

# Agent Performance Management

**Improving the Performance of Agents to  
Benefit the Customer's Experience**

Research Report Executive Summary

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Ventana Research performed this research for a fee to determine how to manage agents to produce both maximum efficiency and maximum effectiveness in handling customer interactions. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate the agent performance management practices and needs of individuals and organizations and the potential benefits from improving their existing processes, information and systems. This research is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve agent performance management. Moreover, gaining the most benefit from improving agent performance management requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of planning and budgeting, and that the analysis and conclusions are entirely our own.

*Ventana Research*

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## Executive Summary

Companies interact with customers many thousands of times a day. These interactions occur in many forms: phone calls, letters, e-mails, surveys, the Web, instant messages, mobile text messages, video-based conversations and, increasingly, through social media Web sites. In today's economic environment it is more important than ever that companies handle each and every one of these interactions in a way that leaves the customer feeling he or she has had a good experience as well as producing a beneficial business outcome. If the experience isn't positive, the customer may decide to take his or her business elsewhere; if the interaction proves not to be useful to the company, it may be wasting money and not getting any real benefit.

Over the last 20 years or so, one of the most popular approaches to improving the handling of interactions was to create a call center. The thinking was that by centralizing call handling and using specially trained call center agents, the handling of calls would be not just more efficient but, as agents gained more experience, also more effective at resolving customer interactions.

It was a well-intentioned effort. But in important ways it went astray. As companies invested large amounts of money in infrastructure technology to make handling calls more efficient, they forgot the poor agents, who today must struggle trying to access the systems and information they need to resolve customer issues. They must do this while trying to satisfy performance requirements that quite often conflict – reducing average call times while being required to try to sell the customers something, for example. And they must do all of this while working to satisfy the all-too-often irate customer on the phone.

Customer demands have gone up quite considerably. Moreover, the agents often have to handle not just calls but other types of interactions as well. And despite the increased number of tools that have been added to the agent desktop, they often aren't empowered to resolve all types of interactions themselves and so they must either promise to get back to the customer or find someone to transfer the customer to.

Ventana Research has repeatedly underscored the importance to businesses of the quality of the customer experience. We therefore undertook this benchmark research into agent performance management (APM) to evaluate how companies manage the extended workforce that is handling their customer interactions, and thus largely shaping the customer experience. We set out to examine what processes they have deployed and what technology they use to try to make that workforce both more efficient and more effective, and what information and metrics they use to monitor and assess how they are doing. The research was designed also to uncover issues companies have with the status quo and what, if any, plans they have to address them.

This report is the result of a vigorous analysis of input from individuals representing 365 companies of all different sizes, from all industries, from all regions in the world and most importantly with varied contact centers. We used the Ventana Research Maturity Model™ to evaluate the overall state of the APM market. Our maturity analysis shows that in general companies have not matured very far in their management of agent performance. We found that the largest share of organizations (47%) are at the lowest Tactical level of maturity; they largely do not recognize that they have a problem with the management of their agents' performance, are

comfortable with their existing tools and processes and have not invested significantly to improve their performance. Moving up the maturity hierarchy, slightly more than a quarter (27%) are at the Advanced level, where dissatisfaction with the status quo leads to initial exploration of possible changes, 16 percent are at the Strategic level, meaning they have taken steps to address employee efficiency and performance and are considering process innovations and new technology that can help improve their decision-making and operational processes, and 11 percent are the most mature with respect to APM at the Innovative level.

Our detailed maturity analysis of the four component elements of businesses addressing agent performance management shows patterns for the people, process and technology components very similar to the overall model. But the use of information stands out, with fewer organizations at the Tactical level (37% compared to around 50% for the others) and more (38% compared to around 24%) at the Advanced level. This indicates that while companies are collecting more advanced information about their operations, they aren't using it to improve how their agents are working and or deploying technology to make best use of that information.

Our benchmark research makes clear that the vast majority (82%) of companies recognize they need to improve how they handle interactions. The challenge they face is that they must balance a substantial number – on average, five – different and often conflicting objectives. These include, in order of importance to the companies, trying to improve customer satisfaction levels, processes and customer retention while at the same time reducing operating costs. At the same time, companies identify as their top two requirements optimizing agent utilization and deflecting calls away from agents to automated systems. Together these paint a picture similar to the results we have seen in previous research: companies really are focused on saving money by using as few agents as possible to handle the maximum number of calls, and to a large degree are paying only lip service to customer satisfaction.

