

# ia

interactions  
talking with customers

## Health-check:

Taking the pulse of  
the global contact  
centre industry

Cara Diemont talks about the  
prognosis and outlook for the global  
contact centre industry.



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Right now, voice over internet protocol (VoIP) technology is the hottest ticket in town for the North American contact centre industry – and it's easy to see why. IP is rapidly proving that it can vastly reduce operating expenses, simplify management overheads, offer geographic flexibility and provide platforms that can lead to improved customer satisfaction.

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Ask any contact centre manager what the biggest cost in call centre operations is, and chances are they will tell you it's their people. And there's a good reason for this conventional wisdom: spending in the call centre continues to escalate, and the bottom line is that human resources (HR) expenditures dominate call centre budgets, regardless of industry or location.

This Quarter: Its all about **performance**

Contact centre performance is a curious topic. There are plenty of generally agreed and accepted platitudes and customs about what to measure and what comprises good performance. And there are many more opinions on the “poor” performance of contact centres around the world – from customers, media and (often rather covertly) management.

With the huge array and volumes of data available on operational activity in the contact centre, we should be in an ideal position (1) to figure out what our performance is and (2) to do something to improve if it's seen to be wanting. Yet the naysayers continue to shout their discontent with contact centre performance. So what do we do about it?

**“Interactions: talking with customers”** is a new quarterly publication looking into different perspectives on contact centres, customer management and service. In this, the first edition of Interactions, we're exploring contact centre performance.

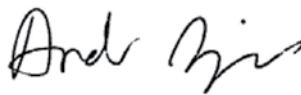
We start by reviewing key trends from this year's Global Contact Centre Benchmarking Report in Health-check: Taking the pulse of the global contact centre industry. Then we look into how one organisation, the Carphone Warehouse, is looking at an

offshore and outsourced portfolio approach across its operations to drive efficiencies.

Next we delve into another approach to driving improvement: migration to IP technology and the opportunities this presents to drive operational models such as the extended contact centre. Finally, we take a somewhat controversial view on the biggest drain on contact centre investment – waste.

We'll be featuring different themes in forthcoming issues – do let us know if you have any questions or content you'd like us to cover. Happy reading.

Best wishes,



**Andrew Briggs**

**Managing Director,**  
Customer Interactive Solutions  
and Converged Communications



**Health-check:** Taking the pulse of the global contact centre industry

The prognosis and outlook for the global contact centre industry is mixed, with both good and bad news for executives responsible for contact centres, according to the ninth edition of Dimension Data's increasingly influential Global Contact Centre Benchmarking Report.

The Report has become an important source of performance data, insights and recommendations for contact centres around the world.

The bad news, says Cara Diemont, Editor of the Report, is that at a time of generally flat call volumes, contact centres across the world are still not yet articulating their value to the organisation using strategic measures. Fewer than 50% of contact centres have any measurement processes in place, and nearly 60% of contact centres are viewed by their organisations as pure cost centres.

What's more, the multi-channel contact centre is still a pipe-dream, with the "converged" customer experience still two to five years away in spite of the availability of new devices and the proliferation of IP-based technology across the contact centre and organisational environment.

The good news is that there is ongoing growth in the scope of the contact centre that is driving a tighter integration with the overall organisation. IP technology is a reality for most contact centres, with the majority having installed some basic IP infrastructure, and many are now considering other components of their architectures as they move towards greater convergence.

"Also, a more realistic approach to customer service and experience seems to be percolating through the industry,"

says Ms Diemont.

"Although customer satisfaction scores show little change across the industry, we see a rising number of centres wanting to look more



The **2007 report** canvassed the opinions of **403 contact centres** from **42 countries**, covering a range of industry sectors from **Financial Services** (28.5%) to **Government and Education** (8.7%) to **Consumer Goods and Retail** (8.4%).

holistically at customer satisfaction to drive their business.”

The 2007 report canvassed the opinions of 403 contact centres from 42 countries, covering a range of industry sectors from Financial Services (28.5%) to Government and Education (8.7%) to Consumer Goods and Retail (8.4%).

