A REFERENCE GUIDE TO THE BALANCED SCORECARD SERVICE MODEL

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INTRODUCTION

Introduction

When you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it in numbers, your knowledge is of a meager and unsatisfactory kind…

Lord Kelvin,
Scottish Mathematician (circa 1870)

IT service and support operations have been collecting data from ACDs, problem tracking systems, knowledge systems, e-mail programs and other such tools for years. As an industry, service and support has been very successful in collecting this data and, usually, plugging it into an Excel spreadsheet and then presenting it at management meetings as "information," where it is discussed, debated, and then used to make decisions. The trouble with this almost universal approach is that it confuses the collected data with actionable information.

There's a big difference between the two; data is just raw groups of numbers that represent events that are now historical, lack context, and most importantly, don't reveal anything in particular unless they are analyzed,

compared to a baseline of some type, and used in a context that influences action. The best support operations use their metrics to drive their performance upward and provide valuable information to their corporate parent. While this is not a new concept, the methodology has evolved from simply counting calls to gathering information that is actionable, change-oriented and reflective of success, problems, and failure.

The concept of a Balanced Scorecard (BSC) is the highest evolution of the capture and use of metrics, because it ties performance measures to strategy and will help an organization evolve into a measurement managed organization. The goal of such an organization is to have a reporting capability that directs behavior, evaluates performance against predetermined goals, and provides not just data, but information for adjusting corporate and IT goals by creating a closed-loop feedback process. Organizations and departments using Balanced Scorecards can distinguish themselves from their competitors and become an asset to their corporate parents.

This assertion is borne-out from the results of research studies. The table in **Exhibit 1 – Relating Measurement-Managed Organizations to Performance** shows the difference between organizations that embrace measurement-management and those that do not.

Exhibit 1

Relating Measurement-Managed Organizations to Performance [1]

Measures of Success	Measurement Managed Organizations	Non-Measurement Managed Organizations
Perceived as an industry leader over the last three years (1999-2002)	74%	44%
Reported to be financially ranked in the top third of their industry	83%	52%
Three year Return on Investment (ROI)	80%	43%
Last major cultural or operational change judged to be very or moderately successful	97%	55%

Even a support center that uses a Balanced Scorecard as a standalone "metrics" report can increase its effectiveness and efficiency by providing its corporate parent with indisputable evidence of its success and information about customer problems, concerns, and attitudes.

[1] John H. Lingle and William A. Schieman, Is Measurement Worth It?, in Michael Bitterman, "How IT Benefits From Adopting Measurement-Management Techniques," ***www.performance-measurement.net/news-detail.asp?nID=200***, July 25, 2004 (www.itpg.com)

The goal of this reference guide is to provide support managers with a guide to understanding and constructing a balanced support card that is applicable to their support operations. It mixes theory with practical advice on constructing a Balanced Scorecard that will assist the reader in developing a support center service model and take the use of metrics beyond the simple bean counting that has characterized metrics programs so far.

This reference guide will be the precursor of a new series that HDI is preparing on support center metrics. Throughout 2005, HDI will be working with support managers and consultants throughout the country to produce a series of definitive guides that define, guide, and bring best practices to support managers everywhere.

All worksheets contained within this guide are available in template form on the HDI Web site **www.ThinkHDI.com**, for Gold members and above.

If you are interested in becoming an author for this exciting project, please contact Rich Hand, Director of HDI Membership Operations at **rhand@ThinkHDI.com** for more information.

CHAPTER 1

The Balanced Scorecard: *From Big Business to IT Service & Support*

Chapter 1

PART I – THE ORIGINS OF THE BALANCED SCORECARD CONCEPT

Robert S. Kaplan & David P. Norton

The concept of a balanced scorecard concept was created by Robert S. Kaplan, the Marvin Bower Professor of Leadership Development at the Harvard Business School and David P. Norton, the president of Renaissance Solutions, Inc. Combining academic inquiry and practical business knowledge they began a revolution with the publication of their article, "The Balanced Scorecard—Measures That Drive Performance."[2] The methodology they created with this article has become the "gold standard" for ensuring "…that strategies address all areas of the enterprise…"[3] For IT service and support organizations, such an adherence to discipline, if it ever existed, is a new concept that is particularly suited to the IT world.

[2] Robert S. Kaplan and David P. Norton, "The Balanced Scorecard—Measures That Drive Performance," *Harvard Business Review*, January-February 1992

[3] IT Services, Anthony F. Tardugno, Thomas R. DiPasquale & Robert E. Matthews, Upper Saddle River, NJ, Page 35, 2000.

Kaplan and Norton argue that the traditional reliance upon quarterly financial reports, while obviously important, is a model that is based on accounting principles that were developed centuries ago "…for an environment of arm's-length transactions between independent entities. This venerable financial accounting model is still being used by information age companies as they attempt to build internal assets and capabilities, and to forge linkages and strategic alliances with external parties."[4] As the authors point out, financial measures tell a story based on ***past events*** while we live and work in an increasingly "real time" world where what happens in Europe and Asia is just as important as what happens in Washington, D.C. and on Wall Street.

The Balanced Scorecard is not a replacement for financial accounting and other metric programs; it is an evolutionary management tool for a new century where business is conducted world-wide and at all hours. As Kaplan and Norton describe it, the Balanced Scorecard

…complements financial measurements of past performance with measures of the drivers of future performance. The objectives and measures of the

[4] Kaplan & Norton, p7

scorecard are derived from an organization's vision and strategy. The objectives and measures view organizational performance from four perspectives:

- Financial
- Customer
- Internal business processes, and
- Learning and growth

These four perspectives provide the framework for the Balanced Scorecard. [5]

The biggest advantage of the Balanced Scorecard is that it allows managers of businesses to survey their operations from four, interlocking perspectives. It links strategy to performance measures while keeping the traditional financial measures that represent past performance. It provides answers to four questions:

- How do customers see us? (Customer perspective)
- What must we excel at? (Internal perspective)
- Can we continue to improve and create value? (Innovation and learning perspective)
- How do we look to shareholders? (Financial perspective)

