

THE RIGHT CALL

# Five Leading Practices for the Contact Center

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## INTRODUCTION

Business contact center and IT service desk<sup>1</sup> management practices are evolving in response to a variety of technology innovations and new business requirements. Self-help tools are changing how service desks manage first-level contacts, new approaches to agent training are enhancing service quality and reducing turnover, and organizations are reassessing their approach to staffing and outsourcing.

As quality service at low cost becomes increasingly commonplace, top-performing organizations are seeking new and innovative ways to use the contact center and service desk to gain a competitive edge.

This white paper outlines five leading practices for optimizing contact center and service desk efficiency and contribution to the business, and examines emerging trends related to deriving value from the contact center.

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<sup>1</sup>In this article, the terms “contact center” and “IT service desk” are at times used interchangeably. While recognizing that the former is an external-facing organization and the latter an internal-facing one, both confront many of the same challenges and are often measured and managed in similar ways. A distinction is made between the two types of organizations where appropriate.

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## ONE: PROBLEM MANAGEMENT

Business contact centers and IT service desks have a unique opportunity to serve as the “eyes and ears” of the enterprise. By analyzing incidents and problems and the reasons behind them, the contact center can play a key role in identifying root causes of problems within the business and enabling corrective action to drive improvement.

However, many organizations struggle to take advantage of this opportunity. The main reason is that contact centers are generally measured and managed to solve incidents and problems rather than eliminate them. This presents an inherent conflict. Consider this scenario:

A bank has a confusing self-service option to change customer PINs. Customers become frustrated with the process and call contact center agents, who easily resolve the customer issue. Executives reviewing the unit’s performance note that agents are highly productive and efficient in responding to a high volume of calls, and reward shift managers and agents with a bonus.

Obviously, the bank’s customers would be better served if the contact center reported the problem so that the PIN reset process could be simplified. However, the metrics used to assess agents’ performance provide a clear incentive to maintain a high volume of easily resolvable problem calls, and a clear disincentive to eliminate the source of the problem calls.

In a broader sense, any contact center or service desk that becomes too good at its job risks putting itself out of business. The challenge is to move beyond basic measures of incident resolution and to link contact center metrics to broader business objectives, so that agents are measured, evaluated, and rewarded to analyze and resolve problems.

One approach is to use incentives to prompt more rigorous analysis of incidents and problems. If the business unit and staff responsible for problem management reside outside of the contact center, shared incentives that cross departmental lines can facilitate the necessary level of engagement.

In addition, a more mature perspective on benchmarking and performance improvement is required, one that addresses three questions:

1. **What?** What metrics are appropriate? What do these metrics show regarding the organization’s performance relative to peers and top performers?
2. **So what?** What does the analysis show in terms of identifying performance issues and opportunities for improvement?
3. **Do what?** What insight does the analysis provide in terms of defining appropriate actions to drive improvement?

An organization that rigorously addresses these three questions can move beyond a narrow “meeting the numbers” focus on benchmarking and instill the discipline needed for effective problem management.

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## TWO: MANAGING CONTACT VOLUME

Top-performing organizations are committed to constantly reducing the volume of incidents coming into the service desk. Towards this end, many have invested in self-help and automation tools designed to ensure that incidents are either resolved without any contact or directed to appropriate specialized channels. For incidents that do reach the service desk, improved training and knowledge bases are helping to push first-contact resolution rates to as high as 80 percent to 90 percent in some organizations.



**While cost per contact remains a key metric, the measure of cost per resolution is gaining increased attention.**

While cost per contact remains a key metric, the measure of cost per *resolution* is gaining increasing attention. By incorporating activities outside of the contact center and service desk – including second-level support at the desktop, network, or data center – this measure can provide valuable insight into the true drivers of cost and performance gaps in the business.

Top performers are also striking a balance between the functionality of self-help tools and automation on the one hand, and simplicity and the user experience on the other. IVR systems with a multitude of options, for example, generally lead to user confusion and frustration, and are ultimately counter-productive.

Another emerging best practice is to proactively anticipate problems. Keep agents in the loop regarding new products and applications and prepare and plan accordingly. For example, user acceptance testing of new business applications allows service desks an advance look at the issues users will be likely to experience.

