HOW TO SET PERFORMANCE STANDARDS TO ENSURE EXCELLENT SERVICE

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Abstract

Where do you set your performance standards? If you set them too low, you may lose quality and productivity. If you set them too high, they will be demotivating. Let us show you how to set the standards exactly right for your center.

This article outlines the steps you can use to determine what your agents are currently doing and match it against what is possible. It shows you how to motivate people to get from where they are to where they want to be.

Response Design's Performance Standard Worksheet serves as an example as Kathryn Jackson walks you through real-life situations. She explains how to define the baseline group of agents, confirm average performance, determine baseline performance, and set the lowest level at which agents meet standards. She goes on to explain how to determine the upper level of performance and determine reward and recognition levels. With her help, you can set the standards that make a difference!

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How to Set Performance Standards to Ensure Excellent Service

Kathryn E. Jackson Ph.D.

Think about what you measure in your contact center. Now, think about your goals for these measures. Why do you have the goals that you have? How often do you meet these goals? How do people feel about the goals? Is this whole measurement and goal attainment process a rewarding experience for your people or do they dread seeing you walk out of your office with reams of paper trailing behind you?

I walked into one contact center the other day. Up on the bulletin board was a chart of quality performance. Written on the top of the chart was the goal—95 percent quality by the end of this year. I took a look at their current measure. They said they were performing at 85 percent quality. I talked with the team leaders, they assured me they would make their goal. I talked with the agents, they were not as sure. I looked at the most recent customer survey, it looked even less certain. I asked to listen to a couple of their top notch performers. I doubt I would have assessed the quality at 85 percent. I asked the management team where they got their goal. They referred to a higher authority. I asked them how they were going to get to 95 percent. Somehow, their response reminded me of a deer staring blankly into the headlights of an oncoming car.

This scenario is not uncommon. Most people don't know why standards are set where they are. Or, the standard came from "up above." Many contact centers "make the standard" even though the resulting number is not a clear representation of the performance of the contact center. Ask yourself this, if I were to bring contact center experts in to measure your quality performance and they reported your performance to be at 58 percent, would you cringe at the thought of reporting this to upper management? Do you have a hard time explaining how to set standards and what happens to the performance measurement when changes occur in the contact center environment? If you do, read on.

Performance Standards

Most contact centers have standards. However, having standards is not enough. They must be the right standards. By right, I mean not too low, not too high.

If you set them too low you will lose quality and productivity. Valuable resources will be wasted. Your customer requirements will never be met. Low standards are also demotivating. Challenge and job satisfaction go hand in hand.

Standards that are too high are a problem as well. Standards that are too high are also demotivating. If people know the standards are impossible, they will reason "Why try at all? We can't reach them anyway." The standards become a source of frustration. If people consistently strive to meet the standards without success, they will feel like a failure which will eventually affect their morale and performance. Another phenomenon we have seen is that when people get frustrated about reaching a standard they can become distracted about their real goal which is learning, growing and WOWing the customer.

So, the goal is to set standards high enough so that people have to work to get there yet low enough that they are attainable.

The ultimate goal is a standard that meets the customers' expectations (often referred to as the world class goal). However, when we look at the gap between where we are currently performing and that ultimate goal, we may

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have to take “baby steps” to get there. These “baby steps” mean that I am periodically adjusting my interim standards. Employees must know from the start that our changing standards periodically is not a punishment of their good performance but an effort to get closer to our customers’ constantly increasing desires. And, we must put a system in place such that when our employees meet or exceed these interim or ultimate standards they are recognized and rewarded. Striving to achieve performance goals should be a pleasant experience.

Shaping

In this article you will learn how to take “baby steps”. This baby step process is called “shaping.” Shaping was defined by a man named McClelland: “Shaping is the process of positively reinforcing successive approximations toward a goal.” McClelland did research on high achievers and found that the highest achievers set moderate goals. He found that if we ask for quantum leaps in performance we discourage people. However, if we set moderate goals and celebrate successes he found that, “Goals that are celebrated are records waiting to be broken.”

Use the following methodology to set the performance steps in your short-term assessment infrastructure. This methodology is not an exercise in statistics, it is an exercise in motivation. At Response Design, we don’t teach people how to statistically determine the upper and lower limits and define the statistically significant samples. We teach people how to look at what people are currently doing, match it against what is possible and figure out how to motivate people to get from where we are to where we want to be.

As you implement this methodology remember, each contact center is different and there is no such thing as one “right” performance standard. Therefore, the data I use in the following methodology description is for example only.