[5] Kaplan and Norton, Page 8

While simultaneously minimizing information overload and data smog, by restricting the number of measures used to measure success to a selected number. Kaplan and Norton assert that the Balanced Scorecard "…is more than a new measurement system. Innovative companies use the scorecard as the central, organizing framework for their management processes. Companies can develop an initial Balanced Scorecard with fairly narrow objectives: to gain clarification, consensus, and focus on their strategy, and then to communicate that strategy throughout the organization. The real power of the Balanced Scorecard, however, occurs when it is transformed from a measurement system to a management system. As more and more companies work with the Balanced Scorecard, they see how it can be used to:

- Clarify and gain consensus about strategy
- Communicate strategy throughout the organization
- Align departmental and personal goals to the strategy
- Link strategic objectives to long-term targets and annual budgets
- Identify and align strategic initiatives
- Perform periodic and systematic strategic review
- Obtain feedback to learn about and improve strategy

The Balanced Scorecard fills the void that exists in most management systems—the lack of a systematic process to implement and obtain feedback about strategy. Management processes built around the scorecard enable the organization to become aligned and focused on implementing the long-term strategy. Used in this way, the Balanced Scorecard becomes the foundation for managing information age organizations."[6]

On the following page is an example of a BSC for a fictional company called ECI. It has the virtue of simplicity while measuring the critical success factors that the company's management has identified. It provides goals for each BSC quadrant and provides measures for determining the progress towards reaching those goals.

[6] The Balanced Scorecard, Robert S. Kaplan and David P. Norton, The President and Fellows of Harvard College, Page 17-18, 1996.

Exhibit 2

ECI's Balanced Business Scorecard shows a typical corporate scorecard [7]

Financial Perspective	
GOALS	**MEASURES**
Survive	Cash flow
Succeed	Quarterly sales growth & operating income by division
Prosper	Increased market share and ROE

Customer Perspective	
GOALS	**MEASURES**
New products	% of sales from new products
	% of sales from from proprietary products
Responsive supply	On-time delivery (defined by customer)
Preferred supplier	Share of key accounts' purchases
	Ranking by key accounts
Customer partnership	Number of cooperative engineering efforts

Internal Business Perspective	
Goals	**Measures**
Technology capability	Manufacturing geometry vs. competition
Manufacturing excellence	Cycle time Unit cost Yield
Deign productivity	Silicon efficiency Engineering efficiency
New product introduction	Actual introduction schedule vs. plan

Innovating & Learning Perspective	
Goals	**Measures**
Technology leadership	Time to develop next generation
Manufacturing learning	Process time to maturity
Product focus	% of products that equal 80% sales
Time to market	New product introduction vs. competition

[7] "The Balanced Scorecard—Measures that Drive Performance," Robert S. Kaplan and David P. Norton, *Harvard Business Review*, January-February 1992.

Building upon the work of Kaplan and Norton, Ron Muns, CEO of HDI, and Mark Ellis of Kronos have refined the Balanced Scorecard concept and made it applicable for IT service and support centers. In the article reproduced below, they discuss how to use the BSC to manage the financial and operational challenges facing support center managers. Using well-defined goals, metrics, and key performance indicators they explain how to link performance measures with corporate and organizational strategy in ways that are both more efficient and effective than what is commonly used today. With the growing trend of all business unit operations being brought into alignment with corporate strategy there is no better time than now to explore new ways to "count the beans" in a support center.

PART II – THE BALANCED SCORECARD SERVICE MODEL FOR SUPPORT CENTERS

Ron Muns, HDI & Mark Ellis, Kronos, Inc.

The Support Center's Balanced Scorecard (BSC) Service Model

I have been working with Mark Ellis of Kronos (**www.Kronos.com**) as well as our Strategic Advisory Board (SAB) to define a model for

measuring the performance of IT Service and Support (the support center). The results of this work are included in HDI's new support process guidebook, which will be published in the first Quarter of 2005. I am excited and pleased with this ground breaking work and want to share some of it with you.

Most of the book focuses on processes based on ITIL®; however, it also covers other important processes for support centers that are not covered by ITIL®. Mark and I have documented an operational service model that balances key performance metrics that often conflict with one another. For example, customer needs, at times, seem to be at odds with costs/productivity goals. While both are important, they can compete for your attention.

The Support Center BSC Service Model

Effective financial and operational management for any support center operation should be directly linked to an integrated Balanced Scorecard Service Model that focuses on customer satisfaction, employee satisfaction, costs/productivity, and organizational maturity. Utilizing these four elements to form a high-level goal set with supporting key performance indicators (KPIs), also known as key business indicators or operational metrics, will not only allow

a support center manager to look at past performance and trends, but also will allow for optimized forecasting of future costs, operational performance, and service levels based on workload for the projected base of customers, whether internal or external.

Exhibit 3

The Support Center Balanced Scorecard Service Model

Customer Satisfaction Goals • Supporting KPI's • • •	**Employee Satisfaction Goals** • Supporting KPI's • • •
Costs/Productivity Goals • Supporting KPI's • • •	**Organizational Maturity Goals** • Supporting KPI's • • •

Customer Satisfaction

Customer satisfaction is generally measured via customer surveys. To minimize bias, an external firm should ideally conduct these surveys. External survey firms may also offer comparative industry data or provide additional analytics on survey results. When this is not possible, efforts should be made to assure survey participants of the value of their honest responses.

The primary customer satisfaction survey is transaction based, which involves utilizing an abbreviated set of questions based on closed incidents (phone, e-mail or Web). These surveys are usually focused on a limited number of questions specific to an incident during a given period, and specifically target the person who generated the original incident. Standard sample questions might include:

- Please rate the accuracy of the solution provided.
- Please rate the timeliness of the solution provided.
- Please rate our initial responsiveness to your incident.
- Please rate the professionalism of the support engineer who answered your incident.
- Please rate your overall experience for this incident.

Other indicators of customer satisfaction might include repeat usage of support center services (mostly applies to external support organizations) and percentage of customers participating in surveys. If customers don't think their input matters, they won't respond.

