

SAVE TIME AND MONEY BY DECIDING WHAT SERVICE LEVEL IS RIGHT FOR YOU

Product No. 10034

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CREATING THE UNCOMMON CALL CENTER



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Abstract

What should your service level be? Surprisingly, there is no single magic answer. Successful contact center managers understand that there are multiple methods to set this important standard. In this article, Kathryn Jackson describes seven of them—practical methods you can use to choose a service level right for you. You should choose one way—and use it consistently—because the one that you select influences so many of the other decisions you make—how many people to hire, how to schedule, how to route calls, etc.

When setting any service level goal, managers must constantly balance their desired goal with fiscal responsibility. This balancing act often causes tension and conflict—factors which this article helps you to overcome.

Start your journey from the World of Service Level Conflict to the Land of Service Level Giants with this article.



Save Time and Money by Deciding What Service Level is Right for You

Kathryn E. Jackson Ph.D

I don't know about you, but when I finally solve a brain twister (yes, I mean twister and not teaser), I get really jazzed.

That's what happened to me a few months ago as I was trying to untwist this whole area of service level management.

As I embarked on this journey, the first thing I did was call on some of the finest brains that I know. I sent a survey to over 400 contact center managers asking them about their service level experiences. As I read their responses, I went back to my days as a contact center manager. I remembered the pain I felt as I tried to figure out what service level goal was best for "my" contact center. When I was new to the industry, I thought there just had to be a list somewhere with standard service levels and I couldn't find it. I felt like everyone else knew "the" secret. If I could find the right book to read or the right person to ask I could leave the World of Service Level Conflict and be initiated into the Land of Service Level Giants.

Well, as you know, there is no such book, list or person. But, did you know there is a Land of Service Level Giants?

The Land of Service Level Giants

In the Land of Service Level Giants, contact center managers understand there are multiple ways to set service levels and that the method they choose influences every decision later on. Therefore, once they decide on a way, they examine each subsequent decision to ensure it remains consistent with the way they have chosen. If they don't, contact center managers know they could lose their Land of Giants passport.

In addition, when a Land of Giants management team decides to change their approach to setting or managing their service level, the whole team agrees to the change and its impact. There is never any confusing or conflicting service level request made of the contact center manager.

In Which Land Do You Live?

To figure out if your contact center is living in The World of Service Level Conflict or The Land of Service Level Giants read the following scenarios. If they sound familiar, don't despair. Passports to the Land of Giants are easy to come by.

Scenario #1

Your customers are complaining about busy signals. Your manager says, "Add more telephone lines." You discuss with your manager that you will also need to add more people since more calls will be coming in. If you don't add people, the hold times will increase, and then your customers will complain about how long they had to wait, rather than about busy signals. Your manager says, "No way. There's no money in the budget for more people. Just add more lines."

- 3 -

Product No. 10034

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Scenario #2

At the annual budget time, you run the numbers and determine your service level budget. Everyone signs off -- the numbers look good. But later your manager says the competition is answering calls faster than you are. She wants you to answer your calls faster. However, there's no extra money to do it.

Scenario #3

Your company advertises its responsiveness to customers' expectations to gain market share. So, you do your homework. Based on your research, it looks like you should set your service level goal at "W." However, at a management meeting, several other managers feel it should be set at "X", "Y", or "Z." The first manager heard "X" was the industry standard. Manager two felt "Y" would be better than your competitors.' The last manager, having been in the industry for years, knew that "Z" was the obvious choice. The team voted. "Z" is it.

Scenario #4

You ran your staffing projections based on the call forecast before the new marketing program was conceived. At that time everyone agreed you needed to staff the contact center to meet customer expectations. When the new marketing campaign was launched, you started receiving 20 percent more calls than forecasted. Now, your service level is less than desired and upper management is nailing you. However, when you ask for more resources you are reminded that you are already over budget. This fact is not a big hit with the stockholders. Can't you figure out some way to improve service level without stretching your budget any farther?

The Passport to The Land of Giants

So, are you living in the World of Service Level Conflict? If you are, you may be unaware that there are seven ways to choose a service level. And, if you are unaware, then you probably never consciously chose one of the seven ways. And, if you never chose a way, then it was impossible for you to make decisions consistent with that way. It also means that your management team does not know when they ask you to deliver results in spite of conflicting objectives.

To rectify this, all you need to do is become aware.

Becoming Aware

To increase your awareness, read the following description of the seven ways to set a service level goal. The seven ways are:

1. The "Oz" approach
2. The "Safety in Numbers" approach
3. The "Art of War" approach
4. The "Whatcha Got" approach
5. The "Giving It All Ya' Got" approach
6. The "Balance Sheet" approach
7. The "Keeping Up With the Jones" approach

Method #1 -- The "Oz" approach

This approach simply takes someone's idea of reasonable performance and makes it policy. That "someone" may be a level or two above the contact center manager. They are presumably vested with enough wisdom to



pick the right numbers. The other “Oz” scenario is in the service agency world where clients set a service level goal and that goal is specified as a contractual requirement.

Method #2 -- The “Safety in Numbers” approach

This method for choosing a service level goal is to get in the middle of the road and follow the crowd. Many people believe 80 percent in 20 seconds is the middle of the road, even though no one has ever conducted any official research to clearly define this.

