

Moving Contact Center Strategies Beyond Efficiency and Into Effectiveness



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by Ken Landoline and Sheryl Kingstone | March 2008

Executive Summary

The market's view of the contact center and its tightly integrated relationship with customer service is quickly shifting from an enterprise cost center, obsessed with the measurement of operational efficiencies, to a revenue-producing asset charged with driving customer satisfaction and loyalty. As a result, the contact center broadened its mission to include improving competitive differentiation, ensuring repeat business and enhancing up-selling and cross-selling possibilities. This shift in focus necessitates a retooling of current contact center strategies to include both internally focused operations and externally focused customer-centric related processes and metrics.

Enterprises not working on improving their position in the contact center lifecycle from a suboptimized center to an intelligent contact center (ICC), outlined in Exhibit 1, will likely find themselves in an inefficient operational environment in the next 2 to 3 years. They will not be as successful in meeting long-term corporate service-level goals and financial objectives. To optimize contact center performance and ensure goals are met, contact center managers must implement plans to ensure they are on a track toward the ICC of the future. This means implementing preintegrated application suites that share front-office and back-office data and are linked to drive optimum people and process performance.

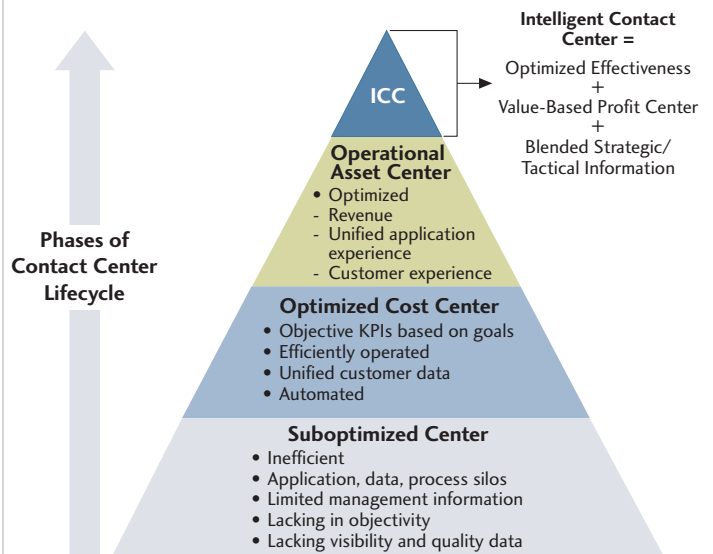
The anticipated shift from efficiency to effectiveness in customer service must precede the transition from the suboptimized contact center level to the ICC level. Ultimately, top achieving centers will reach the ICC level in which effectiveness is optimized, the center is a value-based profit center in a business sense, and there is a strategically effective blend of strategic and tactical information flowing through tightly integrated operational systems enabling peak performance and a high level of customer care. The rise to this level of excellence in contact center functionality will

require a tight integration of contact center applications, including a preintegrated suite, one single view of customer information and a unified agent desktop environment that consolidates customer information (objective profile and contextual information) at the agent's desktop. It will also require a contact center supervisory desktop with integrated KPIs for monitoring and management purposes.

Exhibit 1

Phases of the Contact Center Lifecycle

Source: Yankee Group, 2008



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Executive Summary (continued)

In the future, we believe enterprise management will measure contact center effectiveness by benchmarks such as improvements achieved in customer satisfaction, incremental revenue generation, and agent and customer retention. Contact center monitoring and measuring applications will hone in on the effectiveness of agents and supervisors, improving and maintaining performance, revenue growth and the optimization of workflows and the workforce. The transition from efficiency to effectiveness will also require

changes in fundamental technology of the contact center, bringing together the ability to deeply integrate people and process through technologies from workforce management (WFM), quality management, agent and supervisory desktop applications and the effective use of presence management (PM) built on service-oriented architectures (SOAs). Together the implementation of these changes will enable the evolution to the ICC of the future.

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I. An Industry Ripe for Change

Most would agree that the contact center is currently the Enterprise’s single most important point of contact for responding to customer service needs. For this reason, the contact center is attracting a good deal of attention in the marketplace and within the enterprise hierarchy. Enterprise C-level executives and customer service managers and decision-makers have reached the realization that it is critical their centers provide a consistent customer experience and optimize each interaction for improved performance. In addition, there is a growing need for centers to become more agile and responsive to changing customer requirements and market needs.