A similar picture emerges from the analysis of company plans to implement new infrastructure technology and applications. Two of the top three infrastructure technologies – more Web-based self-service and touch-tone interactive voice response (IVR) systems – are clearly targeted to reduce costs, whereas three of the top four applications are focused on improving the understanding of agent and customer exchanges and the effectiveness of agents: call recording, quality monitoring and customer feedback. This pattern reflects what companies have found in the past: that deploying applications has helped them improve customer satisfaction, whereas deploying infrastructure technology has largely reduced operating costs. Only the more innovative companies recognize that there are technologies such as instant messaging and speech-enabled IVR that do improve the customer experience and thus satisfaction levels, and that there are applications such as the so-called “smart desktop” that can significantly improve the efficiency of agents and help them satisfy customers more.

Our maturity finding that companies are more advanced in the area of information stems from the facts that on average companies use six different metrics to monitor and assess their handling of interactions and that the list of most used metrics shows a good balance among efficiency metrics such as average length of a call and average time to complete after call work, effectiveness metrics such as number of calls resolved first-time and customer satisfaction levels, and agent performance metrics such as quality scores.

The research also produced some findings in this area that are of concern. For one, although organizations told us their number-one objective is to improve customer satisfaction, we found that customer satisfaction scores rank only fifth in the list of most used metrics. Also, there are issues with the way the metrics are derived, who produces them and how quickly they are made available. The most common method of producing metrics remains relying on spreadsheets. Likely this is because in most cases production of the metrics is left in the hands of center managers and supervisors, with only a minority of companies using a specialized team or IT personnel who have access to more advanced tools. The net result is results that are of questionable accuracy and that quickly becomes outdated as the information moves up the management structure. By contrast, the new tools now available can access all the data needed to completely and effectively monitor and assess performance, regardless of the data's form or location. They also are more secure, operate in near- or real-time, are more accurate and can display the results in any of a number of formats suitable for different types of users.

The research indicates that one of the most common applications in a contact center is call recording. However, it also shows that companies are not making as much use of these recordings as they might. These recordings contain vital information, not just about what the agents said and how they performed but also insights into why customers are calling, what their issues are, how customers react to what they are told and much more. Thus the more calls companies record and the more they analyze, the more insights they will gain and the better they can pinpoint areas in need of improvement. But companies are not taking advantage of this: While three-fifths of them record all calls, only 3 percent evaluate all of them. This is largely because as yet fewer than 10 percent have deployed a speech analytics tool that could automate the process and deliver a much better sense of "the voice of the customer." We believe today many more companies can afford this type of tool, which would deliver major benefits in enabling them to improve agent performance and also deliver to customers a better experience.

Contact center agents often are the voice of the company. They play a vital role in resolving customer issues, delivering important information, and in some cases delivering additional sales. They also represent upwards of two-thirds of the ongoing operational costs of running a contact center. It is therefore essential that companies optimize the performance of everyone handling interactions. This requires ceasing to use spreadsheets to manage agent work schedules in favor of a specialized agent management product as well as using a smarter call routing tool so that more calls are routed intelligently to the agents most appropriately skilled and best at handling particular types of interactions or customers.

Another area inviting improvement is agent training. Although half of all agents receive three or more weeks of training, there is room for improvement in how effectively companies manage this time. In the vast majority of cases the type and timing of agent training is left at the discretion of managers and supervisors or the agent requesting the training. Here again the process typically is managed manually using spreadsheets; very few organizations take advantage of the relevant functionality available in their workforce management system. We believe more companies should evaluate how this process can be better managed. The same can be said of the coaching process.

One way to motivate agents is through their compensation structure. More than half of companies do compensate agents based on performance, using on average three different measures to evaluate it. However, the results suggest many companies are not using a balanced set of measures, as very few reported using metrics relate to outcomes, such as sales made; most focus on efficiency measures such as number of calls handled or average call handling times.

This research has allowed us to identify a number of APM best practices:

- **Refocus objectives when improving interaction-handling.** Although most companies accept the need to improve the handling of interactions, three times as many focus on tactical issues rather than the more mature ones addressed by Innovative organizations. To improve customer satisfaction and thus increase their wallet-share per customer, companies should follow the lead of these most mature companies to focus on automating the quality monitoring process, using speech analytics tools to improve the agent assessment process, and utilizing more outcome-focused key performance metrics.
- **Make better use of available technology and applications.** The last two years have seen significant developments in contact center technology and applications. However, our research indicates that around 40 percent of companies have deployed only limited systems and entry-level applications. As more and more of these contact center resources become available via more affordable software-as-a-service or cloud-based delivery, more companies should follow the example of Innovative companies and deploy unified communications, smarter call routing to best-skilled and -performing agents, desktop screen capture and analysis, and the latest contact center-specific performance management tools including text and speech analytics.
- **Reassess key performance metrics:** Although the use of information is relatively advanced, there is still much companies can do in terms of what they measure and therefore what improvements they can make in response to this increased knowledge. The largest share of companies have not moved beyond basic measures such as number of calls handled, average length of calls and percent of calls placed on hold. We advise companies seeking to improve their agent performance to explore using outcome- and business-related measures such as net promoter scores, sales attempts and value of sales made.