Step number 1. Defining the Baseline Group

The baseline group is defined as the group of individuals who have been working at the job long enough to feel comfortable. Most contact centers say this is someone who has been on the phone for three to six months (depending on the complexity of the contact center’s transactions). Therefore, as time goes by, the names that comprise your baseline group may change but the definition remains the constant.

Our example contact center baseline group is defined by sixteen people. (See the Performance Standard Worksheet that follows this article). The information that we have available for each person in our baseline group is Cycle 1, Cycle 2, and Cycle 3 data for productivity and quality (in this example we are using two performance indicators—productivity and quality—you may have more). A cycle is a period of time in which you have collected data (typically two weeks to a month).

So, the first step is to look at the definition for your baseline group and start collecting data.

Step number 2. Confirm the Averages

In our example, the boxes surrounding Cora and Kevin are our mid-point. (The mid-point is the point where there are the same number of people above and below that point.) You can see that for both productivity and quality the three cycle averages are listed.

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By looking at the mid-point, you can confirm the averages to ensure that people aren't skewing them. If the average and the mid-point values are close, then the average is valid.

In this case, the average and the mid-point look very consistent for both productivity and quality. If we were to have somebody really skewing the data (e.g., if someone had a productivity number of 28 or a quality number of 10 percent) we would have to consider whether or not they should be included as part of the baseline group.

Step number 3. Determine Baseline and Performance

Look at the three cycle average:

- For productivity, the 3 cycle average is 14.73
- For quality, it's 80 percent

Use the three cycle averages for the baseline. In this example, record the quality (80 percent) and productivity (14.73) three cycle averages where it says "baseline" under productivity and quality.

Step number 4: Setting the Lower Level of Meets

To set the lower level of meets, determine what number will encourage people to meet, to stretch, and to get to that first level. Make sure the performance steps are also motivational. We want the step to be high enough that people have to work to get there, yet low enough that it's attainable.

In this example, set the lower level of meets for productivity at 15. Record "15" to the left of the word "to" in the "meets" box. Record the lower level of quality at 82 percent. Write "82 percent" to the left of the word "to" in the meets box.

Step number 5. Determine the Upper Level of Performance

In this example, the upper level of the reward and recognition program (R&R) for productivity and quality is Level 4. You can set as many levels as you want in your reward and recognition program. We set multiple levels because it is evident in many R&R programs that the high performers are forgotten and often get lumped in with everyone else who met a certain goal. We need to set multiple levels so these "superstars" are given the motivation to keep excelling.

Setting the upper level of quality is fairly easy to do because the upper level of performance when dealing with percentages is always 100 percent.

For productivity, consider who the people are who are already performing at a high level of quality and a high level of productivity? Always look at people's productivity in relation to the corresponding level of quality. You never want to set a productivity goal that causes people to compromise quality.

In this example, we can see that Deb, Tom, Brigitte and Cara all have had 16 calls or greater with relatively high quality. Notice Deb, in particular, when in cycle 2 her productivity was 16.5, her quality was 92 percent. When the productivity was 15.89 in cycle 3 the quality was at 94 percent.

When you set the productivity in Level 4, some of the questions you may ask are:

- What is obtainable and reasonable?

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- What gives even the top performers a little bit of stretch?

In this example, we are going to record 16.1+ as our highest level of productivity. So, in the box marked Level 4 place 16.1+. Anyone who has 16.1 productivity or greater will be in Level 4 productivity.

Step number 6. Determining Upper and Lower Levels of Each Reward and Recognition Level

Because of the correlation with the performance steps to the reward and recognition program, at the meets level, employees will receive a certain reward and recognition and an incrementally greater reward and recognition with Levels 1, 2, 3 and 4 (four being the highest in this example).

For productivity, we recommend that the number only be taken to one decimal place. For quality we recommend not using any decimals.

Productivity
In this example, productivity begins at 15 and ends at 16.1. That's not a very big spread to divide into five levels. One of the options you may consider is holding productivity constant over several levels. What this allows you to do is have people focus on improving their quality to reach higher levels in the reward and recognition program without emphasizing the productivity.

To determine the levels, consider how to increment from 15 up to 16.1. What you see is that you have 1.1 points (16.1 - 15 = 1.1) to divide over five levels (meets to Level 4). You can set the "meets" at 15 to 15.5 and hold that the same through Level 1. So, meets and Level 1 would be set at 15 to 15.5. Level 2 then becomes 15.6 to 16 and Level 3 (if we're going to hold that the same as Level 2) is also 15.6 to 16.

In this example, we held meets and Level 1 the same, Level 2 and Level 3 the same for productivity. It is not necessary to hold the levels consistent as we did.

Again, the messages we want to send are enabling people to stretch, letting them know the standards are reasonable and obtainable.