Although the multichannel approach to customer service has grown in importance during the past decade, it is important to realize that the voice channel is still an essential ingredient to the overall customer service solution. Recent Yankee Group studies, such as Yankee Group *Anywhere Consumer: 2007 US Communications/Customer Satisfaction Survey*, confirm that consumers still strongly prefer using the telephone and speaking with a live agent when seeking customer service. When consumers were asked to rank their preferred methods of customer service contact 72% specified the telephone as their preferred channel of access. E-mail, was the second choice with 51%, and web access was specified by 28.4%. Additional

channels of access are gaining ground as customer service choices, but we believe the voice channel will maintain its importance into the foreseeable future.

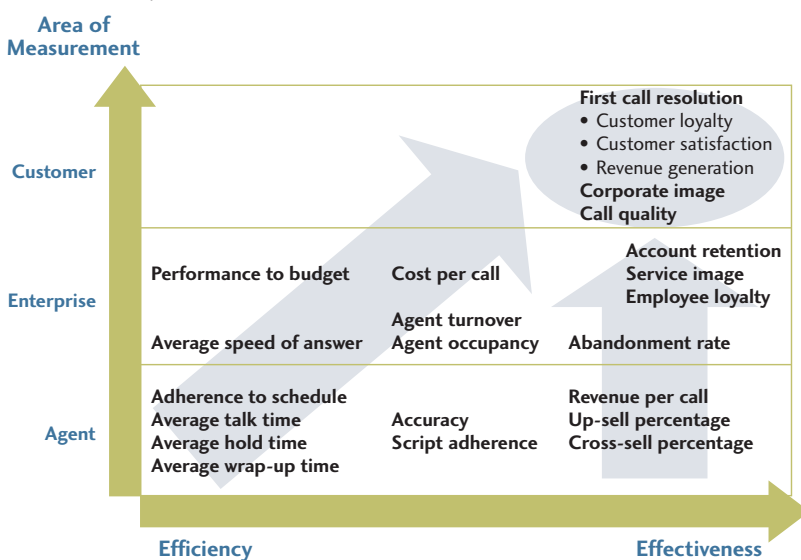
It is our observation that the average contact center today has been slow to make the transition from efficiency to the new era of effectiveness and consistency. It is very common for contact center managers to be pressured to decrease costs while maintaining or improving customer service. This is usually a difficult, if not impossible, task. The result is skewed toward efficiency and a focus on squeezing every possible minute out of customer and agent interactions by compressing handle times or deflecting interactions to self-service applications. When enhanced efficiency is the overriding goal, at the expense of customer satisfaction, the overall quality of service, customer satisfaction and retention often slip to unacceptable levels. This can be a very expensive proposition for the enterprise in the long term.

Although fundamental agent-monitoring KPIs such as average handle time (AHT), average speed of answer (ASA) and average talk time (ATT) will continue to be important measures in evaluating contact center performance in the foreseeable future, there is an increasing need to broaden the toolset. Using measurements focused on meeting company goals (such as increased sales) and objectives in the areas of customer satisfaction

(“Are my customers happy?”), corporate and brand image (“How are we perceived?”) as well as building customer loyalty become more critical. These goals and objectives must be reviewed and adjusted annually, at minimum, to ensure an ongoing match between corporate mission and objectives and contact center performance. The corporate agility to change measured metrics and management tools to match evolving objectives and changing market conditions will be crucial to the success of the overall customer service effort.

Exhibit 2 illustrates the transition of KPI monitoring and tracking that we recommend as the contact center evolves from its suboptimized state as a cost center to more advanced forms such as an optimized cost center, an operational asset center, and ultimately the ICC. The arrows in the exhibit indicate the transition of KPIs from a focus on agent efficiency to measuring the center’s

