

FORECAST FOCUS



Align Service Level Goals with Customer Tolerance

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An analysis of historical abandonment and service rates may reveal gaps between your current service goals and customers' patience levels.

If you're working in a highly evolved, best-in-class contact center, you probably have well-defined, properly weighted goals for service level and abandonment rate. They may be retuned on a regular basis, smoothly changing as the nature of your contact center evolves. Or like most contact centers, you may be using the old 80/20 "industry standard" that was in place long before you arrived.

If you find yourself in that undesirable majority and want to apply a more structured approach to setting your service level goal, consider charting out the historical relationship between your abandonment rate and your service goal. You can use this to justify a change in your service level because it offers a mathematical angle that demonstrates the balance between sensitivity to your customers' expectations and required efficiency to your contact center.

Develop a Patience Diagram to Measure Customer Tolerance

Determining how well your current service level is aligned with your customers' patience levels requires historical data. Forecasted data from Erlang C does a poor job of handling abandons, which is why it has such a bad reputation for overstaffing.

A scatter diagram will allow you to track your

customers' tolerance for being in queue against the service level that you provide. In our patience scatter diagram example on the facing page, abandonment rate (%) is tracked along the vertical axis, and service level (%) is tracked along the horizontal axis. You can also exchange service level for average speed of answer (ASA), even though one is a percent and the other is a number. I like to collect this data monthly and refresh the results on a rolling monthly basis, but you may find that your data points work best in smaller increments (quarterly, or even daily).

While the diagram style is less common than line or bar charts, interpreting the results is fairly simple. In our example, the service level and abandonment rates from May 2008 to May 2009 (from the table) are plotted on the diagram. Red diamonds represent the abandonment rates and the solid black line is the corresponding service level goal. The gold arrow marks the current service goal for this contact center.

The result that you expect to see is the higher the service goal, the lower the abandonment rate. This is not always the case when you compile the data at a monthly level because weekend data is pulled in, holidays may exist and there could be other things that alter the average. If there are too many variables, you may need to drill down into a quarterly or daily view of your data range. As long as you see both

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metrics moving in the same general direction, you can trust the connection that is being presented.

The message that comes through in this graph is the clear, distinct pattern about your customers' behavior based on the differing service results. It makes sense that the longer someone has to wait for your center to answer their call, the more likely they will choose to abandon. Knowing where that threshold moves through each change in service increments enables you to make realistic decisions about increasing or decreasing your service goal. In the example, when service levels are around 85%, the resulting abandonment rate is between 1% and 2%. This center's actual service level goal is 80%, and their abandonment goal is set at 5%. According to the history shown here, service levels can safely fall as low as 75% (and in some cases even lower) and still maintain an abandonment rate of 5% or less.

This type of analysis is sometimes missing in the quality assurance process. Abandonment rate is a direct measure of dissatisfied customers, yet these customers are omitted because you can't survey a customer who has already hung up. But it's hard to deny the impact that your service level has on your customer's patience levels when it's clearly laid out in a scatter diagram.

This correlation is just one perspective of determining service goal. Other things should also influence your final service goal: your competition, federal regulations and other contact channels, to name a few. If you use ASA as your service goal, you only need to consider the MEAN time to change

by increasing or decreasing the overall goal. If you use service level, there are two dimensions that you can alter: 1) The percent of calls answered, or 2) how fast they get answered (in seconds). The scatter diagram example shows service level as a percentage on the horizontal axis, but you can interchange that with ASA or with service level response time.

What Are the Benefits?

A customer patience scatter diagram can be a powerful visual tool to help you influence service level goal changes. If your data analysis determines that your service level goal can be given more slack, this will impact headcount requirements (to your center's favor), which translates into a cost savings. Whenever you can promote a savings in FTE that is represented with dollar amounts, be sure to include the fully loaded wage rate, which includes benefits and can sometimes be as high as 30% to 40% more than the straight salary.

If your analysis determines that your service level goal needs to be stricter, it will positively impact customer satisfaction, which translates into happier customers (or at the very least less-irritated ones). Just don't neglect the fact that higher service level goals will also create lower occupancy rates, higher headcount requirements and increased costs.