In terms of management practices, recognize that different industries have different profiles and use patterns, and take these differences into account when undertaking performance assessments and improvement initiatives. For example, users within the insurance and bank industries and corporate staffs tend to rely heavily on the service desk, while independent agents and manufacturing workers use it less frequently.

Other observations on contact center and service desk performance trends include the following:

1. *Expectations have evolved.* While users are increasingly demanding first-contact resolution, they are generally willing to tolerate longer time-to-answer.

Key Metric*	Reference Group Avg. (TGA)
Target time to answer calls (seconds)	54.6%
Average time to answer calls (seconds)	47.4%
Target % of calls answered in target	77.4%
Actual % of calls answered in target	79.4%
Target call abandon rate	5.6%
Actual call abandon rate	6.5%
Target first contact resolution rate	60.4%
Actual first contact resolution rate	71.0%

*\*Data taken from recent ISG analyses*

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2. *Total incidents are increasing as service desks take on a wider range of application-related work and become more efficient at incident resolution.* The introduction of change in business environments – through consolidations, mergers, and reorganizations – generally drives up incident rates.
3. *Contact distribution is changing.* Service request rates are declining, as self-help tools allow users to execute basic tasks such as password resets themselves. The volume of information requests, meanwhile, is increasing. As many businesses cut spending on user training, the service desk often provides ad hoc training to fill the gap. This function should be considered when assessing service desk performance.
4. *Contact channels are evolving through the growing use of web forms and online request communication, as well as IM and chat forums.* The latter are increasingly popular within IT service desks, and in some cases are being introduced to user populations.

### THREE: TRAIN TO RETAIN

Training is essential to effective contact center and service desk performance, but involves some challenges.

The service desk agent's role has traditionally been an entry-level position leading to advancement elsewhere in the IT organization. As such, a relatively high turnover rate is to be expected and even desired, as talented individuals are recruited and trained to move up and out of the service desk.

Key Metric	Reference Group Avg. (TGA)
Service desk employee turnover	19.0%
Weeks to train a service desk agent	12%
Training days per year for a new agents	14%
Training days per year for experienced agents	12%



Top-performing organizations develop programs to recognize and reward agents who stay on for the long term.

Incentives and bonuses can promote “positive” turnover, defined as promotions and career development. To be avoided: “negative” turnover, such as terminations, resignations, and losses due to poaching by other businesses.

Top-performing organizations are also developing programs to recognize and reward agents who stay on for the long term. Cross-training and “walk-a-mile” programs can build awareness of the service desk’s role, boost morale, and counteract some of the traditional stigma associated with the service desk.

In addition to training, don’t neglect the basics of the environment. Up-to-date technology, a clean, brightly lit workspace, and nice furniture all contribute to staff morale and retention, and ISG data shows a definite link between the quality of the workspace environment and service desk performance and efficiency.

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**Don't assume that longevity equals effectiveness.**

#### FOUR: THE RIGHT STAFFING MIX

The contact center should employ a mix of veterans and new recruits. Achieving this balance requires ongoing focus on the staffing lifecycle and recruitment pipeline. As described, training programs should be designed to move people up and out within the organization, while maintaining a supply of qualified new trainees.

While incentive programs should reward all agents, including long-timers, don't assume that longevity equals effectiveness. Indeed, ISG often observes the “dead wood” phenomenon in the service desk, with veteran agents subject to burn-out and declining performance over time.

Incentive programs should reward both individual and team performance, and involve some level of competition.

#### Service Desk Sourcing Trends and Priorities

1990s	2000	2010s
Focus on cost reduction through centralization of distributed support	Major growth in outsourcing as cost continues to be a focus	Quality and cost balance is the focus
Initial growth in outsourcing	Quality becomes secondary to cost reduction	Continuous improvement programs, ITIL etc.

#### FIVE: A BALANCED SOURCING STRATEGY

Many organizations that committed to offshoring in recent years are now repatriating, as cost savings have fallen short of expectations, and service quality has declined. The consequences have included sub-standard service in the contact center, resulting in customer dissatisfaction and damage to the business' brand. Low quality in the IT service desk, meanwhile, often leads users to seek support from tech-savvy colleagues. This “end-user effort” is a significant drain on productivity. In either case, restoring confidence is an expensive and long-term proposition.

Top performers seek a balance between in-house and outsourced functionality, one that uses internal resources and external support to achieve cost efficiency with the highest service quality.

