



White Paper



## Performance Management A Must Have for the Well- Managed Contact Center

Part One

■ Performance management software is one of those rare products that represent a win-win for everyone. Agents have the information they need to better perform their jobs. Supervisors and managers, relieved of manually preparing reports and evaluations, can spend more time coaching and developing agents. Senior management gets excited about the favorable ROI. In this paper, we define eight specific strategic and tactical benefits that underline why performance management software is “must have” for the well-run contact center.

Performance management software is an amazing tool that does what the name implies – helps manage performance – and produces an exceptional return on investment. This paper defines performance management and explains why it is a “must have” for the well-run contact center.

Let’s start with understanding the application. In the recently published PELORUS Group report, 2008 World Contact Center Performance Management Systems Market, we defined performance management as follows:

*Performance management is software that collects, unifies, and stores data from disparate systems and databases, both internal and external to the contact center, with the purposes of measuring performance against objectives, identifying the sources and causes of deviations, and executing solutions.*

The PELORUS research further identified these attributes of a “classic” performance management solution:

- Captures data from a wide range of contact center support systems and from enterprise databases that collect data pertinent to creating and calculating the metrics required to measure performance against contact center objectives.
- Stores and unifies this data in a central data store and performs calculations of specified KPI's.
- Displays both historical and real time performance data in graphical formats.
- Creates views that are role-appropriate and may be customizable by the user or vendor.
- Identifies deviations that exceed specified thresholds and issues alerts.
- Provides supervisor-to-agent messaging capability.
- Provides drill down analytical capability to help isolate causes of deviations.
- Triggers actions according to business rules.

In short, performance management software scoops data from various sources, sets it aside in a central data mart, unifies it so it can be extracted and manipulated, then presents it to agents and managers in the form and channel that best stimulates improved performance.

When contact center managers think about performance management, the first things that come to mind are dashboards and scorecards. Certainly these are valuable features. The dashboards give every agent a real-time view of their individual performance compared to targets. The integrated scorecards allow supervisors to fairly evaluate performance on a broad spectrum of hard and soft metrics. However, focusing only on dashboards and evaluations understates the true value of performance management software. Performance management offers a number of both strategic and tactical benefits, each of which is detailed below:

Strategic	Tactical
Aligns contact center goals with enterprise goals	Offers more objective and consistent employee reviews
Improves customer satisfaction	Provides timely and accurate reports
Fosters agent self-development	Delivers benefits that extend beyond the contact center

Strategic	Tactical
Delivers significant bottom-line savings	Enables faster problem resolution

## Aligns Contact Center Goals with Enterprise Goals

The most important strategic benefit is the ability to better align contact center goals with broader enterprise goals. Because of easy access to ACD reports and the comfort of doing things the same way, there is a tendency among some contact centers to set goals that bear little or no relationship to the broader goals of the enterprise. ACD's churn out over 100 metrics. Many of these, like service level, adherence, abandonment rate, average time to answer, and average handle time – to name just a few - have become standard benchmarks. These and related metrics are very valuable, but forward-thinking managers need to step back and question just exactly how all these measurements relate to management's broader goals.

Examples of **Metrics that Matter** include:

- Customer lifetime value
- Revenue per call
- Revenue per agent
- Average order size
- Conversion rate
- Incentive payments
- Customer retention
- Cost per minute for voice and data communications
- Agent retention rate
- Cost of training a new agent, instructors and supervisors
- Customer satisfaction
- Agent satisfaction
- First contact resolution
- Cost per contact per channel

ACD's can't produce these numbers. The alternative is to track down reports from human resources, payroll, sales, cost accounting, IT, etc. and then painstakingly aggregate the data into Excel spreadsheets. Performance management software draws data from both external and internal sources, putting you in charge of creating the measurements best suited to your unique environment.

## Improves Customer Satisfaction

Performance management software contributes to customer satisfaction by reducing average handle time. Of all the metrics that contact centers collect, average handle time is the only one that consistently demonstrates a statistically significant correlation with customer satisfaction. By presenting data from multiple databases in consolidated views agents have the information they need when they need it. No longer do they have to log in and out of different databases or access multiple Web sites.

In a very comprehensive study of the U.S. Contact center Industry, conducted by Cornell University in 2004, it was shown that on the average 28 percent of calls are not completed while the customer is on-line. Other studies confirm that every callback diminishes customer satisfaction and the likelihood of continued patronage. In the well-managed contact center, agents have the skill, knowledge, and resources to skillfully handle calls a wide variety of subjects.

Too often, contact center management attempts to manage AHT in a way that leads to management by and for the numbers. Agents will terminate calls before the issue is fully resolved, resulting in frayed customer relations and costly call-backs. Performance management software is a win for both the company and its customers. Calls are handled more quickly and customer satisfaction increases.

### Fosters Agent Self-Development

Performance management empowers agents to more effectively manage themselves. Agents can see how their KPI's measure up against personal and team goals. They can access a history of their monthly evaluations to view what they are doing well and areas that need improvement. Team leaders can drill into the reports to find the root causes that need attention.

