

Benchmarking in Call Centers

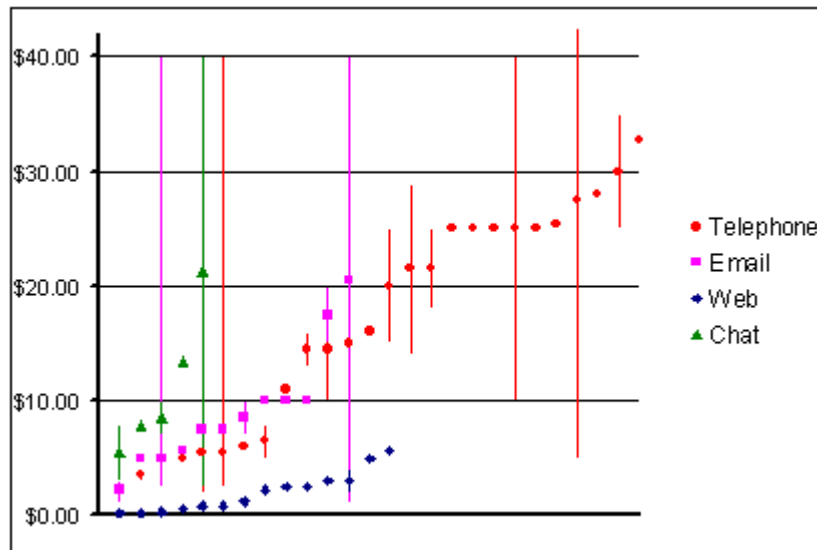
About industry averages and benchmarking in call center

Call center forums, consultants and conference speakers alike are obsessed with benchmark data. Pressured to justify rosy promises for skyrocketing customer satisfaction and speedy return on investment, they quote “industry standard” performance metrics and some sort of tactic du jour to help you do better than the “industry average.”

But how credible and reliable are these benchmarks? Can you use them to measure the performance of your own call center operation? How do you respond when your manager questions you why your help desk’s performance numbers are not quite on par with those industry averages quoted in a recent web posting?

One of the hot topics in call center planning conversations is the per-transaction cost of various contact channels such as telephone, email and Web chat, comparing the operating cost of a full-service call center to less expensive self-service options.

We recently surveyed commercial benchmark databases, trade magazine articles, analyst reports and software vendor literature for their cost estimates of four access channels: telephone, email, Web-based self-help, and Web-based chat. The information compiled from 26 different sources is detailed in the chart below. Each data point indicates the average cost per accesses quoted by one of the surveyed sources. The vertical lines indicate the range of costs, if provided.



The first striking observation is that the average cost per telephone call ranges from \$3.50 and \$32.74, more than a nine-fold difference! When considering the full range of measured costs (as indicated by the vertical lines), the range increases from \$2.00 to \$50.00 per phone call! The transaction costs of email and Web access are equally wide-ranging: \$1.00 - \$40.00 and \$0.05 - \$5.63, respectively.

What is the reason for this disparity? Which cost figure should you use to benchmark your own help desk? To answer these questions we need to take a closer look at the cost-per-access metric and how it is measured.

A common way to calculate cost per telephone transaction is to divide the cost of a help desk agent by the average number of calls handled by the agent. However, the definition of "cost" varies dramatically from one organization to

another, and specifically, how each help desk accounts for various cost items such as IT capital costs, IT operating expenses, utilities and overhead.

The size, organizational structure and operational model each call center play a role in operating expenses. There can be significant differences in staff utilization and internal efficiencies between a small group that handles a couple of hundred calls per day and a help desk of a major corporation staffed by several dozen full-time employees and contractors.

Even the definition of a "call" can be misleading. Because many help desks monitor customer incidents, or tickets, instead of individual telephone calls, it is impossible to tell if the benchmark figures refer to the cost of an incident, which may span multiple phone calls, or to the cost of each individual telephone call. When tickets require several interactions between the help desk and the customer, the cost per incident will be significantly higher than the cost per call.

These and similar factors can explain the wide discrepancies in the cost per call figures. But inconsistent benchmark data is not limited to this figure. Almost every help desk metric discussed in discussion groups is subject to lax, inconsistent and sometimes conflicting measurements, making comparison difficult and inconclusive.

Another example is average handling time (AHT): the time it takes an agent to resolve a single customer issue. Average handling times quoted by the various sources we surveyed ranged from as low as one minute to as high as several hours. Here again, one reason for the wide range stems from the way call centers measure and report performance data. A help desk that defines resolution time as the total elapsed time from opening the ticket to a complete resolution will report much longer handling times than a help desk that measures only actual talk time between the customer and the help desk agent.

Independent of how they are measured, resolution times are obviously impacted greatly by the nature of the problem and, the customer, and the level of effort invested by the help desk agent to resolve it. Resetting a password will typically take a few minutes, while troubleshooting a failure in a complex system may take hours. Simply comparing average resolution times between help desks, and disregarding differences in subject matter, skill sets and the support environment will result in a very misleading comparison.

To compensate for the differences in call center size, types and customer profiles, consultants and benchmark database providers recommend doing peer group comparison. But here, again, precise comparison is difficult, because of the liberal uses of Standard Industrial Classification (SIC) codes, which classify organizations by their primary activity.

SIC classification codes cover a broad range of industries and activities, ranging from advertising to zipper manufacturing. These classifications, however detailed, tell too little about the operational profile of their call centers and help desks and the needs of their customers. Many organizations employ separate help desk teams, providing diverse support services ranging from answering employee benefits questions to supporting software developers and field service engineers. Each of these help a desk serves a very different audience and has dramatically different operational characteristics.

Yet, in a typical benchmark database, call centers are classified under a single industry category rather than by function. Consequently, comparing two help desks classified in the database under "insurance" may result in comparing a human resources help desk with an IT help desk. Conversely, an insurance company is not very likely to consider a manufacturing organization as a peer, yet if both help desks provide support for standard Microsoft Office applications, a comparison is likely justifiable.

A final point to consider when using industry benchmark databases is their sampling and measurement practices. Without dwelling on statistical theories and survey techniques, it is important to recognize that many databases are populated with data solicited from an unscreened self-selected population.

The obvious conclusion from this discussion is that using broad "industry averages" without deep understanding as of how they were obtained and what they represent is inaccurate and risky. To get the most value from benchmark data, the call center manager must first determine a smaller set of relevant metrics and use them to compare with call centers of similar function, size, and customers profile.

Further Reading

- [The Origin of the 80/20 Rule](#)
- [Are Abandoned Calls Important?](#)
- [Service Level Calculations](#)
- [Advanced Topics in Call Center Staffing](#)
- [Introduction to Traffic Modeling and Resource Allocation in Call Centers](#)
- [Benchmarking in Call Centers](#)
- [Does Self-Help Really Help?](#)
- [Service Level Elasticity](#)
- [An Alternative to the Erlang Traffic Model](#)

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