Evaluating Maturity in Contact Centers: A Performance Management Research Study

Executive Summary

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RESEARCH

Aligning Business and IT to Improve Performance

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Executive Summary

Ventana Research undertook this research study to evaluate the maturity of contact centers worldwide, assessed by region, industry and size. We determined maturity by communications channels and services supported, how performance is measured and what technologies are deployed. In our analysis, we applied the Ventana Research Maturity Model, placing centers at one of four levels of increasing maturity: Tactical, Advanced, Strategic and Innovative. Each level deploys more channels for customer communications, supports more types of services, uses more granular, business-oriented measurements to manage performance and deploys more innovative technologies.

The study was promoted through our media partners in both North America and the United Kingdom. It elicited a high level of response so that we were able to base the results on analysis of more than 850 validated responses. The respondents represent companies whose annual revenues span from less than $1 million to more than $1 billion. Every significant industry is represented. The centers range in size from less than 10 seats to more than 250. The respondents themselves came from various parts of their companies, including operations and information technology. The survey excluded independent consultants except those operating contact centers on behalf of one or more companies.

Overall, we found that the contact center's level of maturity rises in parallel with the size of the business, as measured by annual revenues and the number of seats in the center. However, the pattern is not sufficiently clear-cut for us to conclude that size is the determining factor for maturity. Rather, the distinctions seem to depend more on the industry in which a company competes. Not surprisingly, high-tech industries, particularly Communications Carriers, and those in highly competitive markets, such as Finance, have the most mature centers. More stable industries such as Wholesale, Manufacturing and the Public Sector show the lowest levels of maturity. The Public Sector rates lowest in most categories, which indicates a lack of investment in the centers, little pressure regarding how they treat their "customers" and agents, and overall a lack of business drivers that would force them to improve.

The research results show that the two main drivers for centers are cost and customer satisfaction – factors that are not necessarily compatible, and may even conflict. To lower costs typically means employing fewer agents and allowing them less time to handle customer interactions; this, coupled with automating features of the system, tends to lower customer satisfaction.

However, it is apparent that few centers have business analytics that enable them to monitor customer satisfaction in a meaningful way; most are missing out on the possibility of improving customer satisfaction by finding ways to change their processes and reduce costs at the same time. For example, few centers perform root-cause analysis on why customers are calling; if done correctly, this could dramatically reduce the need for many calls and thereby reduce costs.

Use of technology can contribute to both how contact centers serve customers and how effectively they perform. Our study identified two major areas in which current technologies hold back centers. First, few centers have the ability to extract data from multiple data sources located in various places within the business. This severely limits their ability to produce business-related analytics that span the contact center and the other lines of business. For example, few centers can produce a scorecard for their agents, for the center as a business unit or, most importantly, for customers. Lacking these measures, it will be hard for companies to meet the objectives of reducing costs in a manner that won't degrade customer satisfaction.

Second, we found that in the majority of centers, agents have to access two or more applications to resolve customer interactions and often have to key the same data into both. Few have deployed an "intelligent" agent desktop that would not only speed up each interaction – which will reduce costs – but also allow agents to focus more on the customers to ensure they remain satisfied.

The survey also found that the average tenure of agents is less than two years. An intelligent desktop could provide more assistance to inexperienced agents, helping them handle interactions in a consistent and effective manner. We believe that deployment of these desktop systems would significantly improve the performance of agents and centers.

In terms of technology, the research found that many centers have deployed voice over Internet Protocol (VoIP) technology and many more are planning to do so. Until now, we believe, they have done this largely as a cost-saving measure, but over the next 12 months VoIP will become the enabler for more innovative channels of communication with customers: chat and video, new customer services and the dispersion of customer interaction handling to other groups in the company. Each of these changes can benefit both operations and customers, but they also will force complex process changes and analytics to monitor them.