*HSN (formerly known as the Home Shopping Network) implemented a performance management solution from IEX for their Sales and Service Center. The center has two USA locations with 1100 agents in four unique departments. Martha Donoho, Operating Vice President, said, "Now that the reps can see their daily performance metrics, it really has become a self-motivator. They can make the necessary changes in their behaviors to improve their performance metrics."*

Increasingly, contact center managers are implementing performance-based compensation schemes. According to Purdue University's Center for Customer-Driven Quality, over 60 percent of agents and supervisors receive some form of incentive compensation. For high-performing agents this adds an average of \$691 to monthly compensation.

There is no question that money is an important motivator, but for incentive plans to work, agents must understand how the compensation is calculated and must believe that the metrics used are fair, accurate, and objective. PM software empowers supervisors to conduct evaluations based on many performance metrics, not just highly subjective quality monitoring scores. Agents can monitor their scores at any time. This serves as a self-motivator to increase compensation.

*O2 is Ireland's second largest mobile phone operator. O2 implemented software from IEX to help the company's fast growing contact center team deliver high-quality customer care while maintaining tight cost controls. The IEX software links personal performance to O2's reward and recognition program. It removes both the subjectivity and cumbersome administrative work involved in establishing the facts that support bonus payments. Because information is accessible, agents can see what they need to do to hit their targets and achieve the maximum performance bonus. According to Oria O'Regan, Senior Manager for O2, "IEX's main impact has been to promote ownership at every level of the organization. Every agent can clearly see how they are performing by accessing their performance profiles from their desktops."*

Providing visibility into personal performance fosters a management environment that is both top down and bottom up. Managers and executives get exactly the views they need to track key variables like adherence, service levels, attrition, costs and revenues. Employees know where they stand in real time and know when to take pro-active measures like seeking out coaching assistance or trying a little harder to close sales.

### More Objective and Consistent Employee Reviews

Over half of all contact centers use some type of grading form to evaluate agent call handling and customer interaction skills. These evaluations (also known as agent audits or scorecards) help supervisors coach agents to perform their duties more efficiently and more effectively. Evaluations are normally performed monthly, based on established key performance

indicators (KPIs) and quality monitoring reports. Supervisors work hard to prepare objective and accurate evaluations, but are constrained by other demands on their time. Lacking a central repository for quality scores, KPI results, and HR data makes this an onerous task. It is not unusual for team leaders to have as many as 20 agents under their wing. Each agent requires at least one monthly evaluation (more for new agents) and at least one annual formal performance appraisal.

Performance management software speeds and simplifies the process by automatically pulling together normalized data from multiple sources. The data is timely, objective, and consistent. The more sophisticated systems do most of the work for you. Scorecards are available to individual employees, supervisors, managers, and executives. They display detailed performance information and metrics that are appropriate for the individual.

The review and approval process is further simplified through online evaluation forms and automated form routing with timers and reminders. Automated evaluation systems give contact centers the flexibility they need to quickly adjust the evaluation process to better reflect current corporate goals and priorities. Managers can change the goals and target levels and apply different weighting schemes. Moreover, the application can be extended to multiple functions within the enterprise.

*The Co-operative Bank (Manchester, UK) has now deployed IEX software throughout the enterprise. Over 90 percent of the bank's 4,400 employees now use the product to help assure tight alignment between corporate goals and individual achievements. Co-operative has found that the powerful evaluation tools can be applied to virtually all employees. Shelagh Everett, director of strategy and business projects, was instrumental in client-side project implementation. Commenting on the value of the Perfromix evaluation functionality, Everett said, "IEX has become a practical management tool that allows us to shift employee focus quickly when new priorities, such as service introductions, arise or there is requirement to focus effort on a particular product segment or channel."*

### Faster problem Identification and Resolution

Performance management software continuously takes the pulse of the organization in real time. Via alerts and messages, managers know immediately if performance has exceeded pre-determined threshold levels. Once the cause has been identified, managers can then take the appropriate actions, like notifying home agents to login or deflecting more calls to a contact center that is experiencing low traffic. Without this centralized depot of information, it could have taken many hours of phone calls and analysis of application-specific reports to get to the root of the problem. The key benefit is that problems get resolved faster, before they fester and grow into big problems.

### Delivers Significant Bottom-Line Savings

Performance management software delivers substantial bottom-line savings.

PM software is one of the most cost-effective investments contact centers can make. Unlike other contact center applications, performance management provides multiple avenues for cost savings and revenue growth.

The four major money-savers are:

- Reduced time to prepare reports
- Productivity gains
- Higher agent retention rates
- Faster less-costly agent evaluations

The greatest single source of bottom-line savings results from consolidating and automating the report preparation process. Team leaders and analysts can spend 20 – 30 percent of each day simply researching and preparing reports. This is time that could be much more effectively used training, coaching, and motivating employees.