Quality
Now let's turn to quality. We set our lower level of meets at 82, and our Level 4 highest attainment at 100 percent. Now calculate what the various levels will be.

To do this take the 100 percent (which is the highest Level 4 attainment) and subtract 81 (which is one less than our lower level of meets.) This gives us a difference of 19. Next divide 19 over all five levels. When you divide 19 by 5 you get 3 (meaning all levels will have at least a three point spread). You also have 4 remaining. That means you will have 4 levels with an additional point.

Now we need to determine what to do with those four levels that have 4 points. Do I want a greater point spread starting with meets or do I want a greater point spread in other levels?

In this example, let's say we want to make it easier for people to get to higher levels so I'm going to make the range smaller in the lower levels. So, meets will start at 82 and increment up 3 (82, 83, 84). Record 82 to the left of the word "to" in the meets box and record 84 to the right of the word "to" in the meets box.

Level 1 is incremented four points (85, 86, 87, 88) so in the Level 1, put 85 to 88.

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Level 2 increments four, (89, 90, 91, 92) so Level 2 is 89 to 92.
Level 3 increments four (93, 94, 95, 96) so my range would be 93 to 96.
Level 4 is also incremented four (97, 98, 99, 100) so Level 4 is 97-100

At this point you have a completed grid for both productivity and quality for the performance steps.

Step Number 7. Reality Check

Now I am ready to move on to the reality check. I want to know if the percentage of people who would be in the reward and recognition program (based on Cycle 3 data) is motivational and within budget.

Productivity
Look at the productivity. In this example, based on the various levels that we just identified, since Deb's productivity in cycle 3 was 15.89 then she would participate at Level 3 productivity.

Since, in this example, we held Level 2 and Level 3 constant for productivity you will record "3" in the "P R&R" column for Deb. I always want to indicate the highest level of attainment.

Tom's cycle 3 productivity was 15.73. He would also be in Level 3.

Brigitte's cycle 3 productivity was 15.57 percent. Brigitte's productivity number presents a new challenge. Are you going to round the 15.57 up to 15.6 or will you truncate (drop the last digit) 15.57 to 15.5? Your decision will impact what level of reward and recognition she enters.

The decision is based on the answer to the following question, "What are the messages we want to convey to our people?" Some companies will say that if you haven't met it, then you haven't met it and we're not going to round it. Others will say to give employees the benefit and to round it. Once you decide, be consistent so that you handle each situation the same.

In this example we are going to truncate (meaning dropping the last digit). Brigitte would then be at 15.5 productivity. That means she attained Level 1.

Continue through this example, marking each person's specific productivity level.

Quality
Once you complete where each person is with productivity, move to quality. You'll use the same methodology.

Cycle 3 data for Deb shows that her quality score was 94 percent. Based on our matrix, she would participate at Level 3. Record the number "3" under the "Q R&R" column for Deb and then complete the quality level attainment for all 16 members of the baseline group.

Final Reward and Recognition Participation.
Our intent is to always balance productivity and quality. Therefore, when we are determining the final level of reward and recognition participation we look at both the productivity and quality level. We reward at whichever level is lower. We do this so we are not motivating someone to pursue one of the indicators while compromising the other.

In this example, Deb was at Level 3 for productivity and Level 3 for quality. Her final reward and recognition participation is Level 3. Record "3" under the "Final R&R" column for Deb.

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Tom was at Level 3 productivity and Level 2 quality. Reward him at the lower level attainment which means his final reward and recognition participation is Level 2.

Brigitte was at Level 1 productivity and Level 2 quality. Again we want to reward at the lower attainment. Her final reward and recognition participation is Level 1.

Move through the remaining people on the team.

Step Number 8. Percent Receiving Reward and Recognition

Now check the final percentage of participation in the reward and recognition program. Where it says "cycle 3 reward and recognition" enter the number of people who participated in each level. By looking at the column "Final R&R" record the number of people in the meets level. Only one person is in meets (that person is Frank).

Level 1 has three people. The 3 people are Bob, Cara and Brigitte.
Level 2 has one person. That person is Tom.
Level 3 has one person. That person Deb.
Level 4 – there were no participants

So the total number in reward and recognition is 6 (1 in meets + 3 in Level 1 + 1 in Level 2 + 1 in Level 3 = 6). When we divide 6 by 16 (6 being the number in reward and recognition divided by the total in the baseline group) we find we have a 38 percent participation.

Determine if 38 percent participation is what you want. Some companies may have greater or lesser participation. Consider both employee motivation and budget.

If you say that 38 percent is fine, then you should be satisfied with the work that you've done.

If you think participation is too high or too low, go back through the same steps and rethink your decisions. In this example we truncated productivity. If you were to round productivity it would increase participation in reward and recognition. Modify the different bands in the various levels to adjust the level of participation.