In terms of process, a large number of companies plan to involve different groups within the company in handling customer interactions, a trend that leads toward the so-called virtual contact center. Nearly half of all centers plan to involve remote workers, mobile workers, knowledge workers or a combination of them. We believe this is an interesting development in the maturity of contact centers because it modifies, if not reverses, their original mission. The initial impetus for call centers was to centralize call handling, making it more efficient and giving customers a single point of contact.

Acting on this trend is not simple. While the technology is available today to make virtualization a reality, we believe it can make a real difference only if, before going ahead, companies carry out a thorough evaluation of their customer interaction handling processes, make their call routing more effective by linking it to customer profiles, better manage the agents' workloads and scheduling, and deploy effective analytics to monitor the whole process.

Finally, companies have realized how important their contact centers are, and many are planning to change the rewards systems for both management and agents to base them on business results. If done correctly, this surely will have a beneficial effect. Again, the foundation for greater maturity here will be better analytics based on business, rather than transactional, measures.

The full text of our study contains many details about how contact centers work today, what they do and intend to do, and new technologies and process innovations that are available to help them improve and do more.

What to Do Next

Our research confirms the ongoing importance of the telephone as the channel by which customers prefer to contact companies. Despite corporate efforts to promote alternative channels over the last few years, the volume of e-mail messages, faxes and pieces of postal mail sent to contact centers is dwarfed by the number of calls they receive. The imperative therefore remains to make call-handling as efficient as possible. The primary tactic for doing so is to keep calls short; more than 50% of companies target less than four minutes per call. Many companies also ask their agents to handle very high volumes of customers: 38% target more than 3,000 customers per agent, although 43% of centers ask them deal with less than 1,000 each.

The situation for alternatives to the phone is not helped by most companies' lack of concern with even monitoring how long it takes to reply to an e-mail message, a fax or postal mail. Nonetheless, we see several forms of Internet-based communications, including chat, becoming important channels as broadband becomes more widely deployed in the home and therefore more widely accepted as a way to communicate (18% of centers have already deployed chat). Internet-based video will grow more slowly; we see it being deployed for special services such as support for customers with impaired hearing.

Our research underlines the difficulty of retaining skilled agents; more than 60% of agents have less than two years of service. Along with issues such as poor pay and few opportunities for career development, it identifies areas where companies could improve the work life of the agents and therefore increase the likelihood of them staying longer. We were pleased to see that more than 50% of agents get six days or more of training per year, but we also found that much of this effort is neither sharply targeted nor monitored. We believe centers could do more by using e-learning facilities for specific areas of training. E-learning eliminates the need for agents to attend classroom training, which saves time and money. Already, 42% of centers have deployed it.

For agents to be more productive, they also need better support at their desktops. Two-thirds of agents (68%) have to access applications during customer interaction, and nearly half have to access two or more systems. Yet companies don't make it easy for them to do this: 14% of agents have to use multiple desktops to access different systems, and 57% who have a single desktop still have to log in separately to different systems. Only 19% have what we term an "intelligent" desktop – one that requires only a single log-in, supports intelligent swapping between applications (driven by the processes), reduces the need for duplicate data entry and provides intelligent navigation directly to the required screen without working through complex menus. All these capabilities could make call-handling more efficient and allow agents to concentrate on interaction with the customers and satisfying them. It is also apparent that most centers still rely on agents' using their own initiative to handle each interaction: Only 48% use scripting to drive call-handling, and 45% use business process management to define the process.

The number one business driver in centers is customer satisfaction, according to more than 80% of respondents. We believe the two major determinants for achieving this goal remain getting the customer through to an agent as quickly as possible and having agents skilled enough to resolve the customers' issues at the first attempt. Two types of technology – agent workforce scheduling and call routing – can serve these tactics. Devising agents' work schedules has been, and remains, one of the most difficult issues in a center. Most centers (60%) still rely on traditional methods of analyzing previous call patterns to determine future requirements for staffing the center. More mature centers have deployed systems that determine schedules based on the type and content of calls, so only the right number of agents are available at a given time and they also have the skills to handle the calls. The latter need can be enhanced by linking the routing of calls to the agents' skill mix, with the result that agents receive calls that they are trained to handle; achieving this can reduce cost and increase customer satisfaction. The most mature centers (35%) have gone one step further and deployed technologies that route calls based on the customer's profile, increasing even further the likelihood that the agent will be able to handle the caller's issues in the most effective manner.

