



Benchmarking in the contact center: Tips for managing what you measure

Contact centers are not the only areas of the enterprise having to do more with less. However, there are few other areas where the results of this challenge can have a greater impact on customer relationships. This is especially true now when customers can broadcast compliments and criticisms instantaneously using social media.

As customers increasingly use these tools, it is imperative that contact centers integrate new channels such as e-mail and social media capabilities. In fact, growing customer expectations are creating relentless pressure on contact centers to reduce wait times, improve first-contact resolution rates and achieve agent utilization targets.

Meeting these demands requires contact centers to be proactive and continuously improve their operational performance. Shrinking budgets and other scarce resources make this task difficult.

One of the tools that centers rely on in their improvement efforts is benchmarking, the process of improving performance by identifying, understanding and adapting leading practices found both within and outside the organization. In the current environment of conflicting pressures—that is, cost containment and growing customer demands—benchmarking, done well, can have a dramatic effect on contact center performance in both areas. A noted APQC study found that companies embarking on a formal benchmarking project typically saw an average payback of nearly \$80 million within the first year.¹

Many contact centers engage in benchmarking. But often these initiatives could deliver even more with better planning, more current processes and stronger executive support.

¹“Benchmarking: Leveraging Best-Practice Strategies,” an APQC white paper for senior management based on the internationally acclaimed study “Organizing and Managing Benchmarking, 2007.”

Through her work with contact center operators around the world, Natalie Romano, managing director, Strategic Communications Consulting for Avaya Professional Services, has identified ways in which leading organizations are gaining value from accurate, insightful benchmarking. In this Perspectives, Natalie shares some of her findings and observations.

Natalie, what are some of the initial considerations for a contact center embarking on or thinking about a benchmarking initiative?

One of the basics is understanding two types of benchmarking, each of which serves a different purpose.

Performance, or *quantitative*, benchmarks are used to compare the results achieved with a given product or service against those offered by other similar companies. The outcome generally provides a comparative ranking and is often used to highlight performance areas that need further study and improvement. Often the companies selected for quantitative comparison are from the same sector, either by industry or functional group.

Process, or *qualitative*, benchmarks are used to improve specific processes and operations within the business. Well-managed companies don't use benchmarks simply to set targets. Instead they look beyond the quantitative data to understand the processes, tools and methods that leading companies use to achieve superior results.

For best results, both performance and process benchmarking should be used together. Think of them as complements rather than alternatives.

How does an organization decide whom to benchmark itself against?

The standard of comparison can be external, internal or preferably both. I'll discuss external standards first, then address the internal approach.

There are three sources of external measures: benchmarking against pools or surveys of other companies, benchmarking against individual companies and benchmarking against customers.

Selecting an external benchmarking partner usually depends on the type of benchmarking you want to do. For the most part, companies interested in quantitative analyses will participate in a benchmarking survey or pool, usually sponsored by an industry trade group or professional organization. Companies that want qualitative analyses will work with one company or a small group of other companies.

Benchmarking against a pool or survey is the simplest way to conduct an external quantitative study. Representatives of participating companies complete a survey or questionnaire and receive reports in return, perhaps for a fee, showing the relative performance rankings among the companies.

Companies that benchmark against other individual companies or small groups usually make qualitative comparisons with different, noncompetitive industries. Every company has unique processes, but some core processes and operations are common across industries. For example, almost all companies have

The power of applying benchmarking results

After adding 14,000 customers virtually overnight, a Southern California waste management company's contact center began experiencing significantly higher call volume. The company believed it could use existing call center technology more effectively and improve several key performance indicators, such as abandon rate and average speed of answer.

The company had a benchmarking and performance audit conducted on its existing contact center infrastructure and services. The resulting report addressed effective management practices, operational and technology changes focused on customer satisfaction and operational efficiency, and industry-leading performance objectives and results for comparable service industry contact centers.

After implementing the recommended changes, the waste management company achieved significant improvements, including:

- The average speed of answer rate was cut by nine seconds per call.
- Customer satisfaction ratings improved by 14 percent.
- Abandon rates declined by 16 percent.

procurement and accounts payable processes, and leading practices from one industry can be employed in others.

The third approach, benchmarking against your customers' expectations, helps uncover "disconnects" in customer satisfaction. You may think your contact center is doing well, but benchmarking can point out frequent customer complaints that you weren't aware of. Customer benchmarking is especially important for companies that provide services to other businesses and in industries where the cost of losing a customer is substantial. Examples include third-party logistics providers, contract manufacturers, and shippers that supply product to retail stores or distributors.

Internal benchmarking involves looking inside your company rather than at other companies or industries to identify leading practices that can be leveraged across the organization. Any company with multiple business units, divisions or locations can use internal benchmarking. Even small companies with a single location can internally benchmark by comparing how individual employees approach similar tasks.