Employee Satisfaction

In any service business, the people who deliver that service are the essential product. Despite this, many service organizations, including both internal and

external support centers, do not properly manage and maintain their employees' general job satisfaction. This can impact both customer satisfaction as well as the cost of operations.

An employee survey should be conducted twice a year with each employee, ideally about six months apart. Regular surveys will allow comparison of results and will identify improvement and/or dissatisfaction over time. These surveys should not be confused with employee performance evaluations/reviews.

Finally, companies that effectively manage employee satisfaction do not always have the highest pay scales for their area. Pay rates are often ranked as the third or fourth most important issue on employee surveys. Generally, communication and training will frequently be more of an issue. Well-managed customer support centers that can integrate employee needs into an effective service delivery model will become a target employer of future employees.

Costs/Productivity Goals

It is time for the industry to come together and agree on definitions and methods for developing cost metrics. This is the only way that benchmark comparisons can have any value. Standard costing

(and operational) metrics will allow support organizations to understand their cost structures and operational efficiencies in comparison to other organizations or within the organization itself. It will help you understand and answer questions, such as:

- Are we spending too little on support infrastructure and too much on labor?
- Are our costs for e-mail support too high?
- How much could we save by moving our end-users from phone support to self-help?
- Are our costs high because we have excessive overhead allocations?
- When can we expect to get a return from the introduction of new support tools?
- We do level 1, level 2, and level 3 support and thus our cost per incident is higher than our competitors. Does management understand that our competitor's support costs only include level 1 support? Or, does management understand that the competitor's support organization only provides log and route support?

Doing costs/productivity analysis on the support organization eventually boils down to calculating costs in terms of cost per unit of work and per service delivered (i.e., per incident). The most important unit

is the cost per incident, which should be computed separately by channel received (phone, self-help, chat, e-mail, self-healing, etc.). This analysis may be further broken down by products or services offered.

Organizational Maturity

Of the four quadrants; customer, employee, costs/ productivity, and organizational maturity, this last one is the most strategic and the most subjective. It is focused on the structure, ability to change, quickness, responsiveness, and strategic positioning of support within the larger organization. Organizational maturity enables customer and employee satisfaction with optimal cost structure. Elements to track that indicate organizational maturity include:

1. Visible executive support of the support center.
2. **Time to fill knowledge gaps—**When new errors are identified, how long does it take to document the problem and the solution? How long does it take for this information to be available to the support analysts and end-users (customers)?
3. **Time to Employee Proficiency—**How long does it take for new employees to be productive?
4. **Time to New Product Proficiency—**How long does it take for the support organization to be proficient on new products?

5. **Flexibility of cost to changes in workload—** How quickly can the support organization change the cost structure (up or down) as work varies?
6. **Diversity—**Has the organization embraced the value of racial and cultural diversity within support? If the organization has global team members, are they aware of cultural and local issues that vary the definition of best practices.
7. **Work elimination through problem management and change management—** Tracking of cost savings resulting from identification and elimination of known errors.
8. **Formalization of IT processes—**Tracking indicators that the support organization has integrated all support processes with those of other IT functional areas.

Conclusion

The key to the BSC Service Model is to continually improve in all four quadrants. It is easy to improve customer satisfaction if you don't consider costs. It is easy to lower costs if you don't care about employee or customer satisfaction. It is easy to mature as an organization if you don't focus on anything else. The key is in the balance. The yin and the yang of the support center. As with life, it is about balance. By understanding how our management decisions affect

our customers, our employees, costs, and our future, we can evolve into that wonderful, but elusive "world class" support center. Best of luck![8]

Organizations that are on a quest for "world class" status will not achieve that status by accident. They have trained and developed their leaders, employees, and processes to the point that in everything they do, they exhibit characteristics that define their success. They have studied, researched, argued, fought, talked among themselves, and talked with others to such a degree, that they are ready to embrace change that will serve their customers, their employees, their stockholders, and the world itself. They have transcended simply counting beans and moved to long-term, sustainable success by looking at their products and operations honestly, objectively, and with an excitement based on the knowledge that their operations are steadily improving, growing, and evolving to world-class status.

[6] "The Support Center's Balanced Scorecard Service Model," Ron Muns and Mark Ellis, *The Muns Report*, HDI, December 8, 2004.

These characteristics are presented below in **Exhibit 4 – Measurement-Managed Organizations Exhibit Different Cultural Characteristics.**[9]

Exhibit 4

Measurement-Managed Organizations Exhibit Different Cultural Characteristics

Reported	Measurement-Managed Organizations	Non-Measurement Managed Organizations
Clear agreement on strategy among senior management	93%	37%
Good cooperation & teamwork management	85%	38%
Unit performance measures are linked to strategic company measures	74%	16%
Information within the organization is shared openly & candidly	71%	30%
Effective communica tion of strategy throughout the organization	60%	8%
Willingness of employees to take risk	52%	22%
Individual performance measures are linked to unit measures	52%	11%
High levels of self-monitoring by employees	42%	16%

[9] John H. Lingle and William A. Schieman,, Is Measurement Worth It?, in Michael Bitterman, "How IT Benefits From Adopting Measurement-Management Techniques," www.performance-measurement.net/news-detail.asp?nID=200, July 25, 2004 (www.itpg.com)

CHAPTER 2

Why Balanced Scorecards Work for Support Centers:

Warning Signs and Analysis

Chapter 2

What makes a Balanced Scorecard such a powerful tool for a support center is the revealing link between strategy and action that a balanced scorecard provides. Few operations are as complex, as important or as sensitive as the relationship between customers and the companies they patronize. Support centers are vital to the success of a business because they provide customers with the customer service and support that can be a competitive and strategic advantage in an ever-growing, complex marketplace that values lean operations, real-time information, and high-tech, high-touch business performance in a 24/7/365 world. In this context, the value of service management becomes critical to business success and requires a new methodology to assess service and support quality. As one author points out, "Changing customer needs and expectations require all companies to adjust the way they do business. Increasingly complex products, global markets, and broader customer bases are forcing organizations to re-evaluate every facet of their operations and business practices."[10]

[10] Using Service Goals and Metrics to Improve Help Desk Performance, Mark W. Ellis, Colorado Springs: HDI, 2003, Page 7.