### Among the key findings to emerge were:

- **Flat call volumes.** Call volumes, which for many years went through a phase of rapid growth, are now mostly flat for most of the contact centre market (except for declines and growth in one or two specific contact centre size brackets and industry sectors)
- **Staff remain the single biggest investment.** Staff costs continue to form the lion's share of contact centre operational budgets across regions, ranging from 64% to 74% of the total operational spend
- **The challenge of cost centres.** The majority of contact centres remain cost centres. However, financial status is not the critical issue; it's demonstrating and articulating value (to customers and the business) – whatever the financial status of the contact centre happens to be
- **New channels and devices are a reality.** There are continued advances in and proliferation of different devices and modes of communication, both of which are impacting consumer and end-user behaviour. The report sees a trend towards self-service as a key strategy and focus for contact centres

that are aiming to achieve cost efficiencies along with an improved customer experience. There is also a more measured, practical approach to multi-channels is being adopted, with process optimisation and a renewed focus on customer-facing processes a strong feature in contact centre development plans

- **Customer privacy regulation.** If your country doesn't already have some form of customer privacy regulation or guidelines in place, it's probably not long before there is increased discussion, agreement and implementation of legislation
- **The market is global.** Offshoring and the development of newer contact centre markets (sometimes to support offshoring, but often to support a domestic customer need) have changed the contact centre market irreversibly. Whether or not your competitors use an offshore strategy, the availability and use of this approach by

other contact centres means that customers can and do compare the service delivered in different geographies, just as accountants and shareholders can and will review the financial models available in other locations

- **Outsourcing seems to have reached a peak,** and the growth in the percentage of contact centres evaluating and selecting this option has slowed considerably. The top three reasons given by organisations that decided to outsource are (1) potential cost savings, (2) flexibility to expand and decrease capacity in short timescales, and (3) service improvement

The Report also provides an interesting look into the future, suggesting that virtualisation of contact centre management across organisational, international and multi-national boundaries could become a priority for many businesses. Continued high staff attrition rates, driven by demands for increased wages and poor job satisfaction, will





place an emphasis on strategic HR management that includes development policies and may increasingly use staffing solution providers who have access to the labour market.

Ms Diemont and her team also predict that development policies will continue to focus on process optimisation and automation. High volumes of interactions across channels and the high cost of customer contact will continue to result in investments of time and money into developing and implementing integrated channel strategies. Technology spend will be driven by system integration and technologies that promise simplified process delivery.

Ultimately, though, the “converged” customer experience is still some way off. Although the proliferation of consumer devices will make the “converged” customer experience a necessity in the next two to five years, requiring

services to be available at any time and through any device, the Report predicts that very few contact centres will be able to deliver true multi-channel customer experience in this time horizon, as the majority of contact centres today are still struggling to offer simpler multi-channel contact centre experience.

**Annual performance review – an industry scorecard**

All the developments, practices and investments taking place in contact centres combine to deliver a combination of efficiency, effectiveness, productivity and customer results. The 2007 scorecard shows little change in **customer satisfaction scores**; we believe contact centres must more accurately measure and report customer satisfaction through a more balanced approach to get real value from this activity. **First contact resolution** scores should settle as definitions and

measurement processes become more consistent, but **agent utilisation** – which is a proxy for productivity – should be receiving more management attention, as this is a critical indicator of management’s ability to appropriately plan and manage their resources. **Staff attrition** focuses on annual average agent turnover, which is a critical indicator of management and HR effectiveness. In addition to the high costs and effort of dealing with this year’s 24% attrition rate, the indirect cost for customer service are probably just as problematic. **Staff absenteeism** is a large, and often unaccounted for, cost to the organisation. Initiatives that focus on motivation and satisfaction are critical to address this ongoing challenge. **Abandoned call rates** show that one in 10 callers still give up, suggesting that contact centres still have some way to go to meet customers’ expectations.

**Figure 1**

<b>fundamental KPI scorecard</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Customer satisfaction (% measured in the contact centre)	83	82	82
First contact resolution rate (% calls resolved first time)	71	83	81
Agent utilisation (% talk time)	57	59	59
Staff attrition (% annual agent turnover)	23	21	24
Staff absenteeism (% annual agent absenteeism)	8	11	11
Abandoned call rate (% calls resolved first time)	13	12	14
Speed-to-answer (% calls answered in 10 seconds)	71	70	62
<b>Cost per productive hour (Overall average USD)</b>	<b>35</b>		

**Speed-to-answer** scores show a decline against the 10 second mark, but there has been an overall improvement in the 20 second standard. **The Cost per Productive Hour (CPPH)** is the commercial metric used to assess the real cost of providing a specific service and is critical to understand the investment required to deliver each hour of productive time in the contact centre.

