WHITE PAPER

Inova Solutions

Executive Guide to Contact Center KPIs

How to identify and define key metrics for measuring and improving contact center performance.

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"A robust metrics program can provide directional guidelines and a basis for advancement in process efficiency and flexibility."

— Gary Smith, Intelligent Enterprise

INTRODUCTION

A common saying in business is you can't manage what you don't measure. While this hints at the truth, the reality is that people can and do manage without having any sort of defined measurement program in place. However, this puts a company at a distinct competitive disadvantage. Without measurements:

- *Decision-making suffers as business decisions must be based solely on feeling and instinct.*
- *Success or failure is difficult to determine as performance is entirely subjective.*
- *Adequate becomes acceptable as there are no defined standards for improvement.*

A more accurate saying is that you can't ***effectively*** manage what you don't measure. That is why metrics are so important. Metrics enable an objective analysis of how a contact center measures up to goals and expectations, and serve as a foundation for successful performance management initiatives.

- *Metrics provide a quantitative view of performance effectiveness that demonstrates the value of the contact center — important in justifying budget and resources.*
- *Metrics set the bar for performance expectations and serve to motivate and focus a workforce on the right tasks.*

In a recent study[1], 94 percent of call center leaders said that the use of KPIs ultimately improve call center performance in their organizations. However, only 43 percent of respondents felt that those within their centers had a high level of understanding regarding KPIs.

This white paper is intended to provide a clear guide to understanding metrics and their role in contact center management, and to provide guidelines for developing KPIs that contribute to the achievement of company strategies and goals.

METRICS VERSUS KPIs

While often used interchangeably, there is an important distinction to be made between metrics and key performance indicators (KPIs). Metrics are measurements in a broad sense. Anything that is measured in the contact center can be considered a metric. Although a given metric may be of interest, unless it relates to a goal or objective it is of little business value.

A critical measurement that is tightly linked to the attainment of strategies and goals is considered a KPI. KPIs are a subset of the sea of metrics generated in the modern contact center. All KPIs are metrics, but not all metrics are KPIs.

[1]Minnucci, Jay. *Call Center KPIs: A Look at How Companies Are Measuring Performance.* Incoming Calls Management Institute. February 3, 2004.

When developing a set of KPIs, it is important to focus on the metrics that are truly “key” to your business. A common trap is to attempt to measure and monitor everything. A single automatic call distributor (ACD) is capable of generating screens full of metrics. As more technology is added, more data is generated, more metrics are available, and information overload quickly ensues. By nature, a contact center will have many metrics. By design it should have only a handful of KPIs. The obvious question is how does one determine which metrics truly reflect performance with relation to established goals?

IDENTIFYING KPIs

One method is to simply look at all the metrics currently being monitored, and select those that seem more important than the others. While this is a tempting approach, it is inherently faulty. What is important to one person may not be important to another, and does not necessarily align with overall strategy or goals. A team charged with developing KPIs using this approach will either yield too many KPIs to be useful, or a limited number of KPIs that don't have the full buy-in of all stakeholders.

A more basic flaw with this approach is that the best measures of performance may not be present in the metrics already being monitored, causing the most relevant KPIs to be completely overlooked.

In determining the most appropriate KPIs for your company, Inova recommends that you begin at the top with your corporate strategy, then work your way down to contact center goals, followed by business drivers, finally arriving at KPIs. This is often referred to as a top-down approach, and following it ensures that your resulting KPIs are directly related to established goals and objectives.

Looking at this approach in more detail, the first step is to ensure everyone involved in the development of your KPIs has a clear understanding of corporate strategy. It sounds simple, but far too often this common vision isn't shared among all team members, or personal agendas run tangential to corporate strategy. Unfortunately, it also may be the case that corporate strategy is not well defined within your organization.

For this reason, it is a good idea to have an executive sponsor as part of the KPI development team. This executive can authoritatively relay established strategy to the rest of the team (or take on the task of getting it defined if necessary), and provides the high-level buy-in to the group's efforts necessary to ensure success.

The next step is to identify the specific contact center goals that contribute to implementing overall corporate strategy. Without this relation to strategy, a contact center can meet its goals but fail to contribute to the overall business.

Now it is time to map out business drivers. Think about the important execution steps that are required to meet each goal.

Finally, you are ready to identify the key performance indicators that best represent how well your center is performing with respect to the critical execution steps that have been established.

Let's look at how this plays out in an example. A home shopping network, currently ranked #4 among all shopping networks, declares their corporate strategy is to become the #1 network. The company's contact centers handle 90% of all orders, so one of the goals set for the centers is to increase sales. Since every call represents a potential sale, key steps to achieving this goal would include handling calls efficiently and obtaining repeat customers. With these business drivers in mind, appropriate KPIs might include abandon rate and customer satisfaction level.

Establishing KPIs using this top-down approach will help ensure that the efforts of your workforce are properly focused. In meeting your KPI numbers you will also be meeting your goals and objectives and ultimately executing on the corporate strategy that has been set.