How does a support manager know when its time to evaluate an existing performance measurement system? There are clear signs that indicate when it is time to revamp a metrics-capture program:

- **Performance is acceptable on all dimensions except profit (or cost).** Quality programs and processes are functioning well and employee and customer morale is high, but profits or cost containment are not meeting expectations.

- **No one notices when performance measurement reports aren't produced.** This situation develops slowly until one day someone realizes that they aren't receiving metrics reports and haven't been receiving them for weeks or even months. The explanation for this phenomenon is simple; the data that were being delivered contained no useful information for senior managers. In the support world, it is not uncommon to encounter senior managers that do understand the basics of analyzing support-related metrics and who have marginalized their support managers because they may deliver an unpopular message.

- **Managers spend significant time debating the meaning of the measures.** This state of affairs

indicates that performance measures are not being linked to corporate strategy. Support and customer service are not seen as a value-added undertaking.

- **Performance measures have not changed in a long time.** Customer service and support, and the wants and needs of a customer base are dynamic. Performance measures should be adjusted to reflect this dynamic.

- **Corporate strategy has recently changed.** Customer service and support must be linked to corporate strategy; it cannot be a standalone function. [11]

Auditing the Balanced Scorecard

An essential part of a Balanced Scorecard evaluation is a formal audit of the performance measures that make up the scorecard. Just as a yearly physical keeps the human body healthy over the long-term, a yearly scorecard audit maintains a healthy BSC system and encourages changes to be made as events, information, and circumstances require. A sample audit questionnaire is provided on the next page.

[11] Adapted from Michael R. Vitale and Sarah C. Mavrinac, How Effective Is Your Performance Measurement System?," *Management Accounting*, August 1995.

Exhibit 5

Measurement System Audit Tool [12]

PART I – OVERALL APPROACH TO MEASUREMENT

1. The metrics in our database are tightly linked to the key success factors that will allow us to differentiate ourselves from our competitors.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

2. Our database was built with a plan, rather than being something that just evolved over time.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

3. Our President, CEO, or CIO looks at no more than 20 measures every month to evaluate the overall organization's performance.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

[12] Adapted from Keeping Score: Using the Right Metrics to Drive World-Class Performance, Mark Graham Brown, New York: Quality Resources, 1996, Page 29-35

4. **Measures of performance are mostly consistent across our business units/locations.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

6. **We have a well-balanced set of measures, with about equal amounts of measures/data in each of the following categories: Customer Satisfaction, Employee Satisfaction, Costs/Productivity, and Organizational Maturity.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

7. **We have routine monthly and quarterly meetings to review, analyze and decide about changes to the BSC.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

PART II – CUSTOMER-RELATED MEASURES

8. **Our data dictionary is comprehensive for each Key Performance Indicator (KPI) in the scorecard.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

9. Our organization collects data on both customer satisfaction and perceived value levels using a variety of techniques administered by an independent vendor.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

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PART III – EMPLOYEE-RELATED MEASURES

10. We survey our employees at least once a year to determine their satisfaction levels with various aspects of how the organization is run.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

11. Employee surveys are anonymous and more than 75% are returned each year.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

12. Research is done to determine what is important to employees before putting together a survey with standard questions.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

13. **Our organization collects data on other metrics that relate to employee satisfaction such as voluntary turnover, absenteeism, hours worked per week, requests for transfers, stress-related illness, etc?**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

14. **Individual measures of employee satisfaction are aggregated into an overall employee satisfaction index, similar to the customer satisfaction index.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

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PART IV – COSTS/PRODUCTIVITY MEASURES

15. **We have identified a few (e.g., 4 to 6) key measures of our overall financial performance.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

16. **We have identified a few key measures of the support department's financial performance.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

17. Financial measures are a good mix of short-and-long-term measures of financial success.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

18. Financial measures are consistent across different units/locations.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

19. We collect financial data on our major competitors to use in evaluating our own performance and in setting goals.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

20. The organization aggregates financial data into one or two summary statistics that reflect the performance of the support department, e.g., Economic Value-Added (EVA) or Return on Investment (ROI).

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

PART V – ORGANIZATIONAL MATURITY

21. There is visible executive support of the support center.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

22. The support manager provides routine briefings to executives of the organization on its status, operations, plans, and problems.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

23. The support department is successful in filling knowledge gaps in a timely manner that has been quantitatively measured.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

24. The support department has a formal plan and timeline for training, assessing, and certifying employee proficiency for technical and qualitative skill sets.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

25. The support department has a formal plan and timeline for training, assessing, and certifying employee proficiency on new products and new customer needs.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

26. The support center has the leadership and management capability to change its flexibility of cost because of changes in workload.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

27. The support department has embraced the value of racial, cultural, and gender diversity and actively promotes diversity.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

28. The support department has formal protocols for problem solving and troubleshooting technical problems.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

29. The support department actively seeks to create work elimination strategies through problem management and change management programs.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

30. The support department is actively seeking to formalize its IT processes by using an industry-based program, i.e., ITIL, CMM, HDI SCC, Malcom Baldridge, etc.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

31. The support department uses a recognizable support model to manage its work.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

32. Any process measures that are collected are directly related to key product/service characteristics that customers care about.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

33. **Cycle time is used as a key operational measure throughout the organization.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

34. **Operational measures allow us to prevent problems rather than just identify them.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

35. **The support department has established measurable standards for all key process measures.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

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PART VI – REPORTING AND ANALYZING DATA

36. **The support department reports data from all sections of its scorecard in a single report to all key managers, internal customers, and external customers.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

37. **Data are presented graphically in an easy-to-read format that requires minimal analysis to identify trends and levels of performance.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

38. **Data on customer satisfaction, employee satisfaction, and organizational maturity are reviewed as often and by the same executives as data on financial, and operational, performance.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

39. **The organization has done research to identify correlations between customer satisfaction levels and financial performance.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

40. **The corporate parent understands the relationships between all the key measures in the support department's BSC.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

41. **Performance data are analyzed and used to make key decisions about the support department's role in the organization's mission and operation.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

42. **The key measures in the support BSC are consistent with the organization's mission, values, and long-term goals and strategies.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

43. **The support department continuously evaluates and improves its measures and the methods used to collect and report performance data.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

44. **Automated and human (i.e., surveys/checklists/ data dictionary entries) measurement devices are calibrated on a regular basis to ensure accuracy and reliability.**

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

45. The measures in the support department's scorecard are used by senior management for planning and budgeting purposes.