The other way we believe centers can improve the work life of agents is through more advanced methods of quality monitoring. The traditional method – recording a subset of calls and analyzing the recordings to determine the agents' quality score and training needs – remains dominant. However, a relatively small percentage of centers have deployed voice recognition (17%) and voice analytics (11%), which apply the process to calls in a more structured and rigorous manner. We believe that a combination of these technologies could improve the agent assessment process, identify targets for training, generate better training materials (such as clips from good calls) and provide more comprehensive analytics of agents' performance to drive better ways of working.

After customer satisfaction, the other main business driver is cost, said 64% of survey participants. Most centers continue to focus on cost-related transactional measures (such as volume of calls or average length of calls), but we find mature centers looking at measures such as first-time resolution (44%; follow-up calls are expensive). Few centers seem to have recognized that the best way to reduce cost is to identify why customers are calling and eliminate (or reduce) the need. Only 23% have deployed any type of root-cause analysis that would enable the center to identify process changes, manufacturing improvements, marketing and sales messaging or better ways for the center to work in conjunction with other business units.

As for the opposite of cost – revenue – despite much industry rhetoric to the contrary, our research shows little appetite for making sales in the contact center, with only 48% measuring revenue generated. Less than 30% attempt any form of outbound marketing or sales, and those that attempt sales do it as the consequence of an inbound call (46%).

The main purpose of this research was to evaluate the maturity of performance management in contact centers. We found some correlation between the size of the business as measured by annual revenue and the size of the center measured by number of seats – maturity increases somewhat with size - but overall the major factor is the industry the business is in. Regardless of industry, size or number of seats, though, the research uncovered an issue that restricts companies trying to improve the performance of their centers. Our results show a nearly universal inability to produce business-related measures that are granular enough to point to specific improvements needed. The issue is twofold: Companies don't see the need for business-related measures, and they don't have the technologies to produce them.

For example, with customer satisfaction so high on their agendas, it is surprising that 12% of companies don't measure it, 60% rely on the agent to make an assessment of satisfaction during the call, only 36% measure the lifetime value of a customer and even fewer (34%) can produce an individual customer scorecard. Similarly, agents' performance is crucially important, but only 33% actually measure how long they spend answering calls (as opposed to whether they meet the target for number of calls or length of calls). Although 54% can produce an agent scorecard, only 26% find it important to monitor incentives for agents. And with cost also high on the agenda, 64% can measure overall cost, but only 51% can determine it by customer. Less than one-fourth (23%) are seeking ways to avoid calls, and despite fairly widespread implementation of self-service channels, we doubt that many centers can tell whether those channels are really saving money.

At the root is an inability to analyze data from multiple sources, especially if those data sources lie outside the domain of the contact center. Only 34% of centers have this ability, despite there being several solutions available on the market; Communications Carriers and Banking are the most mature users. We believe that most contact center managers need to take a careful look at how to gather such data if they are going to improve their performance and raise their maturity levels. This is especially true if centers are going to deliver on improvement initiatives. On the business front, we are encouraged that equal numbers (44% each) are looking to change incentives for their managers and for their agents to be more related to the business. But to do this, centers will need to produce business-related scorecards, and scorecards need data from multiple sources.

In a related development, we believe that, perhaps without realizing it, many centers are looking to virtualize interaction with customers by involving more groups within the business, such as mobile workers (26%), remote workers (23%) and line-of-business workers (15%). On the technology front, voice over Internet Protocol (VoIP) is now widely deployed (32%), and we believe it will become more widespread over the next 12 to 24 months. VoIP can reduce the costs of communications and make it possible to route calls to these groups. However, we recommend caution, because deploying it will complicate the interaction management process. Companies should carefully study their processes before they embark on such initiatives and make sure they have the ability to measure whether they are indeed saving money while improving customer satisfaction.