## What To Do Next

Handling customer interactions is more than ever an important task for companies – consumer research shows that around half of consumers have stopped purchasing from at least one company because of one bad experience. Despite the growth of automated channels, agents still handle the larger portion of these interactions, so we believe companies need to pay more attention to managing the performance of this vital resource.

Our Agent Performance Management benchmark research found that while a small percentage (10%) of organizations have achieved a high degree of maturity in managing the workforce that handles their customer interactions, the majority are lagging. This lack of maturity applies to people, process and technology utilization aspects of their business; only in maturity in their use of information were there a lower number of companies at the Tactical level than at the Advanced level. And even this finding doesn't indicate a significant business improvement; while the results are driven by reports of high use of information, the analysis indicates that this is not necessarily the right information.

We therefore offer the following recommendations, based on our analysis of the results and two decades of working in the contact center market.

### Assess your maturity and take steps to improve

We assess organizational maturity at four levels, increasing from the lowest Tactical level through Advanced and Strategic up to the highest Innovative level. The following are some of the key factors that differentiate innovative companies from less mature organizations:

- They balance the cost of handling interactions with the need to ensure that customers feel they have had a good experience and the company realizes the outcomes it wants to achieve from different types of interactions.
- When planning work schedules they take into consideration not only the number of agents required to handle expected patterns of interactions but also the types of callers, the types of interactions, the skill levels required to handle interactions, and the personal circumstances of their agents.
- To the extent possible they try to match the caller with the person most likely to achieve the desired outcome.
- They take full advantage of call recording to assess agent performance and the customer experience and to identify possible process improvements to interaction-handling and to the back-office processes that drive the need for customers to call the contact center.
- They plan agent training and coaching to take into account specific areas where agents need to improve their performance.
- They determine agent rewards based not just on efficiency measures but also on effectiveness or outcome measures.
- They ensure that all interested parties receive the right information about agent performance in a timely manner so they can impact decisions in real time if necessary.
- They take full advantage of the systems they have in place but also look to invest in the new technologies now available to improve both the efficiency

and effectiveness of handling interactions while getting the best performance from their agents.

We recommend that companies compare their own maturity to these benchmark criteria and then determine what actions they need to take to further pursue their business goals.

### **Increase awareness of how agent performance management can promote business goals**

Awareness that companies need to improve the way they handled interactions is increasing, and there is no doubt that despite developments that are changing the overall model, agents still play a major part in handling customer interactions. For many this means running a contact center, which all too often is viewed as an isolated business group that is a cost center. However, 89 percent of organizations said the primary driver for running their centers is to improve customer satisfaction – something very hard to do if managers, supervisors and agents are constantly under cost pressures. We believe that companies should match their words with actions, pay more attention to their agent pool and focus on improving all aspects of running their centers so they become a better place to work and deliver impeccable customer experiences.

### **Invest in technologies that improve the performance of agents**

Finding the budget to invest in contact centers has always been a hard task, with most centers able to invest less than 15 percent of their overall budget in new systems. However, the more innovative companies participating in our research have found major business benefits by investing in some of the latest technologies:

- **New channels of communication** – The primary reason for investing in new channels should be to match changing customer preferences in how they communicate. However, some of the new channels can also help agents become more effective. To that end more innovative companies have invested in instant messaging (6%), mobile text messaging (4%) and video (1%).
- **Call recording/quality monitoring/speech analytics** – Many companies that have invested in call recording (80%) and quality monitoring (70%); fewer (10%) have invested in speech analytics. We believe that to realize the full benefit from these systems they should be used in combination. This would allow companies to follow the example of innovative companies by using all their recorded calls as data and automatically using the outputs for quality monitoring of both agent performance and the customer experience.
- **Workforce Optimization** – Agent workforce optimization technology consists of three key applications: workforce management, agent training, and the management of agent coaching. Our analysis shows that many companies use manual methods supported by spreadsheets to manage these three important tasks. We believe that companies should once again follow the example of innovative companies and deploy one of the many products that support these processes more rigorously, preferably as an integrated solution so they can optimize all aspects of agent performance.
- **BI/Analytics/performance management** – In order to improve the performance of agents, companies need better information. Our analysis shows that there has been an increase in the use of specialized products that allow companies to use input from far more sources of information to derive key metrics and carry out performance analyses. However, a high percentage still rely on spreadsheets, a practice that we recommend companies stop as

soon as possible. More innovative companies have found that using a specialized product not only makes the analysis process more rigorous and secure but leads them to use a wider range of metrics that require the aggregation of data from multiple sources and types of data.