(5) Strongly Agree (4) Agree (3) Somewhat Agree (2) Disagree (1) Strongly Disagree

---

CALCULATING YOUR SCORE: LOWER IS BETTER

Total questions 1 to 7: _____

Total questions 8 and 9: _____

Total questions 10 to 14: _____

Total questions 15 to 20: _____

Total questions 21 to 35 _____

Total questions 36 to 45 _____

Total Score: _____

Interpreting Your Score

Scores 225-179 – This puts you far below the best score and indicates that you are a long way from having a BSC. You're in good company at this level because most organizations have weak, disjointed, or unexamined metrics programs. A score in this region indicates a lack of management attention to the BSC concept.

Scores 180-134 – A score in this range puts you in about the middle, which indicates that you are off to a good start in developing a BSC. You probably have a good set of measures for some of the categories. You also probably have some major weaknesses in some types of measures.

Scores 135 to 90 – If your score is in this region, you have a systematic approach to measurement that approaches being well-balanced. Chances are you may be weak in customer satisfaction and employee satisfaction measures.

Scores 85-45 – If your score on this survey is in this region, you are well on the road to building a dynamic and information-rich BSC program. At this level it is important to rigorously examine your BSC results on a routine basis and maintain it and improve it at every opportunity.

Once the Balanced Scorecard has been established (more on this later) it remains useless unless it is analyzed on a routine basis, be it hourly, daily, weekly, monthly, quarterly, or yearly. Formal meetings are best and should be led by the support manager with the support management team in attendance. The review meeting should begin with an assessment of "leading" and "lagging" indicators in the Scorecard. "Lagging indicators without performance drivers fail to inform us of how we hope to achieve our results. Conversely, leading indicators may signal key improvements throughout the organization, but on their own they do not reveal whether these improvements are leading to improved customer and financial results." [13]

Leading and lagging indicators are defined and have the following characteristics, as listed on the following page in **Exhibit 6 – Lag and Lead Performance Measures.**

[13] Paul R. Niven, Balanced Scorecard, New York: John Wiley & Sons, 2002, Page 115

Exhibit 6
Lag and Lead Performance Measures

Lag and Lead Performance Measures		
	Lag (How did we perform?)	**Lead (How are we likely to perform?)**
Definition	Measures focusing on results at the end of a time period, normally characterizing historical performance	Measures that "drive" or lead to the performance of lag measures, normally measuring intermediate processes and activities
Examples	*Total Customer Contacts *Total Incidents *Total Problems	*Average Speed of Answer *Average Handle Time *First Call Resolution Rate
Advantages	Normally easy to identify and capture	Predictive in nature, and allows the organization to make adjustments based on results
Issues	Historical in nature and do not reflect current activities; lack predictive power	May prove difficult to identify and capture; often new measures with no history at the organization

The Balanced Scorecard should contain a mix of lag and lead measures of performance. [14]

[14] Paul R. Niven, Balanced Scorecard, New York: John Wiley & Sons, 2002, Page 116

Exhibit-7

Sample Support Center Balanced Scorecard
Key Performance Indicators.

Customer Satisfaction Goals

Total Calls Received/Month		
Projected	Actual	Gap
1500	1750	+250
Total Calls Answered/Month		
Projected	Actual	Gap
1470	1100	-370
Customer Satisfaction Rating		
Projected	Actual	Gap
90%	72%	-18%
Completed Surveys		
Projected	Actual	Gap
2300	1980	-320
Average Speed of Answer (ASA)		
Projected	Actual	Gap
2.0 Minutes	6.25 Min	-4.25
Abandoned Calls		
Projected	Actual	Gap
125	373	-248
Abandon Call %		
Projected	Actual	Gap
2%	13%	+11%

Employee Satisfaction Goals

Total Direct Headcount		
Projected	Actual	Gap
30	25	-5
Employee Satisfaction Rating		
Projected	Actual	Gap
87%	69%	-18%
# of Technical Staff Turnovers (Internal)		
Projected	Actual	Gap
2	2	0
# of Technical Staff Turnovers (External)		
Projected	Actual	Gap
1	3	+2
Training Hours		
Projected	Actual	Gap
64	16	-48
Avg Training Hours/FTE		
Projected	Actual	Gap
64	16	-48
# of Employee Surveys		
Projected	Actual	Gap
50	45	-5
Time to Employee Proficiency (Days)		
Projected	Actual	Gap
100	75	+25

Cost/Productivity Goals

Number of Customers		
Projected	Actual	Gap
112	130	+18
Total Incidents Closed (Monthly)		
Projected	Actual	Gap
7,650	12,800	+5,150
Average Incidents/Customer		
Projected	Actual	Gap
50	68.3	+18.3
Average Cost/Incident		
Projected	Actual	Gap
$10.00	$33.00	+$23.00
Total Closed Incident Direct Labor Hours		
Projected	Actual	Gap
.75	2.5	-1.75
Average Cost/Customer		
Projected	Actual	Gap
$7.00	$17.00	-$10.00
Average Customers/FTE		
Projected	Actual	Gap
5.0	15	+7
Closed Incidents/FTE		
Projected	Actual	Gap
25	17	8

Organizational Maturity Goals

Executive Support of the Support Center (1-10)		
Projected	Actual	Gap
7.5	5.0	-2.5
Time to Fill Knowledge Gaps (Days)		
Projected	Actual	Gap
5	10	+5
Time to New Product Proficiency (Days)		
Projected	Actual	Gap
10	25	+25
Flexibility of Costs to Changes in Workload (On a Scale of 1 to 10)		
Projected	Actual	Gap
7.5	9.0	+2.5
Diversity (On a Scale of 1 to 10)		
Projected	Actual	Gap
8.5	5.0	-3.5
Formalization of IT Processes (On a Scale of 1 to 10)		
Projected	Actual	Gap
8.0	6.5	1.5
Support Center Certification Score (On a Scale of 1 to 10)		
Projected	Actual	Gap
7.5	6.0	-1.5

GOALS, METRICS, & KEY PERFORMANCE INDICATORS

Introduction

Critical to the success of a support center Balanced Scorecard program is an understanding of what the key terms used in the program mean. Undertaking a scorecard program without a consensus on what the components mean makes a challenging task only more difficult. The components of the balanced scorecard are listed and defined below.