Besides the substantial time and cost savings from automated report generation, contact centers enjoy the added advantage of no longer having to rely on IT or anyone else to generate the reports. Reports can be generated at any time and for any sub-group. You can compare teams, locations, skill groups, or specific agents. You can generate custom reports through the software's authoring tool. For example, you may want to look at how agent evaluations changed after agents have taken specific training modules – or see if there is any relationship between service levels and customer satisfaction. You are completely in charge.

In addition to automating the reporting process, contact centers also achieve productivity gains by reducing average handle time and reducing callbacks. The software speeds call processing by producing consolidated views tailored to the needs of the agent. Rather than logging into and out of different databases and Web sites, the pertinent information is presented at the agent's command. Data can be consolidated from CRM systems, sales automation software, and other contact logs.

Performance management software also saves money by increasing agent retention rates. Few contact centers are pleased with their agent retention levels. Industry analysts estimate that turnover in contact centers is typically 30 – 50 percent and over 100 percent for certain types of contact centers. In the Cornell University study contact center managers reported an average cost of \$4,300 (in 2004) to recruit, screen, and train new employees. Other estimates range to as high as \$7,000 - \$10,000 depending largely on the type of industry and required agent skill sets.

Sophisticated software can do little to improve supervisor-agent relations, increase compensation levels, or enhance advancement opportunities. However, performance management software can increase job satisfaction by assuring fair and objective evaluations and by empowering employees to take more control over their self-development.

A common complaint of agents is inequity in the evaluation process. This is a very valid concern. Too often, supervisors rely wholly or largely on quality monitoring scores. QM scores are an important component of the agent's overall evaluation, but they lack the statistical validity to draw hard conclusions. Supervisors rarely have the time to score more than 5 – 10 calls per agent per month. Considering that the typical full-time agent handles over 1,000 contacts per month, a sample of 5, 10, or even 50 is not a valid representation of the full universe of agent calls.

The scorecards included in advanced performance management packages use a range of measurements to produce a more holistic view of individual performance.

- ACD-based KPI's
- First contact resolution
- Sales production levels
- Human resource measures like absenteeism, timeliness, and incentive pay
- Quality monitoring evaluations
- Leads generated
- Customer satisfaction scores
- Other measures

Moreover, there should be no surprises. Agents have access to the same information via their portals. Agents understand that the system is fair and based on facts, not favoritism.

Agents – like all employees – enjoy greater job satisfaction when they can use their individual talents and knowledge to solve problems. In contact centers, knowledge is power. Agents that feel empowered, involved, and well-coached tend to stay on the job longer and exhibit lower absenteeism.

Performance management software not only produces more equitable and balanced agent evaluations but does it in a fraction of the time it would take to produce the reports manually from spreadsheets. Advanced systems include evaluation form templates, automated routing tools, and customer-defined weighting schemes to help assure that the evaluation forms reflect current top management and contact center priorities.

## Business Case

According to the U.S. Department of Commerce, Bureau of Labor Statistics, the median salary for U.S. customer service representatives in May 2006 was \$30,400. For front line supervisors in large organizations, Cornell University research shows median annual compensation of \$78,100. In smaller organizations median income ranged from \$39,900 to \$55,700. Freeing supervisors from time-consuming administrative tasks like manually preparing performance reports and agent evaluations means fewer supervisors are required to manage the same number of agents. After installing performance management software from IEX, one company was able to expand supervisor's span of control from 15 to 22.

In addition, clients have found that the focus on agent control and real-time information motivates agents to increase revenues through direct sales, up-sells, cross-sells, and lead generation. Revenue gains are most pronounced in contact centers that grant incentive compensation.

The actual payback and ROI achieved will vary from company to company. Much depends on how the application is used, but a reasonable average, based on actual experience, is 9 to 12 months.

## Summary

Back in the days when contact centers had only one core mission – to dispense as many calls as possible in the shortest amount of time, ACD reports provided all the information leaders needed. But now contact centers have multiple (and often conflicting) missions. They are expected to generate revenue, contribute to bottom-line

profitability, drive customer loyalty, and uncover valuable market research information. The ACD is now only one cog in an ever-expanding information network that must be tapped into.

Performance management software is one of those rare products that represent a win-win for everyone. Agents have the information they need to better perform their jobs. Supervisors and managers, relieved of manually preparing reports and evaluations, can spend more time doing what they need to do – coaching agents. Top management knows that the contact center and the rest of the organization are all rowing in the same direction. As we said at the beginning, performance management is a “must have” for the well-run contact center.

### About the Author

Dick Bucci is Senior Consultant for The PELORUS Group ([www.pelorus-group.com](http://www.pelorus-group.com)) where he specializes in contact center technologies. He has authored eight in-depth reports on workforce optimization applications and over 20 articles and white papers. Dick is also managing director of Technology Marketing Associates, a marketing consulting firm. He has over 30 years of experience in the telecommunications industry.