Although some areas appear to have got worse, the Report indicates that on the whole, the contact centre industry seems to be moving forward, putting the fundamentals in place and addressing some critical issues and challenges that will see performance against these fundamental KPIs steadily improve.

Last year, Dimension Data held an Executive Forum, where 20 contact centre decision-makers from across the world gathered to discuss global trends in

the industry. They identified some key themes and challenges for the contact centre industry.

**The executives felt that contact centres:**

- Should play a broader, more integrated and more strategic role in the organisation
- Have significant impact on how customers experience the organisation and should operate beyond the traditional operational 'effectiveness' and 'efficiency' deliverables stipulated in their SLAs, to explore new territories of integration
- Act as the main channel for interaction between the customer and the organisation and, as such, take on the mandate to design and deliver the customer experience (either in full or in partnership with other business functions) that will keep their organisation competitive

1	Customer experience
2	Cost vs. Return on investment
3	Channel integration
4	People engagement and empowerment
5	Metrics and measures
6	Role of processes
7	Self-service and automation
8	Surveying the landscape
9	Strategic clarity
10	Executive and organisational support

About the author

**Cara Diemont** is responsible for marketing globally for Dimension Data's Customer Interactive Solutions business, where she focuses on the challenges faced by contact centres and the solutions that can help them develop. As part of her responsibilities, Cara has published the Global Contact Centre Benchmarking Report for the last four years.



## **Business booms** with combination of in-house and outsourced call centres

The Carphone Warehouse, Europe's leading independent retailer of mobile telecommunications products and services, is driving increased operational efficiencies in its call centre operations by combining the lessons learned from its inhouse and outsourced call centres in South Africa.



“In a **highly competitive global marketplace**, efficiently delivering the finest customer **service is a key business goal**”

With more than 2000 stores in 10 countries, the success of the company's mobile phone division is based almost entirely on delivering exceptional customer service.

Founded in 1989, the London-based Carphone Warehouse has annual revenues of more than £1.8 billion. Also known as The Phone House outside the UK, it is currently the largest retailer of mobile phone contracts and accessories in Europe. In the past five years, it has built up a

significant telecoms business, which already contributes half of the Group's revenue and is set to be a major driver of future growth. This includes offering broadband and landline telecommunications through its TalkTalk brand.

The Carphone Warehouse's most recent investment in its call centre portfolio was a £3 million extension of its South African contact centre operations in early 2007. The upgrade saw

the company's offshore contact centre – based at Dimension Data subsidiary Merchants in Johannesburg – expanded by 75 seats. It now offers TalkTalk Broadband users in the United Kingdom level two technical support as well as general fielding of queries.

The expansion of this contact centre represents an increase of just under 20% of the company's initial £16 million investment in its in-house and outsourced operations in South Africa. Its South African operations, which were The Carphone Warehouse's first offshore outsourcing venture, now employ 1000 agents and staff across 850 seats in Cape Town, Johannesburg and Durban, and remains one of the single largest investments in the South African contact centre market to date. It is certainly the largest investment from the UK – a fact often publicised by The Carphone Warehouse itself .

Recent advances in IP technology mean that the outsourcing and virtual contact centre (VCC) markets across the world are expanding rapidly. Depending on whose figures you believe, the number of outsourced agents is forecast to increase by 31% between 2006 and 2011.

However, the complexity of managing outsourcing relationships and gaining an accurate picture of operations spread across multiple sites and providers is providing a stern challenge to organisations to quantify the benefits they are able to achieve.

Issues such as increased management and reporting costs, lack of a single view of all operations and an inability to move resources in real-time are

typical issues facing companies with outsourced call centre operations, but The Carphone Warehouse is leveraging the lessons learned in its in-house operations in the UK and South Africa to overcome these challenges.