Goal – quantifiable and objectively measurable aims of an organization; in the Balanced Scorecard service and support context; Customer Satisfaction, Employee Satisfaction, Cost/Productivity, and Organizational Maturity.

Scorecard – a collection of key measures that the organization has determined are tightly linked to its success or failure in executing strategy.

Metric – a metric is really a measure of anything; a system of related measures that facilitates the quantification of some particular characteristics.

Key Performance Indicator – an actionable measure contained in a metric; KPI's are metrics, but not all metrics are KPI's.

Successful support center balanced scorecards "…create a common language for communication and allow process measures to be communicated openly and candidly. We need metrics in order to:

- Establish the difference between perception, intuition, and reality;
- Gather the facts for good decision making and provide the basis for sound implementation for those decisions;
- Overcome the limits to our current thought processes and move us toward boundaryless thinking;
- Identify and verify problem areas or bottlenecks that have remained undetected;
- Better understand our processes and determine which factors are important and which are not;
- Characterize our processes so that we know how inputs and outputs are related;
- Validate our processes and determine whether they are performing within required specifications;
- Evaluate customer satisfaction and establish the links to our key processes;
- Document our processes and then communicate them to others;
- Provide a baseline for process performance and cost correlation;

- See if our processes are improving, and retain the gains for those that are;
- Determine if a process is stable or predictable and determine how much variation is inherent in the process." [15]

[15] Six Sigma: The Breakthrough Management Strategy Revolutionizing the World's Top Corporations, Mikel Harry and Richard Schroeder, New York: Random House, 2000, Page 71-72.

CHAPTER 3

Steps to Implementing a Support Center Balanced Scorecard

Chapter 3

Introduction

There is no "one size fits all" approach to developing a Support Center Balanced Scorecard, but there are some basics that can be applied to its development. In a perfect world, the executive management of the support center would lead the development effort and see it through to its conclusion. If that does not happen, the support manager can still take the lead in the effort and obtain executive sign-off on the scorecard. Even the most jaded or overworked executive will appreciate the simple elegance of the linkage between goals, performance measures, and their impact on customers, employees, costs/productivity, and organizational effectiveness

Step 1 – Choose Your Support Center's Metrics

In choosing the metrics that go into a BSC, it is important that those metrics are balanced in such a way that they lead to the meeting of each service goal. It is not unusual for an organization or a business to overemphasize one metric to such a degree that meeting the statistical target becomes an end itself; just ask the folks at Enron and Health South how well that strategy

works. As Mark Ellis points out in his discussion of the role of Average Speed of Answer (ASA):

…Average Speed of Answer is often misconstrued to be a key service goal. While ASA is important, and certainly influences customer satisfaction, it is only a ***metric*** *and not a* ***service goal****. How satisfied would your customers be if your help desk staff answers the phone very quickly but can never solve a problem? Many managers struggle to improve ASA, but show only minimal improvement in their overall customer ratings. These organizations are focusing on the wrong thing. Furthermore, there is a crossover point at which further decreasing the ASA increases the cost per closed service event to an unacceptable level. In one case, a company reduced its ASA from 13 seconds to 3 seconds, resulting in only a 1% increase in customer satisfaction. But because they staffed up to answer calls quickly, their excess capacity drove the cost per closed service event up by more than 40%! This imbalance in metrics was clearly not in the best interests of either the help desk or its customers.* [16]

The surest way to avoid the missteps described above is to have **senior management commit** to the goals

[16] Using Service Goals & Metrics to Improve Help Desk Performance, Mark W. Ellis, Colorado Springs: HDI, 2003, Page 14

contained in the Support Center Balanced Scorecard Service Model. The idea for the scorecard itself and its implementation may be the initiative of line-managers, and that's acceptable, but the success and failure of the scorecard as a planning and evaluative tool resides with executive management. Although they may lack a good understanding of the role of service and support in a business or organization, and may not even value customer service very highly, when presented with the value that a Balanced Scorecard can add to an organization's service and support function, most executives will be delighted with the information that they will receive. For service and support managers, the Balanced Scorecard can be the key that unlocks the door to positive executive attention, increased resources and proof of the value-added nature of outstanding service.

Step 2 – Link Measurements to Strategy

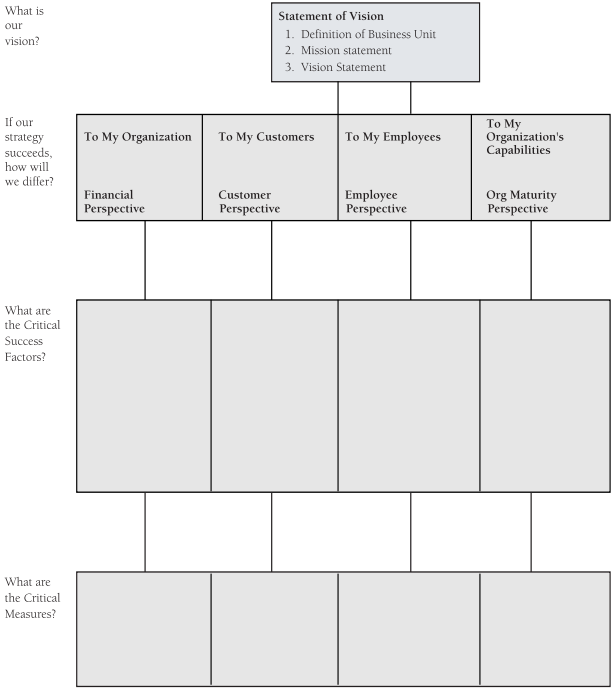
Bearing this concept in mind, **Step 2 – Link Measurements to Strategy** requires the answers to four key questions that will assist in determining how performance measures will be linked to strategy.

