

1. Aligns business goals and day-to-day execution
    - Are we working on the right things to achieve our goals?
2. Ensures a shared perspective of the business
    - Do we all think of things the same way?
3. Manages the effectiveness of individuals
    - Which of conflicting tasks should have emphasis?
4. Shares best practices with other stakeholders
    - How can I leverage other peoples' experiences?

For front-line managers and individual managers, performance management provides ongoing guidance on organizational priorities, empowering them to respond more effectively and impact organizational results. Especially for geographically dispersed and outsourced teams, performance management can ensure that all contact center members understand organizational objectives and their role in achieving them. In addition, successful performance management ties individual and team incentives back to the same organizational objectives, rather than rewarding efficiency metrics like number of calls per day or average length of calls. Better-motivated employees are almost always more effective.

Managing Objectives
As previously mentioned, the modern contact center might have multiple objectives from increasing customer satisfaction to conducting market research. Successful performance management captures, documents and publishes these objectives so that everyone in the contact center understands not only what they are and what they mean, but also how the objectives affect them. While communicating objectives to all stakeholders is critical, performance management also allows for collaboration, in which individuals can ask for clarification, make suggestions and share ideas with their colleagues.

A strategy plan is a useful device for showing the relationships between a call center's strategic objectives and tells the story of how, together, they enable the call center to achieve its overall mission. The strategy plan shown in Figure 1 borrows an idea from the Balanced Scorecard methodology and organizes the objectives from multiple points of view, including financial, customer, process, and people. Alternately, some call centers may want to consider the role-based perspectives of customers, management, and agents. Regardless, true performance management comes about when the strategy plan goes beyond a simple static image and uses interactivity to motivate the entire organization to the common mission.

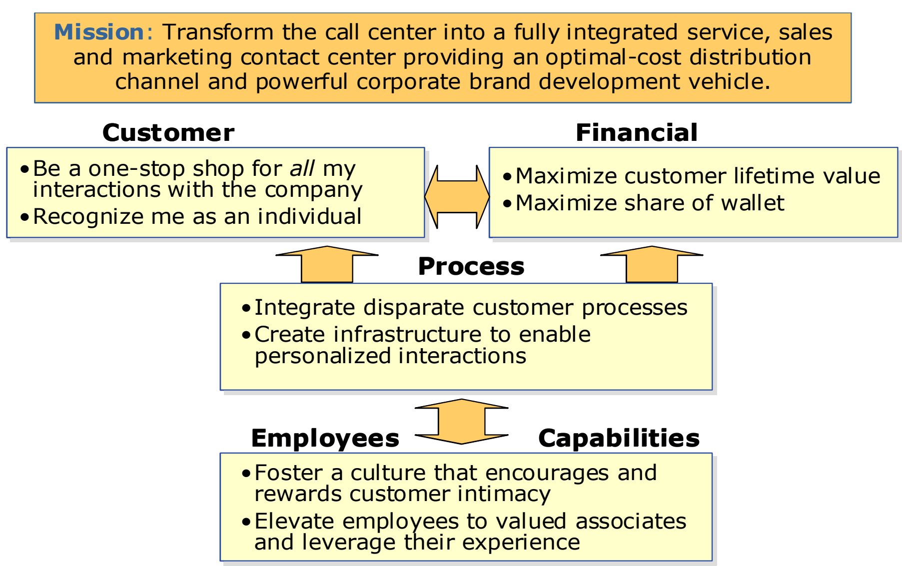

Figure 1: A Contact Center Strategy Plan

Managing Initiatives
A contact center that understands what its objectives are may still fall short of its goals unless it also describes how it plans to accomplish them. Without documenting initiatives that tie together objectives and tactics, contact center employees may inadvertently be working on conflicting agendas or lower priority tasks. As with objectives, successful performance management requires more than just communicating initiatives and their associated milestones; collaboration allows call center teams to share best practices and build repeatable processes.