The Carphone Warehouse's three call centres in South Africa – two outsourced and one incumbent – have weekly meetings with each other to discuss their operations. They send subject matter experts from their various sites to coach each other, with a formal programme in place dedicated to promote the cross pollination of ideas and best practices. This is achieved without the usual obstacles usually encountered in outsourced contracts – in essence, the outsourced call centres almost operate as an inhouse division of the company.

*"In a highly competitive global marketplace, efficiently delivering the finest customer service is a key business goal,"*

said Steve Rescorla, customer services director of TalkTalk.

*"Managed correctly, outsourcing provides the agility and skills to achieve this. By outsourcing, companies like ourselves are looking to benefit from a fast and effective solution to their customer service needs, either through a single outsourcer or in combination with internal and external resources in a VCC environment."*

The upgrade of the company's South African operations is a significant strategic move. Along with the regulated financial services sector, level two support is the highest level of support a contact centre can offer to customers. The complexity of these calls

can be surmised by the fact that there is no level three support. The expansion means that South African-based agents will now be able to offer problem diagnosis and resolution services, where before they could only field customer queries and divert complex problems to level two agents sitting in the UK.

Martin Dove, managing director of Merchants in Europe, said the move highlights the growing value that offshore and outsourced call centre operations are increasingly able to add to their clients.

*"It is often said that companies generally outsource business functions to offshore destinations when they do not require a high level of skill. But the fact that The Carphone Warehouse chose to expand its South African operation to include these services means that the company is finding value in its outsourced contact centre and support skills, and its capabilities for hosting and consulting on these types of operations,"*

said Dove.

The original need for The Carphone Warehouse to expand its South African contact centre arose as a result of sharp increases in caller volume.

*"Based on The Carphone Warehouse's current success in South Africa and Merchants' capability to rapidly deliver a well-managed and cost-effective contact centre solution, the company opted to offshore the additional seats to South Africa in addition to using its onshore incumbent,"*

said Rescorla.

With increased business from other divisions in the offing, The Carphone Warehouse is already looking at the future expansion of its Johannesburg facility. While the initial plan for this particular contact centre was to accommodate around 250 agents, operations and support staff, Merchants is now looking at plans to accommodate 450 staff.

The company has also filled 450 new job positions in Cape Town since April 2006 as the company continues to grow to meet the demands of its customers in Europe. The operation not only completed the accelerated rollout early, but did so while achieving staff turnover of just 5.2%.

*"Industry expectations are typically for attrition of around 30% to 40% a year, but set-up operations tend to have far higher attrition rates -up to 100% in the first year in some cases,"*

said Rescorla.

### About the author

**Andrew McNair** has been a consultant with Merchants Europe, Dimension Data's specialist contact centre consulting and outsourcing division, for 6 years. He has spent the last 18 months in South Africa as General Manager for The Carphone Warehouse's TalkTalk operations in Johannesburg.

## VoIP moves out of the contact centre

to drive business value

Right now, voice over internet protocol (VoIP) technology is the hottest ticket in town for the North American contact centre industry – and it's easy to see why. IP is rapidly proving that it can vastly reduce operating expenses, simplify management overheads, offer geographic flexibility and provide platforms that can lead to improved customer satisfaction.

Barely a decade ago, VoIP was little more than an interesting possibility for contact centres, plagued by poor call quality and uncertain standards. Today, VoIP adoption in North American contact centres is on a steady growth path, driven by a heady combination of reduced costs, greater flexibility and greater customer satisfaction.

According to new research by the Yankee Group, nearly half of contact centres in North America will be using VoIP systems by the end of 2007, despite VoIP adoption lagging behind earlier predictions. It is estimated that 47% of contact centres are expected to roll out VoIP this year, compared to just 17% in 2005.

The key reasons for using the new technology are to manage multiple call centre sites cheaply and flexibly and to be able to place agents anywhere, including at home. Grant Sainsbury, Practice Director for Customer Interactive Solutions at Dimension Data in North America, says that because IP telephony is now ready for the prime time in the enterprise, it has become the standard for contact centre architectures.

IP has already created a myriad of low-cost, efficient ways to expand existing service operations or establish new ones. More importantly though, IP is now showing itself to be far more than just another cost-cutting measure, but a customer value tool in its own right.