DEFINING KPIs

Once the most appropriate performance measures have been identified, each individual KPI must be defined, targets must be set and action plans must be developed. This moves beyond identifying what will be measured, to establishing how it will be measured. More specifically, establishing how each KPI is calculated, what data points contribute to the calculation and where that data comes from.

For example, let's say one of the KPIs identified earlier in the process is Average Call Value. In order to implement this KPI, it is necessary to arrive at a formula that accurately reflects Average Call Value. It is imperative that everyone involved in the development process agree on the manner in which each KPI is calculated. For this example, the following formula will be used:

Average Call Value = Total Revenue / [Number of Calls x (Average Talk Time + Average After-Call Work]

Within this formula are several data points that are most likely coming from at least two separate data sources. Total revenue may be stored in a sales database (potentially as multiple revenue numbers that require additional calculation), and number of calls, average talk time and average after-call work may all be available from an ACD.

It is important to remember that the people involved in the development process are often the same people responsible for performance against the established KPIs. There may even be compensation at stake in the form of bonuses based on performance. This can generate a highly political atmosphere that is counter-productive. Companies faced with this situation often turn to outside help.

The next critical step in defining KPIs is setting a performance target for each measure. Several factors influence where the target for a KPI is set, including customer expectations, internal financial considerations and industry benchmarks.

For instance, with a KPI of abandoned calls, the development team could look back at historical data and draw on their own experience to determine how long their customers appear willing to wait before a significant percentage hang up. They would then have to take into account how quickly calls could realistically be answered based on current budget and resources, and adjust performance expectations or budget and resources as necessary. Finally, the team may decide to compare their target with external industry benchmarks.

There are a couple of benchmarking pitfalls to be aware of and avoid. The first is that acceptable performance varies greatly across industry segments. For example, according to Benchmark Portal research, average talk time ranges from 4.29 minutes for Healthcare companies to 9.13 minutes for High Tech. Adjusting internal targets based on comparison to benchmarks from different industry segments can lead to unrealistically high or low performance expectations.

The second pitfall is that KPI definitions are extremely inconsistent across companies. A recent study[2] into definitions for various metrics found no cases where the most popular definition garnered even 50 percent of the total number of responses. When comparing an internal target with an industry benchmark, even within the same industry, the comparison may be flawed.

It must be stressed that while you cannot control the inconsistency of KPI definitions that occurs external to your company, you can and must ensure consistency within your organization if these measures are to be valid and useful.

The final step in defining KPIs is to establish an action plan for each metric. Poor performance against KPIs without defined steps for improvement is frustrating and counter-productive. As each KPI is set, map out the specific actions to be taken if performance falls outside of targets.

For example, if the KPI of Abandoned Calls exceeds target level, it should already be established that the appropriate manager will examine supporting data to determine the source of the problem. Based on that determination the manager will take proactive steps to bring the KPI back into adherence by postponing scheduled training, initiating equipment repair, routing call traffic to an alternate center, etc. The procedures will vary based on your situation, but they must be established to ensure that your metrics program goes beyond simply measuring performance to driving actions that ultimately improve performance.

CONCLUSION

The guidelines for KPI development discussed in this paper will help you arrive at a portfolio of consistent and relevant metrics closely aligned with business goals. This alignment ensures that high performance with respect to the established KPIs correlates with achieving stated objectives and carrying out corporate strategy. But the process does not end here. Now that your KPIs have been indentified and defined, they need to be implemented into your daily operations. This topic will be covered in a future whitepaper.

Finally, as strategies, goals and objectives change over time, it will be necessary to regularly revisit your portfolio of KPIs to verify their validity and adjust them as necessary to keep efforts aligned with desired performance results.

ABOUT INOVA SOLUTIONS

Inova Solutions is a leading global provider of performance optimization solutions for the contact center, help desk and network operations center. Inova's products integrate data from existing systems to provide unified views of live and historical metrics across organizational levels for improved decision making and increased productivity. Superior technology, world-class services and support, and two decades of industry experience allows us to craft powerful solutions that deliver measurable results to a diverse customer base ranging from emerging growth to Fortune and Blue Chip companies. Learn more about Inova Solutions at www.inovasolutions.com.

[2]Minnucci, Jay. *Call Center KPIs: A Look at How Companies Are Measuring Performance.* Incoming Calls Management Institute. February 3, 2004.

Contact Center Performance Management:
Survey Results Summary

Inova Solutions | August 2006

OVERVIEW

In July and August 2006, Inova Solutions conducted research to identify performance management trends within the contact center. Invitations were sent to members of professional contact center associations via email, requesting their participation in an online survey.

Over 350 responses were collected, representing a broad spectrum of contact centers. Centers ranged in size from under 50 agent seats (28.9 percent) to over 500 seats (11.6 percent), with the majority of responses coming from centers with between 50 and 500 seats. Companies represented spanned vertical markets including banking & finance, technology, healthcare, government and utilities.