Kaplan and Norton present these questions in the format contained in **Appendix 2a – Linking Measurements to Strategy**. The term "vision statement" is defined as

an idealized scenario of what the future of an organization or an organizational unit can become. The term "mission statement" is a definition of the general field in which a firm or organizational unit will operate. It is also the unique purpose that sets a business or organizational unit apart from others of its type. As a practical matter, a mission statement simply expresses why the organization exists and gives employees and customers a clear sense of what the organization stands for. Publix Super Markets, for example, has a powerful yet succinct mission statement that conveys everything that employees and customers need to know about Publix's. It is, "To be the premier quality food retailer in the world." As this example illustrates, mission statements do not have to become a major project, they just need to reflect the nature of the business or organization's business and serve as a rallying point for employees and a commitment to customers.

Exhibit 8

Link Measurements to Strategy [17]



[17] "Putting the Balanced Scorecard to Work," Robert S. Kaplan and David P. Norton, *Harvard Business Review Onpoint # 4118*, September-October, 1993, Page 8.

Step 3 – Performance Measure Data Dictionary [18]

The data dictionary is literally a dictionary of the performance measures that have been chosen. The concept behind the data dictionary is that a document should exist that clearly examines the construction, the content, and the use of each performance measure. The data dictionary can provide the background needed to explain and defend the performance measures that have been chosen. A successful Performance Measure Dictionary entry must be able to answer the following five questions:

- Why is the measurement required?
- What needs to be measured?
- What is the precision of measurement required?
- How will it be measured?
- What use will the measurement be? To whom?[19]

[18] The idea of a "Performance Measure Data Dictionary" was created by Paul Niven and should be considered an essential component in validating performance measures and assessing their suitability for use in a balanced scorecard. See Balanced Scorecard Step-by-Step, Paul R. Niven, New York: John Wiley & Sons, Inc., 2002, Page 152-157.

[19] "Selecting Appropriate Metrics," Niraj Goyal, www.issixsigma.com/library/content/c020930a.asp

Appendix 6 provides directions for compiling a Performance Measure Data Dictionary Entry. It is **strongly recommended** that this phase of the BSC construction process **not** be ignored or done in a haphazard manner. As our father's learned in the COBOL days, "Garbage In, Garbage Out; sometimes there are **no** shortcuts to solve difficult problems or the path to success. The strength of the BSC concept resides in the capacity to connect strategy, goals, metrics, and KPI's together so that they align with corporate strategy and validating the BSC Data Dictionary elements is a **critical** path to accomplishing this goal.

The format for the dictionary is provided on the following page in **Exhibit 9 – Balanced Scorecard Performance Measure Dictionary**.

Exhibit 9

Performance Measure Data Dictionary

Balanced Scorecard Goal:	**Customer Satisfaction**	**Measure Name/Measure Number:** Customer Loyalty Rating
Owner:	John Smith, Support Center Manager	**Strategy:** Revenue growth
Objective:	Increase customer loyalty	
Description:	The customer loyalty rating measures the percentage of surveyed customers stating they prefer our products to competitor offerings, and will purchase our products again. Our research indicates that loyal customers make more frequent purchases and tend to recommend our brands to others. Therefore, we believe increasing customer loyalty will help us achieve our strategy of revenue growth.	
Lag/Lead:	Lag	**Frequency:** Quarterly **Unit Type:** Percentage
Polarity*:	High values a good	
Formula:	Number of quarterly survey respondents answering yes to survey question 5: "Do you prefer our products to competitor offerings?" and # 6 "Will you purchase our products again?" **divided** by the total number of surveys received.	
Data Source:	Data for this measure is provided by our survey company, "SST." Each quarter they perform a random survey of our customers and provide the results electronically to our marketing department. Data is contained in the form of MS Excel spreadsheets. Data is available the 10th business day following the end of each quarter.	
Data Quality:	High—received automatically from third-party vendor	
Data Collector:	J. Smith, Marketing Analyst	
Baseline:	Our most recent data received from SST indicates a customer loyalty percentage of 59%	
Target:	**Q1:** 2005: 65% **Q2:** 68% **Q3:** 72% **Q4:** 75%	
Target Rationale:	Achieving customer loyalty is critical to our revenue growth strategy. The quarterly increases we're targeting are higher than in past years but reflect our increased focus on loyalty.	
Initiatives:	1. Seasonal promotions 2. CRM project 3. Customer service training	

* Polarity refers to whether a value is high or low on a scale, e.g., Average Speed of Answer is usually better when it is lower; 30 seconds compared to 120 seconds. First Call Resolution Rate on the other hand, is generally better when it is higher.

Step 4 – Prepare Trend Charts, Reports, & Review Quarterly

The Balanced Scorecard can become irrelevant if the information that is contained within it is not seen as actionable. To be actionable, it must be tracked over time so that trends can be detected and analyzed and corrective action taken. A quarterly review process from the support center upward to executive management works best with each level of management playing a role in the evaluation and review process. "Items covered in this operational review should include:

- The previous quarter's operational performance
- Trend lines for goals and supporting major KPI's
- Projections for future Balanced Scorecard Service Model Goals

- Issues or concerns that may impact future performance
- Product roadmap and/or new service offerings
- General overview of the business by senior corporate management
- Review of past quarterly action items and new action items for the current period review
- Awards and recognition for performance or contribution to the success of the operation

Another objective of the Balanced Scorecard Service Model is to set long-term performance targets for the Balanced Scorecard Service Goals. The performance targets should be aggressive but still be attainable by the organization." [20]