“A converged IP infrastructure requires an **end-to-end understanding** of how the network carries voice and telephony and contact centre applications, and how they all interlink”

“For most companies today, VoIP is not a question of if, but rather when and how,” says Sainsbury.

“Quite apart from the ability to add value that it brings to the contact centre, it is integrating contact centre applications and databases into the broader enterprise. Enterprises are realising the benefits of the connected but distributed workforce and productivity applications

like unified messaging, collaborative conferencing and video telephony all working in a highly integrated manner.”

This is the real story of VoIP in 2007: it is an important enabling technology in the convergence of enterprise and call centre platforms. This is one of the drivers of a trend in which contact centres are playing a more strategic role in organisations than ever

before, increasingly aligning themselves with the goals and objectives of the business. According to Dimension Data's influential Global Contact Centre Benchmarking Report, 51% of companies are aligning the contact centre strategy directly with the company's overall strategy.

The shift toward the customer experience rather than wholesale cost reduction is a positive move – and contact centres are responding by providing metrics that business leaders care about in key areas like customer satisfaction, quality and process improvements and technology strategy.

### **Unlocking the power of IP technology**

Efficiency will never go out of style in business. But in an industry that's making a transition from one-dimensional call centres to e-mail, Web chat and the full-fledged multimedia contact centre, making a contact centre more efficient isn't enough to make it competitive.

*"In other words, simply using IP telephony in a contact centre and an organisation, for that matter does not create any value if it is treated like just another telephone line",*

says Sainsbury. With customer service the key issue, VoIP is delivering added intelligence and service-centric functionality to integrate applications with the functions of the agents and with callers.

*"Enterprises have been, and should be, protective of their contact centre environments,"*

says Sainsbury.

*"Until now, though, they have been seen as an independent unit, a sort of technological island in the*

*enterprise – and right now there's no good reason for that, as there is huge value to be leveraged across the entire organisation."*

In itself, IP technology is just network plumbing; nothing more than a channel for moving information between different locations. But what makes IP technology so exciting is that it is agnostic about the types of transactions that it handles, and can quickly and easily move all kinds of transactions anywhere within its network.

*"It's all about understanding what IP means to the contact centre, which has understood the value of network-based services for quite some time. These services include things like intelligent routing in the network, queuing in the network, self-service (IVR) in the network, and network-based call transfers. Now the corporate IT network is becoming the home and foundation of these contact centre services. Quite simply, the definition of the 'network' has changed,"*

says Sainsbury.

*"What we offer our customers is the same features and functions as the contact centre, but it is the customer's enterprise network we are talking about now. Spreading those features that carry all the same benefits, across the organisation is the crux of what is going on in the IP environment right now. As organisations realise this opportunity, we believe we are going to see the uptake of IP increase quite dramatically."*

An important phrase in today's contact centre environment is service-oriented architecture (SOA). The big relevance of SOA to the contact centre is the integration of contact centre functions and services into the rest of the organisation, so it steadily becomes less and less of a "technology island" – and the enterprise is starting to discover the immense benefits of having access to the same kind of features, functions and abilities previously available only to the contact centre.

For example, by matching customers with needs before reaching an agent, an IP-enabled contact centre lets anyone in the organisation take customer calls.

This offers a great opportunity to deliver superior customer service, as the best person in the organisation can be used to handle a specific call at any time.

This offers two key benefits. First, anyone in the organisation can now be an agent – and that will be further enhanced as we see the potential of presence-based solutions become more integral to the contact centre. People will be able to be identified as targets for contact centre calls without having to go through agent processes like ACD log in and managing their state (ready / not ready). This opens tremendous potential for first-call resolution, even for the most complex of customer issues.

Second, IP telephony offers immense flexibility around where agents are located. As agents no longer need to be in a specific location, issues like staffing and disaster recovery options become far more flexible.

One key challenge is that this convergence of network, telephony and contact centre applications does have the potential to add complexity to an environment from a troubleshooting and support perspective. It sounds like a contradiction in terms: convergence drives simplicity, but that in itself makes it more complex.

For example, a misconfiguration in quality of service in a part of the network might affect call quality at desktop level, or even calls being dropped – but while this will manifest itself in the contact centre, the root cause is far deeper down.