A third possibility is that the exercise validates that your current service goal is already set to exactly where it needs to be. But remember, this report shows the furthest edge of your customer's tolerance level: the point at which they

abandoned.

After you determine the perfect service level goal for your contact center, repeat the reporting process at regular intervals. The table and graph can be used as a template, making it easy to repopulate it with current data.

Since customer ideals can be driven by outside factors (like what your competition is doing), you'll need to keep measuring these results to make sure that you're still in tune with customers' abandonment behaviors. Customer satisfaction scores don't reveal this type of behavioral information. A customer can be satisfied with the service overall, but still irritated by how long they had to wait. I recommend putting this report into a quarterly rotation, updating it four times a year based on a fiscal or seasonal calendar with the monthly numbers.

If you use a template for the table and graph, it's important to save each quarter's set of reports individually. That gives you a baseline to work with as you collect data for each period. Having a baseline is good when it's time to review your progress (to show improvement), and comes in handy if you want to document how your developmental tools have impacted your organization.

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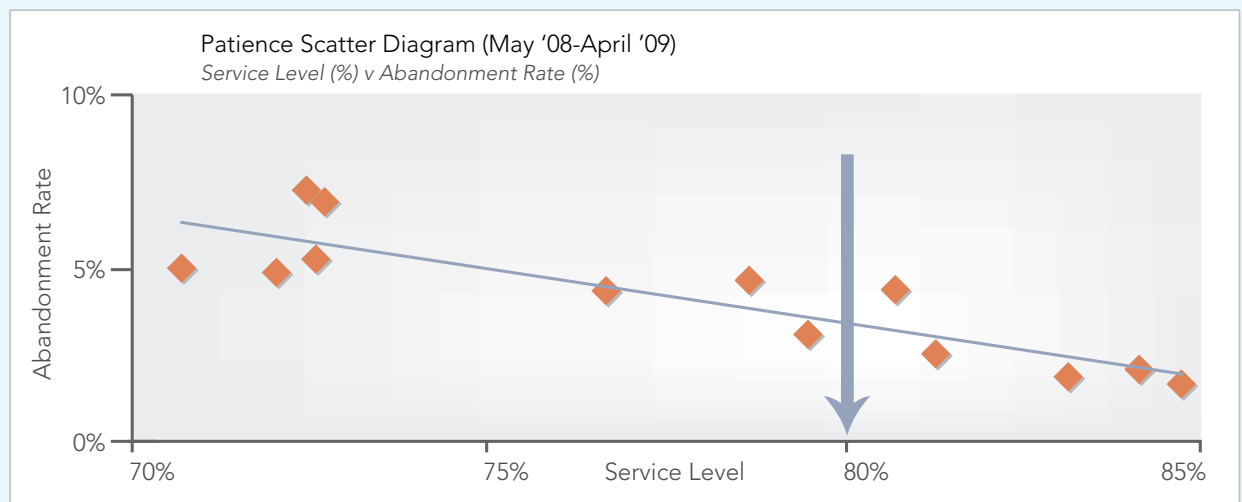
1 Collect your historical abandon and service results in a table.

| Month | SL % | Aband % |
|--------|--------|---------|
| May-08 | 76.65% | 4.36% |
| Jun-08 | 72.47% | 7.29% |
| Jul-08 | 80.71% | 4.42% |
| Aug-08 | 70.71% | 5.03% |
| Sep-08 | 72.71% | 6.93% |
| Oct-08 | 72.05% | 4.90% |
| Nov-08 | 78.66% | 4.67% |
| Dec-08 | 72.60% | 5.29% |
| Jan-09 | 84.11% | 2.10% |
| Feb-09 | 81.27% | 2.55% |
| Mar-09 | 79.47% | 3.12% |
| Apr-09 | 83.12% | 1.92% |
| May-09 | 84.70% | 1.71% |

How to Create a Patience Scatter Diagram

Customer satisfaction scores do not reveal customer abandonment behaviors. A customer can be satisfied with the service overall, but still irritated by how long they had to wait.

2 Create an "X Y (Scatter)" chart.



3 Track the abandoned rate on the vertical axis, and service goal on the horizontal axis.

4 Mark the current service goal.