

# CALL CENTER BENCHMARKS FOR IMPROVED PERFORMANCE

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ResponseDesignCorporation   
CREATING THE UNCOMMON CALL CENTER



## Call Center Benchmarks for Improved Performance

### *Abstract*

Are you hungry for customer contact statistics? Are you desperate for benchmarks? Do you search the Internet and publications night and day for trends you can trust? In this article, you'll find recent, valid, actionable metrics to help you run your contact center more effectively. Not only does this article give you the numbers, it helps you learn how to use them to optimize your opportunity to improve.

What do "average" (or even "world class") metrics mean to you? If you follow them blindly, will you be a lemming following other lemmings over a cliff? What should you consider before you invest your efforts in changing them?

Armed with the numbers—and some of the stories behind the numbers—you are better prepared to make wise investment decisions.



## Call Center Benchmarks for Improved Performance

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### Stop!

Think for a moment. How do you define excellence in your contact center? Do you know what is keeping you from it? If you could have one question answered today that would help you take the leap to excellence what would it be? Do you know where you would go to find the answer?

The contact center industry is only 30 years old. We have a lot of good information, but sometimes it's hard to discern the best practices. We've learned a lot, but much of it has been by trial and error. Many of you have heard us tell the story of the manager who said, "I've been in this business for 15 years, but I don't have 15 years of experience. I have one year of experience that I keep repeating year after year." Sound familiar?

### What's Best?

Managers are spending sums of money to find the best practices that will lead them to excellence. However, many times it is hard to tell if what we have discovered is a best practice or simply just a practice.

Let me illustrate with a story. A Response Design associate was driving into Philadelphia for a meeting and could not find a parking place anywhere. Finally, she found a lot that wasn't full, so she pulled in. The parking lot attendant came running up to her car yelling hysterically. He kept pointing to the "entrance" to the lot and yelling at her that she had come in the wrong way and had just run over the spikes (you know the ones—those in-the-ground "teeth" things that keep you from stealing a car). All she could think was, "Great, not only am I late, but also I'll now have four flat tires when I return from the meeting." She glanced in the rearview mirror and noticed that another car had followed her in the same "wrong" way. The parking lot attendant ran over to the driver of the other car to tell him about his dilemma. The other driver pointed at her and yelled "But I followed her!" To which the parking lot attendant yelled right back "Yes, and she ran over the spikes as well!"

This is a great story about the difference between following someone you know has mastered a best practice and someone who is simply "feeling" his way through by trial and error. (The other interesting thing about this story is that the associate had no damage to her tires, but the man who pulled in behind her had four flats.)

### Benchmarking versus Surveys

Benchmarking is conducted to find best practices, but we are careful with "best practices" in the contact center environment. What seems to be a best practice for one center may not be for the next. Does the best practice make fiscal sense to the center at this point in its quest for excellence? Companies can no longer pursue "World Class" without balancing it with fiscal responsibility.

Surveys, on the other hand, simply tell you what other centers are doing—best practice or not. So, be careful with surveys as well. You know the old story about the lemmings that follow each other over a cliff to their death? Surveys may be telling you that everyone is heading a certain way, but are they all heading over a cliff?



## Gaps versus Waste

To be fiscally responsible, we must invest our resources where they count. Sometimes we invest in areas that are “easy” to solve but don’t have much value. Other times, we invest in areas that we “think” are important, but we can’t back up our thought with intelligence.

One day, two Response Design associates were in a meeting with an executive who said he didn’t want any customer to wait longer than 20 seconds in queue—he meant that no customer calling on any day or time of day would have to wait longer than 20 seconds. Now, this was a 50-seat center. So the associates told him they would put together a financial model to let him know his initial investment to do this. When they ran the model, they found that he needed an initial investment of more than 5 million dollars. They told him, “The difference between your peak, average and low hour call volume would mean you would have to triple capacity to make certain you got close to making this happen.” After he recovered, the associates asked him why he wanted to do this. He said he thought it would look good in a marketing brochure.

They talked about what was important to his customers. He didn’t know if the current wait time was an issue or not—so Response Design did a customer survey. We found that 20 percent of his orders were going out late and with missing or incorrect items. This was really what his customers wanted him to spend his money fixing! And, once he fixed this, guess what happened to his call volume and his wait times? You’re right, they both went down since irate customers weren’t calling about incorrect orders anymore.