Method #3 -- The “Art of War” approach

The idea here is to be at least as good as, if not better than, your competitors. There are several ways you could find your competitors’ service level. You could ask. Or you could make test calls to see how fast they answer and how often you get a busy signal. Remember though, what you experience may not be the service level objective they’re striving for, but rather, the service they’re actually capable of at the moment. Making test calls may not be the most ethical conduct since you are inflating their call volume with “bogus” calls. Another option is to hold customer focus groups and ask your competitors’ customers their perception of service. No matter what you do, trying to precisely determine your competitors’ service level can be a frustrating experience.

Method #4 -- The “Whatcha Got” approach

What you have is all you’re going to get. This means you have all the resources your company can allow. The budget is final. The number of people on the phone is static. The number of lines is determined. The technology is set. The goal here is to determine the best level of performance you can achieve with the resources you have in place.

In this scenario you may not be able to add any more of anything -- sometimes you can’t even rearrange it. Your performance (and consequently your service level goal) will vary with call volume.

Method #5 -- The “Give It All Ya’ Got” approach

This method sets your service level goal at the point you feel your callers expect. Then you prepare a budget that shows what it will cost to provide this level of service. Often this approach produces a budget that is higher than acceptable. When this happens, you need to consider an alternative service level plan. When funding is lower, you either find less expensive ways to offer the same level of service or you lower your service level goal. Since you included the least expensive options in your original plan (being the fiscally responsible manager that you are), you have few alternatives other than to lower your service level goal.

However, all is not lost. You can still use this method. All you have to do is “stair step” toward your ultimate goal. You may not be able to reach “the ultimate” this year but you will be able to get closer. It’s better to be fiscally responsible about attainment of customer expectations.

Method # 6: The “Balance Sheet” approach

This method of determining your performance goal involves performing an incremental revenue analysis. The more people you have on the payroll to answer calls, the fewer abandoned calls you will have. We all know that a certain percentage of people who abandon calls are lost forever. This means they will not try to contact you again. This results in lost sales and service opportunities. These lost opportunities ultimately impact the bottom line due to lost sales revenue or customer dissatisfaction resulting in a customer defection. Therefore, you can justify the costs of additional people to answer the calls; as long as the costs associated with those additional people does not exceed the value of the lost calls being saved. This method asks you to back into the service level objective, because first you determine the economically optimum point, then you determine what the service level is that comes with it.

The result of this method is not a performance goal -- it is number of staff. The number of staff will vary by the value of the factors:



- value of call
- wages
- network costs

Method #7: The “Keeping up With the Jones” approach

In this method, you benchmark other companies to determine where to focus improvement efforts. The benchmarking effort helps identify the gap between your performance and world class organizations.

The problem we find with benchmarking is that people want to adopt what they perceive is a “world class” service level without first considering whether their customers’ expect it, or what it will cost. We had one company tell us they wanted to set their service level where a Malcolm Baldrige winner had theirs. When we did a financial analysis on what it would take to get there, we told the CEO that to attain that service level he would have to immediately invest over \$7 million in his 50 seat center. We promised him we could get to this world class service level, what we couldn’t promise him is that he would be in business the following year.

When setting any service level goal, we have to constantly balance our desired goal with fiscal responsibility.

Defining the Conflict

What really jazzed me about the seven ways is how much easier it makes my life as a contact center manager. I can’t tell you how many meetings I sat through where I knew we were switching objectives mid stream, but I didn’t know how to articulate it or its effect. The conflicting demands were driving me crazy.

I’ll use the four scenarios from the beginning of the article to define the service level conflict inherent in most contact centers. First I’ll define the conflict in each scenario, then I’ll resolve the conflict using the Land of Giants perspective.

Scenario #1 Conflict

Your manager is reacting to customers, which is good. When it comes to busy signals, he is focused on “Give It All Ya’ Got.” However, when it comes to hold times he changes to “Whatcha Got.”

Scenario #2 Conflict

You approached the service level from the “Balance Sheet” perspective. Your manager initially wanted the “Art of War” focus but would only budget for the “Whatcha Got.”

Scenario #3 Conflict

You plan to meet a service level goal that was set by the “Giving It All Ya’ Got” method. Manager #1’s approach was “Safety in Numbers.” Manager #2 was looking to the “Art of War.” Manager #3 was “Oz.” Oz won.

Scenario #4 Conflict

The team agreed to meet customer expectations (Give It All Ya’ Got). However, when the budget was exceeded everyone changed to “Whatcha Got.”

Resolving the Conflict

So, how do you move these four scenarios from The World of Conflict to The Land of Giants? The first step is to educate the entire management team on the seven ways. Then, as a team, decide what method you are going to



use to determine your service level goal. Make sure everyone understands how this decision influences all future decisions.

Once this is accomplished, you have a solid foundation for managing the service level as a team. Most importantly, you can now recognize conflicting objectives and deal with them immediately.

In the Land of Giants, when a request is made of you that is in conflict with your service level way, it's easy to say, "I'll be glad to do that. However, we must recognize that this changes our approach to service level management. This decision reflects the "X" way and we previously decided on the "Y" way. I'll need to run some numbers to let you know what this means to the bottom line. Let's get together once I have the final data so we can make the best decision possible."

I don't know about you, but that has a whole different tone than most of the discussions I had with my management team about service level. Now you know why I got so jazzed. I finally understood the basis for my team's service level conflict and how to get through it.

Kathryn Jackson, co-founder of Response Design Corporation (RDC) and call center expert helps professionals get more from their call center. Response Design is the how-to source for integrating the call center into the customer relationship. Its independent consultants use call center web seminars, contact center consulting, call center tutorials, call center benchmarking, world class customer service articles, and best-in-class customer service practices to ensure you get the most from your call center investment.

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