“A converged IP infrastructure requires an end-to-end understanding of how the network carries voice and telephony and contact centre applications, and how they all interlink,”

says Sainsbury.

“There are considerable benefits to organisations, and these should not be avoided, but it certainly pays to make an investment in learning the architectures and to have a good partner to help cut through the complexity.”

If VoIP is such a great technology, what’s taken so long for it to embed itself in the contact centre industry? The main reason is that many firms have been waiting for the technology to prove its quality and reliability in the call centre environment, with successful implementations and quantifiable benefits.

Vendors have also taken longer than expected to deliver the functionally rich and technically advanced IP based contact centre solutions that could compete with their time

division multiplexing (TDM)-based predecessors.

And now, even though IP-based offerings have proved their value, there is not a compelling enough reason to dump the old technology yet, especially as call centres are business-critical operations that CIOs are loath to shut down for a complete overhaul of hardware and software.

Existing operations are tending to wait for the next upgrade cycle and then follow their call centre vendor’s IP migration path, running VoIP on top of their old TDM backbone, as it were.

New call centre sites, however, are more likely to be VoIP-only, as are operations that want easier management of geographically dispersed call centres, or home-based agents.

Sainsbury says if you are not on an IP-based solution today, or if it is not on the near-term IT roadmap for your contact centre, then you are behind the curve and run the risk of putting your business at a loss of comparative advantage.

“This is no longer just about the basic convergence of voice and data. The advent of the IP network has seen a lot of feature-rich features and functions extracted from the previously embedded platform and made freely available across your entire network. You now have access to new resources, which brings with it a lot of flexibility and new opportunities,”

says Sainsbury.

“This is the real promise of IP that will drive its adoption in the next few years.”

## About the author

**Grant Sainsbury** is the Practice Director for Customer Interactive Solutions (CIS) in Dimension Data Americas. He is responsible for strategy, sales and services delivery across the CIS portfolio for contact centre clients.

Grant has been with the Dimension Data group since December 2001, joining DDUK as a solution architect in the CIS business after working with Cisco Systems and GeoTel. He has been working in the contact centre space for over 15 years after starting work as a business analyst, systems engineer and developer for complex contact centre solutions in the mid-1990s.

At Cisco Systems he was a specialist in contact centre integration with service provider intelligent networks. At Dimension Data, Grant has championed the company’s entry into the IP contact centre space with Cisco and played a leading role in building a team around that technology in Dimension Data UK, before transferring to Dimension Data North America in November 2005.

Grant is a regular speaker at industry events and has many publications to his credit. His contact centre integration and sales experience has exposed him to many industries during his career. Though he has the most experience with financial services and service provider, he is also very positive about the importance of industries such as healthcare to the business.

**Waste:** the black hole of call centre operations

Ask any contact centre manager what the biggest cost in call centre operations is, and chances are they will tell you it's their people. And there's a good reason for this conventional wisdom: spending in the call centre continues to escalate, and the bottom line is that human resources (HR) expenditures dominate call centre budgets, regardless of industry or location.

Dimension Data's influential Benchmarking Report puts HR costs at around 66% of call centre budgets, and while there is a growing awareness of the importance of good staffing and training practices, this remains an overlooked area of the contact centre. We have seen relative spend on training and motivation decrease by more than 40% over the last seven years. All too often, we see companies who should know better spending millions of dollars on technology infrastructure, but still finding themselves with 30% to 40% turnover rates and low service ratings.

Progressive contact centre managers are trying to build career paths for agents, and increasingly, companies are providing their agents with capability development programmes. Many are investing more money in training on how you can identify customer needs more quickly and accurately – which will ultimately increase the value generated by contact centres, and, at the same time, reduce agent attrition.

So, yes as an industry a high proportion of our budgets are allocated to people, but I see this as an investment in our most valuable resource. To me, the biggest real cost in your average call centre operation is not people at all. It is waste – that black hole that sucks up millions of dollars every year through poor controls, low productivity and serial underperformance

Some of the data we are getting from recent Benchmarking Reports around productivity and utilisation backs this up – and makes fascinating reading. I am often asked to present data



“Progressive contact centre managers are trying **to build career paths** for agents...”

from our Benchmarking study to Fortune and FTSE 100 companies. I recently gave a presentation to a major global banking organisation and showed that financial services call centres tend to under-perform against the global benchmark to the tune of 5%.