Leading practice segments contacts and directs them to appropriate channels. Specifically, standardized and simple tasks are routed to automated tools. Basic inquiries go to junior staff and offshore centers to further leverage cost efficiency. At the third tier, complex problems and high-value customers and users go directly experienced agents and specialists.

#### STEADY IMPROVEMENT

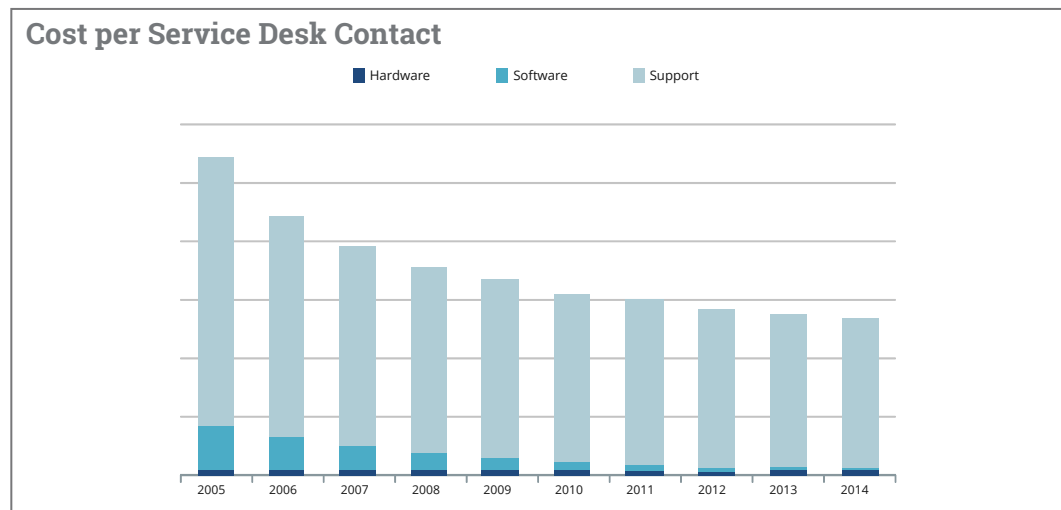
Over the last five years, global business organizations have successfully improved the efficiency of the service desk, as measured by cost per contact. Key drivers have included self-help tools for basic tasks such as password resets, interactive voice recognition technology with option menus, and process improvement initiatives around problem and

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incident management. These innovations have decreased technology costs while increasing productivity by improving the routing of calls to appropriate channels.

As service desks become increasingly proficient at eliminating easily resolvable incidents, first-contact resolution rates will become increasingly difficult to maintain, and service desks will require increasingly skilled and higher-paid agents.

Because of this and other factors, the rate of cost reduction is likely to slow in the coming years, as indicated in the chart below. As operational efficiency becomes a “table stakes” characteristic of the service desk, top-performing organizations will seek out innovative ways to improve service quality and add value to the enterprise.



Analytical tools with increasingly sophisticated functionality leverages the contact center's business potential.

### SMART TOOLS

The use of analytical tools with increasingly sophisticated functionality is one approach to leveraging the contact center's business potential.

For example, Artificial Intelligence-based applications allow managers to automatically monitor agent interactions with customers and users to assess the interaction's compliance to a predefined script. Moreover, such applications can use color-coded graphics to identify heightened emotions in an interaction, alerting managers to potential problems.



The integration of these and other information management tools, along with ongoing commitment to continuous operational improvement, will further enhance the contact center's contribution to competitive advantage.

The graphic here, from an application by data management software developer Autonomy, illustrates call patterns by volume, topic, and outcome, providing managers instant insight into customer issues and agent performance.

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## ABOUT THE AUTHOR

### **THE RIGHT CALL** **Five Leading Practices for the Contact Center**

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Chris has helped more than 100 client companies optimize their IT operations, increase business and user satisfaction, control IT spending and align business unit objectives with IT strategy. He brings more than 30 years of technology management, consulting and operations experience that spans a wide range of industries. He is an expert in improving enterprises' ITIL and best practice models, creating balanced scorecards and IT measurement programs, technology business management (TBM) and implementing technology governance and policy. He has helped clients with national and global projects, including operational performance optimization, service chargeback models, service catalogues, cost reduction initiatives, sourcing strategies and IT operations consulting. Chris is ITIL v3 certified.





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