This is a perfect example of gaps and waste. It would have been a waste of money to invest in the 20-second wait time. The real gap, in the customer minds, was getting the orders right. Investing in fixing this gap would give the executive far greater returns.

Be careful about gaps and waste. Gaps occur when we aren’t meeting the customers’ needs and waste occurs when we are providing something the customer doesn’t value. To not invest in what our customers value is a waste of our precious resources.

## Correlation versus Cause and Effect

Mark Twain once said, “There are three kinds of lies: lies, damn lies, and statistics.”

Statistics are an important component of becoming excellent, but watch out. Watch the correlation that is made between various data elements. When people compare data in some surveys, they find a correlation and automatically assume there is also some cause and effect.

Following is an illustration of the danger in this. It’s easy to prove a statistical correlation between the number of drowning incidents at the beach and the number of ice cream cone sales. Now, does that mean that ice cream cones cause drowning? No, most of us would look at that and say, “That’s absurd.” It probably means that on hot days, more people are at the beach, more people buy ice cream cones, more people are in the water and so on.

Watch the data source and understand how researchers gathered the data and drew their conclusions. Do the researchers understand the complexity of the contact center environment or do they believe that an increase in ice cream cone sales will result in increased drownings?

Managers judging problems from a high level may not understand the complexities of customer contact, either. For example, an executive received a call from a customer complaining of getting a busy signal. The executive



called in the contact center manager and demanded that he add more lines so no customer would ever get a busy signal again. The manager told him that if he did this without watching staffing that they would simply be trading one problem for another (instead of this customer getting a busy signal, she was likely to experience longer hold times if they didn't increase staff to handle the increased call volume). Since the executive didn't understand all the contact center linkages and complexities, it seemed to him that there had to be a simple, quick fix to this busy signal problem. (However we all know...there seems to be no simple, quick fixes in the contact center!)

## Interesting Tidbits

In the rest of the article, we are going to share with you some of the data floating around in the industry. Now, remember some of this data is from surveys, some are statistics, and some are benchmarks. Response Design does not have the calculations for this data, nor have we spent a great deal of time validating it.

Some of the following information is anecdotal, some are figures that are flying around in the industry that we haven't been able to find the true source (in other words you see them published all over the place and the "fact" is impossible to track to its source). We share what we have heard as "interesting" tidbits.

Some of the information comes from LeapFrog!<sup>TM</sup>—a source that we trust. LeapFrog! is a contact center metrics database covering 300 critical measurements, and 140 participants. Once managers submit data, LeapFrog! compares their performance against the other centers in its database. Managers receive an individual report with specific recommendations for their center along with an executive summary of conclusions and best practices. This study is different from other studies in that it is based on a relationship between Response Design personnel and the manager completing it. Our personnel support the manager with clarifications and additional information so that the manager can be accurate in his responses. This partnership ensures the validity of the results. So when I quote LeapFrog! in the remainder of the document, you can rest assured that it is the best information our industry offers.

## What is the national statistic for turnover? What about world class?

Most people are splitting turnover into two components: negative and positive. Positive turnover involves a promotion or lateral move in the company. Negative turnover is termination or the person leaving the company.

In 1994, the average annual positive-plus-negative turnover in the contact center industry was approximately 23 percent. LeapFrog! now reports that average annual turnover has climbed to 42 percent, with 16 percent attributable to positive turnover and 26 percent attributable to negative turnover.

Studies report that world-class customer contact centers are attempting to achieve and maintain a single digit negative turnover percentage somewhere around 7 percent.

## Should I measure "first call resolution?"

Fewer centers these days are measuring "time to resolution;" however, the measurement of "first contact resolution" has gained in popularity, and companies are experiencing an upward trend in this metric.

Striving for an arbitrary first call resolution goal can make you feel like one of those lemmings going over the cliff. The percent goal that is often touted is "approximately 85 percent of all calls should be resolved on the first contact."