Finding the budget to make these investments as always been hard and the economic situation has made this even harder. We recommend that companies work with vendors of these products to build a business case that is not just based on cost savings but also looks at downstream business benefits such as increased customer loyalty and sales. Many of these products are now available in different delivery forms including as hosted services, so companies now have the option to reduce their capital outlay and purchase the products as an operational expense.

### **Assess interaction-handling across the enterprise**

The findings of this benchmark research confirm what we have seen in the past: that interactions not only are occurring through more channels but more people in the enterprise are becoming involved in trying to resolve customer interactions. While today the vast majority (85%) of companies handle a few or no interactions outside their centers, there are signs this is changing, with more companies planning to use knowledge workers, home-based agents and agents provided by an outsourcing company. Both from a business and a customer perspective, the key to success with this strategy is consistency. We recommend that companies review interaction-handling across all touch points and ensure the processes are consistent, the information used at every point is consistent, and that they deploy systems that take into account this emerging operational model.

### **Refocus on effectiveness, not just efficiency**

Several of our findings demonstrate that companies are still focused more on efficiency than effectiveness: reducing operating costs is a key driver for 70 percent of companies; optimizing agent utilization is the issue of most importance for 30 percent of companies; and when creating agent work schedules, optimizing utilization (81%) takes precedence over improving customer satisfaction (68%). While minimizing costs seemingly will always be high on the agenda when it comes to running a contact center, we recommend that companies try and balance this with agent, customer and business needs. More mature companies find that such actions incidentally often have an impact on costs as well. For example, shifting focus to first call resolution rather than average handling time can result in fewer call-backs, happier and so fewer lost customers, and happier agents who perform better and stay loyal longer.

### **Pay more attention to everyone who handles interactions**

Many companies interact with customers primarily through their contact center agents. Generally speaking, these are not the highest paid employees and often have challenging working conditions. Too often they receive little support in trying to achieve their objectives and are forced to use desktops that can only be describe as a mess and work without all the information they need to resolve interactions or self-monitor how they are performing. They often must balance conflicting targets (reducing average handling time but increasing customer satisfaction, for example), yet are highly monitored on metrics that mainly focus on efficiency. Most have to work shifts that can be hard to fit into their personal lives.

This situation is improving as more companies move to use part-time agents, have more knowledge workers resolving interactions, use more home-based agents, and

balance their in-house agent pool with agents provided by a service provider. Nonetheless, given the role agents play as the face of the company, we recommend that companies put in place processes and systems that manage their time better, balance the way they are assessed using all available information, make more information available to them, and reward them more on business outcomes.

## How Ventana Research Can Help

Ventana Research helps organizations develop, execute and sustain a Performance Management program that aligns people, process, information and technologies essential for success. As an objective, trusted advisor we are your insurance that your Performance Management initiatives drive immediate and long-term improvements to your business.

We offer a variety of customizable Performance Services to meet your specific needs including workshops, assessments and advisory services. Our [workshops](#), led by analysts with more than 20 years of experience, provide a great starting point to learn about hot Performance Management topics – from Compliance to Business Intelligence to building a Performance Management strategy and driving adoption of best practices. We also offer tailored [assessment services](#) to help you connect the business and technology phases of your project by leveraging our research foundation and Performance Management methodology. We also deliver access to our analysts for trusted and objective [advisory services](#) on an as-needed basis to help you keep up with market trends, technologies and best practices.

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*\*Premium Community membership is for end-user professionals. [Additional services](#) are available for solution providers, software vendors, consultants and systems integrators.*

## About Ventana Research

Ventana Research is the leading benchmark research and advisory services firm. We provide expert guidance to help organizations manage and optimize performance – to become not only more efficient but more effective. Our unparalleled insights and best practices guidance are based on our rigorous, research-based benchmarking of people, processes, information and technology across business and IT functions worldwide. The combination we offer of benchmark research, thorough market coverage and in-depth knowledge of hundreds of technology providers means we can deliver business and technology education and expertise to our clients where and when you need them. Ventana Research provides the most comprehensive analyst coverage in the industry; more than 2.5 million business and IT professionals around the world benefit from Ventana Research's insights. To learn how our benchmark research and assessment and advisory services can improve your organization's performance, visit [www.ventanaresearch.com](http://www.ventanaresearch.com).