That doesn't sound like much, but let's put it into context. At 5%, we are talking about two hours per agent per week. At an average of \$20 per hour across a 500 seat centre, this equates to \$1 million per year lost through sheer lack of productivity. And we're not even taking into account the other tiny little ways that call centre agents tend to be less than optimally productive.

What this means is that there are numerous areas where call centres – not only in the financial services sector – can be driving additional efficiencies, raising productivity and cutting costs without turning themselves into slave galleys. These include resource administration, more accurate forecasting and using management information to ensure that service level agreements (SLAs) are met and optimum billing methods are in place.

Our latest Benchmarking Report data shows that the global average for agent utilisation (the amount of paid time that

an agent is actually speaking to a customer) is 59%; this has increased marginally from 57% over recent years.

In some of the operations we run for our clients, we can consistently achieve 30% higher utilisation, and this is true in many of the better run outsourced operations around the world. One of the reasons for this is the business philosophy that is adopted by most outsource operators. An outsourcer's profitability is geared highly towards the optimal level of agent utilisation that they achieve. If a similar philosophy were to be adopted in captive centres, then the savings could be significant.

The fact is that an estimated 50% of companies that outsource are dissatisfied because their expectations are not being met, and they feel they are spending too much on their outsource contracts. This puts an onus on outsourced partners (like Merchants) to provide an improved ability to measure and manage if we are to plug these gaps and deliver on the outsourcing promise.

So how do we cut down on this black hole? For a start, it's important to know what you're measuring when you attempt to measure – and correct – performance issues. Far too many call centres still try to identify one

single metric that encompasses all the characteristics of a successful call. That's just unrealistic. There are several metrics you should be taking into account, and they all depend largely on who you are and what you want to measure.

We are increasingly working with clients to create a perspective on performance that takes into account the "cause and effect" nature of contact centre operations. Just looking at a service level metric without understanding the relationship with call volume forecasting can lead to a false picture of performance. This can also be a major factor in driving agent utilisation, which is a fine balance. Achieving agent utilisation of between 60-70% is optimal; any less than 60%, and the unit cost to serve increases; and any more than 70% will result in early burn-out and absenteeism.

Average handle time, which is how long it takes for an agent to communicate and to document the results of the interaction with a customer, is often a valuable measure. In theory, the more conversations that take place between agents and customers, the more opportunities agents have to generate or retain revenue. Right? Not so fast. If you think about it, all average handle time, along with the hourly cost of employing the agent, tells you is how much money you pay the agent per call. It reveals practically nothing about whether the agent is being effective in communication and whether they are meeting and exceeding customer expectations.

We are working with clients to deploy real time analytic tools that provide a unique

**So how do we cut down on this black hole?** For a start, **it's important to know what you're measuring** when you attempt to measure – and correct – performance issues.



insight into the customer and agent perceptions of the service experience. This has so many benefits I could write a whole article on its own. One example of such a tool is InsightNow, which captures and analyses information on the actual service experience. The impact on wastage reduction of such analytic tools is that they give call centre managers a real understanding of how to drive performance and process improvements at an individual agent level. This is something that's relatively simple to achieve when you have a team of 1520 agents but when you're managing an estate of 500+ agents, having a structured

framework to measure effectiveness and achieve pragmatic improvements is an imperative.

The bottom line, as it were, is that call centre managers first have to understand performance management. This is not a once-off project, or something left to a piece of software. It is a process of continually measuring, analysing and modifying agent activity to achieve established business goals. And once this process is in place, you will quickly be able to pick up trends of where your call centre is performing at less than its best, and rectify the situation. The savings will certainly be worth the effort.

#### About the author:

**Martin Dove** is responsible for Merchants Europe, Dimension Data's specialist contact centre consulting and outsourcing division. His role comprises ensuring consistent implementation and alignment of all Merchants' strategy and business development activity within the European region.

We are **increasingly** working with clients **to create a perspective on performance** that takes into account the "cause and effect" nature of contact centre operations.

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