Exhibit 2
Evolution of Key Performance Indicators
Source: Yankee Group, 2008

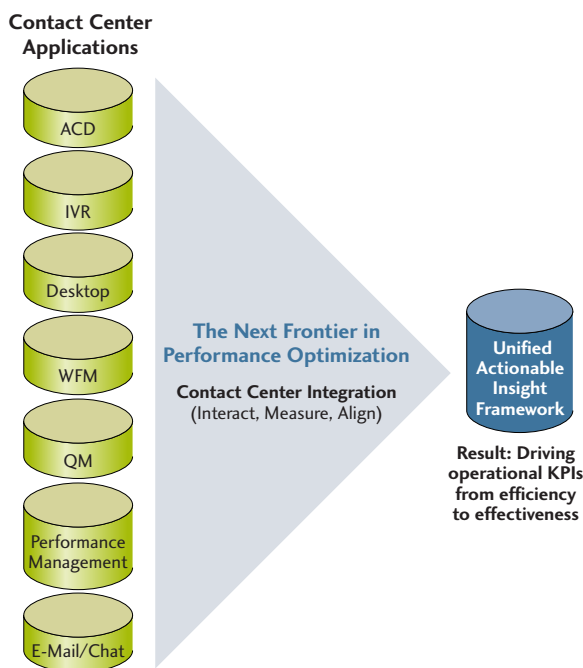


effectiveness in meeting customer expectations for high levels of first call resolution, corporate image and interaction quality. KPIs must be defined by business goals and information flow and tools must be role appropriate to support the ability to take action in real time and the long run.

II. Examining the Coming Shift from Efficiency to Effectiveness

Customer service representatives are among the most monitored and measured individuals in the enterprise. Their efforts are often overly scrutinized in an attempt to make them more efficient. Although this is understandable given the traditional perception of the contact center as a cost center, it is rather myopic given the potential of the operation to assist the corporation meet its goals and objectives of improved revenue, enhanced customer perception, customer longevity, and brand image. The resolve to make contact centers and their employees more efficient has been a major underlying cause of several of the issues currently plaguing the contact center. According to the recent Yankee Group *Anywhere Consumer: 2007 US Communications/Customer Satisfaction Survey*, customers' satisfaction with service remains relatively low.

Exhibit 3
 Building the Integrated Contact Center Is a Complex Proposition
 Source: Yankee Group, 2008



Building a contact center focused on resolving issues of poor performance and achieving broader corporate goals is not an easy task, given the level of complexity involved in the modern contact center environment. As shown in Exhibit 3, the coordination, integration and fine-tuning of the multiple applications involved in the typical contact center interactions that support the agents and their customers is extensive and complex. It is no surprise that a major challenge identified by contact center managers in Yankee Group research is the ability to achieve one single view of the customer.

The advent of adding multiple channels of access to the voice-based call center has made data unification in customer information even more complex. Yankee Group frequently interviews contact center managers and customer service representatives and finds a common challenge facing them today is getting to one single view of the customer including timely information from customer interactions across all client and back-office databases and incorporating that information with other historical data, such as quality management, performance management and workforce operational statistics is essential to the optimization of call center performance.

Yankee Group believes optimizing a customer service implementation requires integration and a complete customer profile development across front-office and back-office operations, multiple departments and all available access channels. In addition, all operational data gathered from support systems must be unified within an actionable insight framework to drive operational KPIs from efficiency to effectiveness. Until this data integration and system coordination is achieved throughout the technologies, processes and data stores within the enterprise, customer service efforts will be suboptimized and the ICC scenario remains unachieved.