One advantage of internal benchmarking is that it's easier and less expensive to implement. It also creates a culture of continuous improvement, in part by spurring internal competition. However, a potential drawback of internal benchmarking is that it may not provide comparison against true leading-practice standards.

Using multiple sources, both internal and external, to measure performance can offer the greatest value. Taking such a holistic approach can help you better understand your organization's processes, your customers' opinions and how well you stack up against competitors.

What are barriers to effective benchmarking, and how do you overcome them?

A major stumbling block companies face in preparing a benchmarking analysis is obtaining reliable statistics on their own contact center operations. Often the information must be assembled from disparate systems. Even when the statistics can be gathered, it may be difficult to align them with industrywide measures to perform apples-to-apples comparisons.

Companies often make the mistake of measuring for the sake of measurement, and in the process they calibrate everything. As many as 150 metrics can be measured in a contact center. Too many metrics can make it difficult, if not impossible, to develop meaningful conclusions from the mountain of data you

collect. As an alternative, consider identifying 10 key performance indicators. Tie those indicators back to your strategy, operations, people, processes and technology to improve competitiveness, customer service and efficiency.

A common pitfall in benchmarking is the belief that the performance indicator itself is the goal. If the company you're benchmarking against achieves a low abandoned call rate or high customer satisfaction, that measure may become the goal regardless of what dysfunctional or inefficient processes may underpin it.

In contrast, successful benchmarking will seek to understand the circumstances in which processes work well, rather than just their end results. For example, if a contact center is handling insurance claims, it doesn't make sense to set a target talk time of less than a minute. The qualitative context, not the quantitative results, will lead to a more meaningful benchmarking effort.

Making good use of the benchmarking results is the next major challenge. Appropriate, insightful interpretation of the results is essential to identifying which shortcomings present the most promising improvement opportunities.

Once you've identified the opportunities, the real work of putting them into action begins. I can't emphasize this enough: Benchmarking alone doesn't improve performance. You have to take action based on the benchmarking results. It's critical to understand where inefficiencies and performance gaps are occurring within your organization and then identify and implement changes to address the poor performance. And *always* keep unintended consequences in mind—a change to improve performance in one area can affect other areas.

Implementing a benchmarking program and acting on its results will help equip your organization to improve continuously. Focus on developing a strategy to implement leading practices and making the process changes needed to drive improved performance.

Do you have any recommendations on how to approach benchmarking of social media activity in the contact center?

Social media has changed the game. Customers have higher expectations than ever before, and social media directly affects how they view your company. It drives conversations—both inside and outside the organization—regarding products and services, industry and customer trends, and technology innovation. Whatever the subject, multiple groups will likely weigh in. “Listening” to the market and engaging in the right conversations can help you spot issues and opportunities as they arise, perhaps even before anyone contacts your organization.

Benchmarking can be used to identify ways in which other organizations are using social media to improve customer service and measure customer satisfaction. The contact center is the ideal department to handle feedback on social networks and community sites because it is set up and staffed to handle large volumes of interactions across multiple channels, in real or near-real time.

The initial wave of social media integration into the contact center has really only been taking place in the past year or so, and the metrics are still being defined. However, metrics that companies *are* beginning to monitor include mentions of a company and its products or services on social networking sites; responses to blogs and Twitter posts regarding the company; and use of tweets to communicate directly with the contact center.

Benchmarking can involve a comparison of your contact center's handling of social media activity across a range of criteria, from resolving customer problems, to tracking sales leads, to understanding whether your organization is gaining supporters or detractors in the social media sphere.

Can you offer some keys to benchmarking success in the contact center?

First, it is important to clearly define the scope and objectives of the benchmarking effort. Next, develop a solid data foundation in the areas to be benchmarked, and make sure that the evaluation team understands the company's historical performance in those areas.

Communications regarding the benchmarking effort should be broad, regular, frequent and delivered to many levels within the organization. The process of developing recommendations based on the initiative should involve all affected operations and be agreed to by as many stakeholders as possible.

Here are some activities that are critical to realizing value from benchmarking efforts:

- Develop a system to create actionable measurements that align with the business
- Define customer models to improve performance and end-to-end process measurement
- Assess readiness for managing change and introduce the benchmark program
- Monitor performance results and make recommendations for performance improvement
- Prioritize improvement initiatives by strategic need and track performance against targets
- Develop a disciplined approach to ongoing performance improvement

Finally, unqualified senior management support is essential. The APQA study² identified a strong correlation between the success of benchmarking efforts and the degree of management and financial support behind the effort. The payback from benchmarking was far greater at companies that provided adequate support than at companies that didn't support the effort with both executive sponsorship and funding.

About the author

Natalie Romano is a managing director at Avaya, Inc. She leads the Avaya Professional Services Strategic Communications Consulting team, which focuses on business, operational and technology issues associated with customer contact centers and enterprise unified communications.

²"Benchmarking: Leveraging Best-Practice Strategies," an APQC white paper for senior management based on the internationally acclaimed study "Organizing and Managing Benchmarking, 2007."

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