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How challenging are the following issues related to performance management in your contact center?

	Not a Challenge	Mildly Challenging	Moderately Challenging	Challenging	Extremely Challenging	Response Average
Agent Empowerment/Ability to Resolve Issues	8% (31)	32% (126)	**34% (132)**	21% (84)	5% (18)	**2.83**
Agent Turnover	10% (39)	22% (87)	27% (105)	**28% (110)**	13% (50)	**3.12**
Family and Medical Leave Act (FMLA)	**27% (104)**	26% (102)	15% (59)	20% (79)	12% (47)	**2.65**
Motivation/Morale	4% (17)	25% (98)	**34% (133)**	30% (118)	6% (25)	**3.09**
Schedule Adherance	7% (29)	29% (113)	**32% (126)**	24% (93)	8% (30)	**2.95**
Timeliness of Performance Reporting	20% (78)	**30% (119)**	25% (99)	20% (78)	4% (17)	**2.58**
Training	9% (35)	26% (100)	**36% (141)**	20% (80)	9% (35)	**2.95**

Do you have a formal program for identifying and defining key performance indicators for your contact center(s)?

	Response Percent
Yes	**79.4%**
No	14.7%
I'm not sure	5.9%

What methods are used to report on your organization's key performance indicators?

Electronic Displays (LED, LCD, Plasma)	42.1%
Email	**63.8%**
Paper Reports	60.7%
Phone Display	33.9%
Scorecards/Dashboards	58.2%
Whiteboards	15.5%
We don't currently report on KPIs	2.8%
Other (please specify)	6.2%

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How often are relevant key performance indicators communicated to the following groups?

	Real-Time	Daily	Weekly	Monthly	Never
Agents	19% (69)	**40% (142)**	25% (90)	13% (47)	2% (6)
Supervisors/Managers	38% (133)	**38% (134)**	15% (54)	8% (29)	1% (4)
Executives	8% (27)	33% (118)	20% (70)	**36% (127)**	3% (12)

What key performance indicators are used to gauge the success of the contact center within your organization?

Abandonment Rate	**76.8%**
Agent Occupancy	49.4%
Average Handle Time	72.6%
Call Accuracy	44.6%
Call Blockage	9.6%
Cost Per Call	39.5%
Conversion	17.2%
Customer Satisfaction	72.9%
First Call Resolution	49.7%
Longest Delay in Queue	39%
Quality	71.5%
Schedule Adherance	56.5%
Schedule vs. Actual Staff	28.5%
Service Level (ASA)	75.7%
System Availability	19.2%
Transfer Rate	19.8%
Utilization	22.3%
Other (please specify)	5.6%

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How important are each of the following technology solutions to successful contact center management?

	Not Important	Mildly Important	Moderately Important	Important	Extremely Important	Response Average
Agent Analytics	4% (15)	7% (28)	16% (61)	**42% (165)**	31% (122)	**3.90**
eLearning	7% (26)	19% (73)	28% (111)	**37% (144)**	9% (37)	**3.24**
Quality Monitoring	1% (2)	4% (14)	8% (31)	31% (120)	**57% (224)**	**4.41**
Real-Time Information Display (dashboards, wallboards, etc.)	4% (15)	9% (36)	18% (70)	**40% (157)**	29% (113)	**3.81**
Workforce Management	3% (11)	6% (22)	9% (35)	37% (145)	**46% (178)**	**4.17**

How effective are the following specific technologies in terms of positively impacting performance?

	Not Effective	Mildly Effective	Moderately Effective	Effective	Extremely Effective	Response Average
Agent Scorecards	5% (19)	9% (36)	23% (91)	**43% (170)**	19% (75)	**3.63**
Analytics Software	4% (14)	14% (55)	27% (104)	**46% (178)**	10% (40)	**3.45**
Enterprise Reporting Software (ex: Business Objects)	6% (22)	18% (70)	**36% (141)**	32% (126)	8% (32)	**3.19**
LCD or Plasma Displays	13% (50)	**35% (136)**	32% (127)	17% (68)	3% (10)	**2.62**
LED Wallboards/Readerboards	13% (49)	**31% (123)**	**31% (123)**	20% (80)	4% (16)	**2.72**
Management Dashboards	3% (11)	11% (43)	27% (104)	**45% (175)**	15% (58)	**3.58**

ABOUT INOVA SOLUTIONS, INC.

Inova Solutions makes it easy to instantly communicate vital information for improved contact center operations. Inova's visual communication solutions integrate data from across multiple contact center sites and vendor systems to present consolidated, real-time metrics through dashboards, wallboards, digital signage and more. This immediate awareness of operational performance informs and guides actions, promoting increased productivity and improved customer service. Founded in 1984, Inova Solutions has a long history of optimizing contact center performance for top companies around the world. Our customer base spans vertical markets and includes nearly half of the Fortune 100.

For more about Inova Solutions please visit **www.inovasolutions.com**.

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