In conclusion, we suggest five initiatives that companies should consider to improve the performance of their centers and raise their maturity level:

1. Most centers should evaluate software tools that can help them extract and analyze data from multiple sources. Some products have embedded best practices for key business-related performance metrics in contact centers.
2. Centers that have not deployed VoIP should consider it as a cost-saving initiative. Once they have deployed it, companies should take the opportunity to review their contact management processes, with an eye toward spreading contact-handling to additional groups within the company.
3. Centers that support large numbers of consumer customers should evaluate chat as their main new channel of communication. As well a way to hold down costs (when done over VoIP), this would help them keep up with the consumer world, especially younger customers.
4. Most centers should evaluate the support they provide to agents at their desktops and evaluate tools that can make the desktop more intelligent. These measures could lead to increased customer satisfaction.
5. As voice recording, voice recognition and voice analytics mature, centers should consider them as the basis for monitoring agents' performance and renovating their customer relationship management strategies.

How Ventana Research Can Help

Organizations are striving to mature their contact centers from simple call centers into multi-channel centers tied to strategic imperatives to deliver improved business performance. To do this, organizations are looking at some of the performance improvement techniques traditionally used throughout the business, such as business intelligence, analytics and scorecarding. These can be used to identify areas for process improvement that can be enabled with emerging technologies. Additionally, measures must be re-examined to align with the business strategy and process change. While most organizations recognize the need for a cohesive Contact Center Performance Management strategy and superior execution, synchronizing the people, processes and technologies in which to achieve this can be difficult — often stalling these critical initiatives. It can also be challenging to understand when and how to apply different methodologies, best practices, processes and technologies as well as gain executive and operational management buy-in and participation.

Ventana Research, the leading Performance Management research and advisory services firm, can help your organization address these challenges. Our analysts and consultants have extensive experience combined with an ongoing research foundation into business and technology trends, vendor solutions and best practices. Serving as an objective extension to your team, we can help you create a comprehensive Contact Center Performance Management strategy to ensure enterprise participation to achieve targeted goals.

Through our **Contact Center Strategy and Technology Assessment** service, we will:

- Profile your business stakeholders based on their role, level, and process ownership (or business activity) within the organization to identify their requirements.
- Assess challenges and desired improvements in current activities as they relate to performance improvement initiatives and evaluate your current and planned technology investments.
- Conduct a gap analysis and build a targeted, profile-based Contact Center Performance Management strategy based on desired performance and process improvements.
- Optionally benchmark your organization to the rest of the industry to determine if you are ahead or behind the curve in adoption and best practices.

You will receive:

- Contact Center Performance Management Strategy and Roadmap – Your strategy and roadmap will serve as a foundation to accelerate and ensure the success of your initiatives. It also supports your business case and program.
- Industry Benchmarks and Best Practices Education – We deliver education and knowledge transfer through business and technology benchmarks and help you leverage best practices and your existing investments.
- Decreased Project Risk – Through our understanding of the vendor landscape and a proven methodology for mapping requirements with solutions, we will streamline the vendor selection process to guarantee optimal results.

- Reduced Costs and Increased ROI – Instituting a rigorous methodology to align your people, processes and technology you gain assurance you'll get it right the first time and decrease costs while reaping the benefits for an increased ROI.

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Ventana Research is the leading Performance Management research and advisory services firm. By providing expert insight and detailed guidance, Ventana Research helps clients operate their companies more efficiently and effectively. These business improvements are delivered through a top-down approach that connects people, processes, information and technology. What makes Ventana Research different from other analyst firms is our focus on Performance Management for finance, operations and IT. This focus, plus research as a foundation and reach into a community of more than 2 million corporate executives through extensive media partnerships, allows Ventana Research to deliver a high-value, low-risk method for achieving optimal business performance. To learn how Ventana Research Performance Management workshops, assessments and advisory services can impact your bottom line, visit www.ventanaresearch.com.