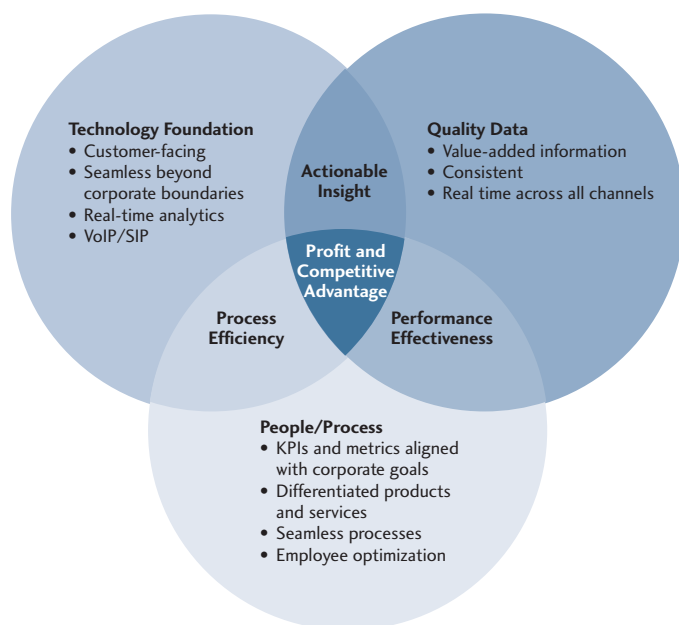
Moving the Contact Center Forward

A focus on customer centricity within the enterprise requires a delicate balance of technology, process and information access to be fully effective. A well-planned and balanced combination of these elements is the only way to ensure process efficiency, performance effectiveness and the development of actionable insights that will constantly improve performance and project the enterprise into a high level of customer service. Yankee Group research has shown that a customer-centric attitude and an enterprise's ability to effectively interact with, manage and learn from its customer base are strongly correlated with the creation of shareholder value within the enterprise. Therefore, customer centricity must be monitored and maximized to position the company for financial and business success. This requires a delicate balance of technology, data and information as well as people and process as depicted in Exhibit 4.

Implementing tools that enable effective processes, useable information and successful and optimized workflows is a fundamental requirement for the enterprise to achieve its goals and objectives, and ensure a high level of customer service and support. Workflow optimization requires the rapid

Exhibit 4
Customer Centricity Requires a Delicate Balance of Factors

Source: Yankee Group, 2008



identification of an event and the implementation of a predefined action based on business rules. In effect, these tasks must be automated to the fullest extent possible. Yankee Group believes the integration of these workforce optimization (WFO) tools will be the next frontier in customer service performance optimization and an important part of the required and essential coming shift of focus in the contact center from efficiency to effectiveness. Real-time efficiencies, such as those introduced with agent desktop unification tools and long-term effectiveness, such as that provided by WFO tools must be used in parallel and integrated to maximize contact center effectiveness. To achieve this shift, enterprises will have to expand the emphasis of measurement and monitoring systems from the agent to the enterprise and customer. Enterprises must also become more adept at capturing information relating to variables such as service image, call quality, account retention, customer satisfaction and first contact resolution.

The coming era in customer service will require a higher level of consistency in processes and the quality and effective use of information and human resources within the contact center environment. Critical to this issue will be improvements in the ability of agents to receive information and assimilate contextual guidance at their desktops in a timely and effective manner. The requirement for one single integrated view of customer information has been examined earlier in this report, and our research indicates that an improvement in information flow to the agent desktop has also been identified by customer service executives and management as a high priority for contact center spending. Agents will require a unified desktop view of customer interactions including ACD, IVR and CRM information, and supervisors must have access to all facets of operational systems including workforce management, quality management and training requirements to make real-time or near real-time operational decisions regarding contact center effectiveness.

Respondents to our research indicated that the two highest priorities for spending for customer support and contact centers in the coming 2 years will be achieving one single integrated view of customer information and improving information flow to the agent desktop. This is encouraging news that both confirms our belief that these areas are underserved in today's environment and that decision-makers realize the importance of

these issues in better serving customers. At the same time, our research indicates that today there is little personalized, contextual guidance available to agents servicing customers. The vast majority, nearly 80% of respondents, reported their agents' desktops are effective in delivering simple customer data (name, address, product and service history) during a call.

However, less than 40% indicated that their current desktop application offers contextual guidance on how they should react based upon who the actual customer is and his or her specific situation. For example, using customized agent scripting dependent upon unique customer histories or the agents' use of presence management and ability to tap into subject matter experts to enhance first contact resolution performance in specific instances are capabilities that exist today but are underutilized in the marketplace. This is an issue that must be rectified to lift customer service care to the next level. As indicated earlier, customers are requesting this level of sophistication in customer care environments.

Achieving Best Practices in Contact Center Performance

The shift from efficiency to effectiveness in customer service must precede the transition from a contact center through its lifecycle from the suboptimized contact center level through the ICC level of performance. Ultimately, top achieving centers become ICCs that optimize effectiveness. The contact center ideally is a value-based profit center in a business sense, with an effective blend of strategic and tactical information flowing through tightly integrated operational systems and enabling peak performance and a maximum level of customer care. In reality, a tightly integrated suite of contact center applications coupled with effective agent and supervisor desktop application can do a great deal in bringing a majority of centers to the ICC level.

A rise to this level of excellence in contact center functionality will require a tight integration of contact center applications on the level of a preintegrated suite, a single view of customer information and a unified agent desktop environment that consolidates customer information (objective profile and contextual information) at the agent's desktop. It will also require a contact center supervisory desktop with integrated KPIs for monitoring and management purposes.