However, maybe you reside in a center that has consciously engineered the organization to be tiered—maybe a help desk. Having every agent trained to answer some questions that are extremely complex or questions that aren't asked that often may not make sense. Sometimes these infrequent or complex calls may represent more than 15 percent of the call volume. You could conduct research to determine the allocation of resources that would best serve the customer.

### What benchmark are companies trying to hit for percent busies?

Today, fewer managers measure blocked calls than did so in the late 1990s. Of those who do, most are trying to hit 0 percent busy in as many half-hours as it is practical to do so. Managers are configuring their network and adjusting their staffing so that when customers call, they almost never get a busy signal, and it just doesn't make sense to a customer anymore to call a contact center and get a busy signal. Customers are expecting to get right through. Most companies are getting very close to this goal. The 55 LeapFrog! participants that measure the percentage of blocked calls report an actual blocked call average of 2 percent.

### What benchmark are companies trying to hit for percent abandons?

Companies are aiming for right around 4 percent abandons. If someone tells you they are at 0 percent, ask them how they are calculating the statistic.

A “zero percent abandon” is impossible all the time, day after day. The phone equipment was designed to be very sensitive to electrical signals. If a slight signal comes through the network, the phone system should pick it up just in case it's a customer. If it's not a customer the phone equipment automatically disconnects from the line—a “fast clear down.” You'll see these on your phone reports. It's those calls that show up on your abandon report as calls that abandon in 2 or 3 seconds.

During a visit to a contact center, a manager told Response Design that her “percent abandon” goal was “zero percent.” We asked what they were achieving. She said, “0 percent” which told us that she had heard of these things called “fast clear downs.” So, the management team members had decided that any call that held 30 seconds or less wasn't really a customer and so they subtract those calls from their abandon total. When asked the average percentage of calls they subtract weekly, she answered, “Oh, about 22 percent of our calls.”

### What percentage of calls that abandon are lost forever?

A long time ago, there was a statistic that 33 percent of all calls abandoned are lost forever. Be cautious about this one. Let's look at two possibilities.

First, assume you are an agent from a collections company. When you call a customer, you hit your answering machine, and leave a message, “Hi this is Bob. Please call me back at 888-999-5555.” The customer calls you back, and when he does he is put into queue where the company name is given. “Thank you for calling Jones Credit and Collections. All agents are assisting other customers....” When the customer hears the company name, he hangs up. How many of those callers who abandon do you think are going to call back? Probably close to zero (meaning close to 100 percent are lost forever).

As another example, assume you are an agent for a banking and mortgage company and leave a message, “Hi, this is Sally from Special Home Mortgage. We have completed the review of your application and need one additional item to approve your mortgage. Please call me at.....” Let's say that during the process of calling



back, the customer must abandon the call. How many of these people do you think will call back? Probably close to 100 percent (meaning close to zero percent are lost forever).

Therefore, before you make the decision whether or not you should increase staff to decrease abandoned calls, determine what value you may be missing when you are not able to pick them up.

### What is a call spike and how does it impact my center?

Research shows that if you are staffed appropriately for your call volume, calls will still bunch up at times and your service level will start to degrade. When I was managing contact centers and this would happen to me, I thought I had to call the third Marine division to get on the phones to handle the increased call volume. But I learned that historically a call spike is an approximate 8 to 10 percent increase in anticipated call volume. So, if I have 100 people on the phone, I need only to increase my staffing by 10 people (10 of 100). I watch my service level and if it doesn't correct in 15 to 20 minutes, I add another 10 percent. This is my "alert system" or "contingency plan."

Step One in an alert system may be to arrange for personnel to sign on if a call spike occurs when they are in a meeting, in coaching or working on some project that can wait. The next step may be to arrange for some supervisors to sign on when they are needed. If that doesn't work, I may go to Step Three and so on. These plans work well because they are documented and people are trained to respond. When a spike occurs and an alert is sounded, people know what to do. When the spike is over, have a process in place to notify people that they may return to their previous work.

If you do not take care of call spikes quickly, they can create a snowball effect on the service level that can last 4 to 6 hours. Research shows that when callers abandon because of hold time, they will call again. These retries keep the inflated call volume going, and if they continue, the queue stays backed up, the handle time increases and the agents begin to lose their call control skills. These bad results happen for several reasons. First, the customer complains about the difficulty getting in, so the agent apologizes and lets the customer vent. Second, some customers become aggressive about the situation and the agent is required to spend more time defusing their anger. The agents are also working in a stressful situation with no let up. That's why it is so important to take control of the spike before its effect escalates.