Changing Performance Standards

Since things keep changing (customer's desires, technology, processes) your performance standards will need to change to keep pace. Some companies change the performance steps when the average of the baseline group hits the lower level of meets. So, in this example, if the productivity average for the baseline group for a cycle were 15 or greater it would be time to reset the performance steps. Other companies say the performance steps are reset when one indicator is met, others say all indicators must be met. Some companies reset when the baseline group hits the lower limit of meets, others say upper limit. Ask yourself:

What are the messages you want to send?
What is motivational?

But, before you change anything be sure to celebrate your success. Remember, a goal that is celebrated is a record waiting to be broken.

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Backsliding

It's interesting to note that quality and productivity scores may be increasing at a consistent rate and then all of a sudden your baseline group average shows no growth or starts to backslide. There are several reasons for this. First, look at your processes and technology. Has any change been introduced to the system that could upset the delicate balance (e.g., upgrading or changing a phone system or database can temporarily increase work time thereby decreasing productivity)? Then look at your customer requirements--it could be their expectations have changed and you need to change with them. A third phenomenon is that your management team may be growing in their understanding of excellence and what used to be given a good quality score is not longer acceptable. Variations in performance are indicators of changes and should be considered a normal course of business. The key to variation is to discover the reason for it and determine what to do when they occur.

It is critical to establish rules for resetting performance standards when there is this type of system variation. Remember, system variation occurs when the performance indicators are skewed by process and technology changes versus the skill and knowledge of individuals. For example, let's say you change your call monitoring sheet and everyone's quality score drops. This drop is not caused by the employees--it is caused by a new definition of excellence. Your people didn't get "worse"; your definition of excellence got "better." But what this drop could mean is that no one would earn reward and recognition unless you "reset" the performance steps. By communicating the "rules" to reset the performance standards in times of system variation helps employees feel safe because they know they won't be penalized for something over which they had no control.

Record All Decision Rules

Make sure you record your decisions on how to set and reset your performance standards. This helps you remain consistent as you move forward. It also helps employees feel informed and safe.

Once you've mastered these steps you'll be well on your way to setting excellent performance standards.

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Sample Performance Standard Worksheet

	Cycle 1 Productivity	Cycle 2 Productivity	Cycle 3 Productivity	P COE		Cycle 1 Quality	Cycle 2 Quality	Cycle 3 Quality	Q COE	Final COE
Deb	15.20	16.50	15.89		Deb	93%	92%	94%		
Tom	15.05	16.34	15.73		Tom	91%	90%	92%		
Brigitte	14.90	16.17	15.57		Brigitte	89%	88%	90%		
Cara	14.75	16.01	15.42		Cara	88%	86%	88%		
Bob	14.60	15.85	15.26		Bob	86%	84%	87%		
Frank	14.46	15.69	15.11		Frank	84%	83%	85%		
Terance	14.31	15.53	14.96		Terance	82%	81%	83%		
Cora	14.17	15.38	14.81		**Cora**	81%	79%	82%		
Kevin	14.03	15.23	14.66		**Kevin**	79%	78%	80%		
Richard	13.89	15.07	14.52		Richard	78%	76%	78%		
Judy	13.75	14.92	14.37		Judy	76%	74%	77%		
Lilian	13.61	14.77	14.23		Lilian	74%	73%	75%		
Bud	13.47	14.63	14.08		Bud	73%	71%	74%		
George	13.34	14.48	13.94		George	72%	70%	72%		
Rupert	13.20	14.33	13.80		Rupert	70%	68%	71%		
Mary	13.07	14.19	13.67		Mary	69%	67%	69%		

Total = 16 persons in baseline group

				3 cycle ave.				3 cycle ave.
Average	14.11	15.32	14.75	**14.73**	80%	79%	81%	**80%**

Step 2

	Productivity	Quality
Baseline:		
Meets:	to	to
Level 1:	to	to
Level 2:	to	to
Level 3:	to	to
Level 4:		to 100%

Cycle 3	Care of Expert
Meets	
Level 1	
Level 2	
Level 3	
Level 4	
Total in COE	

Steps *(Use pencil if you have one)*

1. Define baseline group (ours is defined as the 16 above)
2. Confirm averages (looking at midpoint)
3. Determine baseline performance (averages)
4. Set lower level of "meets"
5. Determine upper level of performance
6. Determine upper and lower levels of each Care of Expert level

   (Hold productivity levels even over several levels)
7. Reality check: Based on cycle 3 data determine COE participants
8. % in Care of Expert = Total in COE / Total in baseline group

% in COE: _____ %

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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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