Although there are some pieces of this sophisticated agent and supervisory desktops available currently, the typical desktop today is overcrowded with unrelated, non-integrated information including data from sales and marketing, finance, inventory and too many agent specific applications including e-mail, scripting, a soft phone, notes and other CSR tools. In addition, 65% of agents polled by Yankee Group admitted to using three or more desktop applications, with 25% using five or more. A full 70% said they waste time switching between applications and two-thirds said their IT support systems could be improved. Clearly, a well-designed WFO application crafted to optimize agent utilization and link siloed data residing in disparate data stores can improve this untenable customer support situation.

A SOA approach to the agent/supervisor desktop and the integration of customer and channel information may be the answer to cleaning up and streamlining these and several other important facets of contact center operations. Intelligently utilizing combined streams of information from ACD/CTI, workforce optimization and performance management, as well as the other supporting systems within the contact center, will enable companies to achieve fast results in a short time by focusing on a single core contact center application while building a complete range of shared service opportunities. The end goal is for the company to build toward its future architectural vision of the contact center by using a project-by-project incremental growth approach while allowing newer technologies to be integrated for better customer interaction. Some of the newer Enterprise 2.0 technologies include wikis as knowledge bases, blogs for social networking, RSS feeds for real-time data and alerting.

III. Conclusions and Recommendations

The modern-day contact center has evolved substantially from its inception several decades ago. Business applications have been expanded and monitoring and measuring for efficiency has improved tremendously. However, the optimization of its internal systems, the sharing of customer information at the agent and supervisor desktop and throughout the center, the management of the workforce, and the contact center's acceptance as a strategic profit unit within the enterprise are just now beginning to receive the attention they need to achieve the next level of improved performance.

Only after these considerations are recognized and corrected can customer service be elevated and the emphasis on efficiency measurements be converted to a focus on contact center effectiveness aimed at improving customer service and longevity. To leap to the next level of contact center operations and achieve the benefits of the ICC, the following tasks must be completed:

- System data must be unified, providing for a seamless experience at the agent desktop and a personalized customer interface experience.
- The customer experience must become homogeneous and transparent across all modes of customer service access including the fixed and mobile telephone, e-mail, IM/chat and the web (self-service) and others yet to come.
- The technology foundation must provide agility for the monitoring and measurement of personnel, processing of improvements and the infusion of business and operational insights.

Enterprises not making this shift in focus at the proper time in the contact center lifecycle will likely find themselves in an inefficient operational environment in the near future. They will also likely deliver substandard performance in meeting long-term corporate service level goals and financial objectives. Therefore, to optimize contact center performance and ensure long-term corporate goals are met, management must proactively handle the coming evolution of KPI monitoring and tracking and maintain a delicate balance in measuring the individual performance levels of the agents, the enterprise and the perceptions of its customer.

Recommendations

- **Automate workflows to streamline processes and transform traditional contact center key performance metrics from a focus on efficiency to an effectiveness orientation.** This will introduce an actionable insight framework that will yield enhanced performance of personnel and systems focused on analytics and optimization of performance management.
- **Incorporate new technologies and services such as SOA and Enterprise 2.0, presence management, and web services to unify and optimize agent and supervisor desktops.** This will maximize system interoperability and the seamless transfer of data between today's silos of information and result in the enhancement of first contact resolution ratios and overall center performance levels.
- **Create a complete customer profile (one single view of the customer) across front-office and back-office applications and introduce a real-time orientation in data management, transfer and analysis to ensure optimization of customer service performance.** Customer-centric processes and business-centric processes should be linked to capture transaction data and drive appropriate actions within the center (aiding agents and supervisors) and with customers in the form of personalized, real-time activities.

Yankee Group

Yankee Group has research and sales staff located in North America, Europe, the Middle East, Africa, Latin America and Asia-Pacific. For more information, please contact one of the sales offices listed below.

Corporate Headquarters

Prudential Tower
800 Boylston Street
27th Floor
BOSTON, MASSACHUSETTS 02199
617-598-7200 phone
617-598-7400 fax
info@yankeegroup.com

Europe

55 Russell Square
LONDON WC1B 4HP
UNITED KINGDOM
44-20-7307-1050 phone
44-20-7323-3747 fax
euroinfo@yankeegroup.com

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