Managing Metrics

Unlike traditional systems, performance management uses a small number of metrics (sometimes called key performance indicators or KPIs) to monitor progress towards objectives. While there is no standard set of KPIs for every contact center, it is instructive to start with customer, management and agent points of view described earlier. Customers typically care about service and quality, management about effectiveness and profitability, and agents about workload and learning. As such, a performance management scorecard might have KPIs for each of these categories.

However, depending on the call center's objectives, the KPIs for these categories can vary substantially. For example, consider the challenge of choosing a KPI that monitors the level of service from the customer's point of view. Should service level focus on how long a caller waits before starting to talk to someone (often called availability) or instead how long it takes to get his or her question answered (often called speed of answer)? If the call center focused on availability, should it track the average delay time for all callers or the longest delay for any one caller? Furthermore, should these results vary by customer segments? These – and many other questions – can be answered only by understanding the call center's goals.

Choosing Metrics based on Objectives

It's common for contact centers to use 'average delay of all callers' as a customer-focused metric. However, do customers care that the *average* delay was 45 seconds or that the delay *when they called* was 45 seconds? Furthermore, do they care that they *normally* only wait 45 seconds or that they *occasionally* have to wait 180 seconds? In addition, reducing the average delay time by 10 seconds can be very time-consuming and costly; how much would it increase customer satisfaction? Would it help any objective?

While average delay is a potentially useful internal metric, it is difficult to tie it to any outcome goal and therefore rarely belongs on a performance management scorecard. On the other hand, since customers tend to remember their most negative experiences, 'longest delay of any one caller' is usually a better quantitative indicator of customer satisfaction.

Performance management goes beyond elevating a select few metrics into key performance indicators that monitor progress towards goals. It also provides a mechanism to ensure that those KPIs are still relevant as an organization's goals inevitably evolve. Without this feedback mechanism, those "perfect" new metrics designed for today's situation may end up like the activity metrics of yesterday; interesting but inappropriate for the new reality.

Putting it All Together

While most call centers have gone beyond managing by intuition to managing by the numbers, few have updated their metrics to reflect their emerging roles as a unified contact center. As a result, organizations may be faced with an unintentional disconnect as employee incentives and activities are not aligned with contact center goals. Performance management removes this disconnect by tying together objectives, initiatives and metrics, increasing alignment and performance of the contact center.

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Case Study: Connecting Contact Center Metrics with Goals
With integrated contact centers playing an increasingly strategic role in boosting overall business performance, they must re-assess the metrics by which they have historically measured success. As the contact center for one financial services organization with $1.2 trillion assets and operations in more than 50 countries soon discovered, old standby metrics, such as average speed-of-answer and time-to-resolution, when viewed in isolation, can actually lead the organization off course.

When this financial service organization started using an operational performance management solution, a critical first step was to create and share a strategy plan; designed to ensure that all contact center employees knew not only *what* the organization hoped to achieve with its new plan, but also *how* they would achieve it. An important feature on the rolled-out strategy plan was the objective of "Maintain consistent sales growth among the existing customer base" — an emphasis on up-selling and cross-selling services to existing customers during the service resolution process.

With a historical focus on solving customer problems quickly, which was both engrained in organizational culture and tied to compensation, it quickly became clear that the organization's time-to-resolution metric ran counter to the new objective. Though the metric was still useful to track internal agency efficiency, this performance management-centric organization recognized that the contact center could no longer be treated as an island, with separate and potentially conflicting metrics from the rest of the company. As a result, the organization realigned employee priorities, compensation and its metrics — eliminating its time-to-resolution metric — to reflect its new performance management approach. Its new key performance indicators (outcome-based metrics) included retention-percent, share-of-wallet, and percent-products-owned; ones that better reflect its new objective. The result: substantial progress towards its goal to "Maintain consistent sales growth among existing customer base" with nearly a 30% increase in sales to existing customers.