### When designing a contact center, how many square feet should I allow per seat (including common areas)?

Some people suggest that if you are thinking about expansion and you want a quick estimate of how many square feet you'll need, you can use approximately 125 to 150 square feet per seat as a rule of thumb. (This square footage number applies to all common areas needs, not just the cubical.) So, let's say you are in the process of leasing some space. You can multiply the number of seats times 125 to 150 square feet to give you an idea of the total square feet required.

The average space allocated by LeapFrog! participants specifically for a "work area" or cubicle is 33 square feet per agent.

### How many calls should I monitor per rep per month?

During the last eight years, managers have increased the number of calls monitored per agent per month. More LeapFrog! managers now report that they monitor six to 10 calls per month. (In the late 1990s, more managers reported that they monitored from one to five calls.)



You may ask, “How can you only monitor six to 10 calls in a month and get any statistically relevant information?”

The “six to 10 call rule” is okay when you are using it to trend agent skill and knowledge proficiency. Every time you monitor a call, you can tell whether or not the agent is struggling with the same thing. If you intend to consider promotion or disciplinary action, you will rely on more calls for your sample—at least 30.

### **What percentage of calls into a service operation is typically misdirected?**

I’ve heard it said that typically up to 40 percent of the calls into a service environment are misdirected. (Our data tells us that the problem is not of this magnitude for LeapFrog! service centers.) If this is true for you, it’s just incredible to think about it. Can you imagine having to staff for 40 percent more calls than you can handle? When you ask an agent about these types of calls, it drives them crazy. They thought they were to meet a customer’s need not be an transfer operator. Managers should make smart decisions about how to advertise for customers to contact them and how they are going to handle any remaining misdirected calls.

### **How do I ensure that any two people can assess the performance of another individual and evaluate the performance the same?**

Calibration is the answer. “Calibration” means that any two people can listen to the same call and score the quality of the call the same. It is the process of listening to, scoring and discussing calls as a team. We have found that to get a team to be within +/- 5 percent of variance in scoring requires 50 to 60 hours of teamwork. To stay calibrated requires two to four hours per month.

### **What is typical for variable pay?**

In customer service organizations, variable pay averages 5 to 7 percent; sales operations may have higher variable pay.

### **What are the top three issues on employee surveys?**

If you’ve never surveyed your employees, the top three things you may hear are:

- Not enough close or convenient parking.
- Not enough women’s restrooms.
- It’s always either too hot or too cold.

But don’t take our word for it, survey for yourself. One word of caution: don’t survey your employees until you’re ready take action. How many times can you gather employee input and do nothing? That’s demotivating to the people. If you continue in this fashion, you’ll have employees who stop giving their input.

We recommend that you insist on at least an 85 percent response when you conduct front-line employee surveys. It is up to your leadership team to make the survey accessible and easy to complete. We use a front-line sub team to address the resulting issues and determine the solutions.

### **Will agents and/or contact centers become obsolete?**

Never. We will always have agents in the contact center because only humans can relate to humans. While certain technology can divert some of the contacts, some customers will always want human interaction.



## Can one agent really do service and sales?

Yes. However, this is a wildly debated issue in the industry.

Basically, in both types of interaction (sales and service), the agent's job is to identify the customer's need and deliver what is required to meet it.

A model with which we are familiar indicates that when you have a dedicated campaign for a specific sale, you may want to consider a dedicated team. For example, if you have an advertisement for a specific product and you are running a targeted campaign for it, have a dedicated team handle these calls. The team becomes very good at making this sale and training your entire staff to make it may not be cost effective.

However, when a customer calls into a service organization, do not transfer the call to a "sales organization" when an agent is able to determine that the answer to the expressed need is a product. Your service people should be able to handle this need without a transfer.

## So Remember...

... information is doubling every five years. Half of what a freshman learns is obsolete by the time she graduates. It's hard to stay ahead of the curve. But by finding the right data and applying it in a fiscally responsible manner, you can leap ahead to excellence.

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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