[20] Implementing Service & Support Management Processes: A Practical Guide, Carrie Higday-Kalmanowitz and E. Sandra Simpson, Editors, Colorado Springs: The Help Desk Institute, 2005, Page 19

Exhibit 10

First Quarter 2005 Metrics Report

Quarterly Metrics Report	First Quarter 200X				
Customer Satisfaction Goals	Industry Average	Internal Target			
			January	**February**	**March**
ASA					
Abandon Call %					
Service Requests (SR) Closed/Initial Contact					
% SRs Reopened					
% SRs Escalated					
Avg Response Time (Mins)					
Avg SR Resolution Time (Mins)					
Contract Renewal Rate					
Performance Against SLA					
Cost/Productivity Goals					
Total Closed SRs					
Avg Cost per SR					
Avg Cost per Customer					
Avg Customers per FTE					
Staff Utilization Rate					
Avg Direct Labor per SR (Mins)					
Avg Cost per Direct Labor Hours					
Employee Satisfaction Goals					
Employee Satisfaction Rating					
Number of Turnovers (External)					
Number of Turnovers (Internal)					
Avg Training Hours per FTE					
% of Scheduled Performance Evals Completed					
Organizational Maturity Goals					
Leadership of the Support Center *(Based on HDI SSC Self-Assessment)*					
Time to Fill Knowledge Gaps (Days)					
Flexibility of Costs to Changes in Workload *(On a Scale of 1 to 10)*					
Staff Diversity *(On a Scale of 1 to 10)*					
Formalization of IT Processes *(On a Scale of 1 to 10)*					
Readiness for Support Center Certification *(Total HDI SSC Self-Assessment Score)*					

CHAPTER 4

The HDI Metrics Catalog Series

Chapter 4

Introduction

The intent of the Metric Series is to give strategic, comprehensive and practical direction to support managers and their executives on how to use metrics to increase and improve the use of support center performance measures in managing their operations. Each metric in this series will be discussed in the context of the balanced scorecard; the way each metric will be used will be dependent upon each organizations business and strategic goals.

Our goal with this series is to provide support organizations, metric by metric, a clear definition of the metric, how the metric will impact the Balanced Scorecard Service Model, bring to light any warning signs, standardize Calculation Required, provide a how-to-implement, and highlight that it all needs to be aligned with the organization's strategic goal.

Anatomy of a Metric

Each metric will be defined and analyzed using the following format:

Executive briefing for the metric

- Metric to be examined
  - Provide a definition of the metric:
- Discuss why this metric, in the context of its impact on Customer Satisfaction, Employee Satisfaction, Cost/Productivity, and Organizational Maturity, is important.
- Discuss the review of the metric; will it be reviewed hourly, daily, weekly, monthly, or quarterly; who will review it and how will it be presented.

Definition of the metric

- Definition of the metric; is it a Customer Satisfaction, Employee Satisfaction, Cost/Productivity, or Organizational Maturity metric?
- List the source of the metric
- Discuss how the metric is calculated and provide 2-3 examples of Calculation Requirements or Calculation Required methodologies

Application: How the metric can be used to manage an operation

- Impact of this metric on Customer Satisfaction
- Impact of this metric on Employee Satisfaction
- Impact of this metric on Cost/Productivity
- Impact of this metric on Organizational Maturity

Support Scorecard

- Briefly discuss the development of a Balanced Score Card and how it can be used to monitor and manage a support operation
- Discuss the possible management actions that may be initiated in each Balanced Score Card area (Customer Satisfaction, Employee Satisfaction, Costs/Productivity and Organizational Maturity) if the metric falls below an acceptable level of performance

Selected Industry Standard for the Metric

- Cite the source of the industry standard for the metric.
- Identify and discuss success stories from other organizations that show what a positive performance for this metric would look like.

Implementation Checklist

- Step-by-step guide to calculating this metric
- Checklist for creating a staffing/cost program
- Tips for understanding a Balanced Scorecard for support managers, executives, and others

Conclusion

- Discuss the importance of monitoring the metric for compliance, adherence, and trends.

Example: Too few staff will decrease ASA, increase abandon rate, retard the timely resolution of problems, and reduce customer satisfaction; it will frustrate and burnout employees and erode employee satisfaction; it will reduce productivity; and it will reveal the immaturity of the organization as one that is incapable of planning for the future, meeting the needs of its customers.

Conclusion

The Support Center Balanced Scorecard Service Model is the trend of the future. Soon to be gone are the days when overworked and exhausted support managers will be seen pouring over Excel spreadsheets trying to justify their department's usefulness and right to exist. With the BSC system, the work of IT and the support center will be intimately tied together in a symbiotic relationship devoted to customer service, satisfaction, loyalty, and profitability.

As one author notes, "*changing technologies and increasingly diverse customer bases are driving a more thoughtful approach to service issues, and more specifically, to the help desk (and IT) function. Products are becoming more complex, while open architectures and networking capabilities have produced increased (and more intricate) interoperability among products from different vendors.*

The help desk's customer base is expanding at both ends of the skill spectrum. Lower priced entry-level PC's with simple graphical user interfaces are attracting a large non-technical audience. Meanwhile, faster and more networked systems are producing a new generation of technically skilled users outside the engineering and technical departments of many organizations. Coupled with the proliferation of end-user applications, multiple software release levels, and the shift of many IT environments to client/server architectures, this complex environment places a significant additional burden on the help desk (and the IT) staff." [21]

Companies and organizations that will not only survive, but thrive in this dynamic environment will embrace the BSC system and enthusiastically embrace quality initiatives, self-improvement, and a disciplined, performance measurement-based approach to gathering, analyzing, and utilizing the information gained from a BSC program.

[21] "The Need to Measure Service Performance," Mark Ellis, *Industry Insider Article*, HDI, February 23, 2005. http://www.thinkservice.com/industry-insider/articles/article281.htm

Only organizations that follow this rigorous approach to measurement will be able to summon the dexterity, the creativity, and resources to move forward in this new century. Simple bean counting is over; disciplined, data-based analysis leading to business and IT alignment is the future that arrives tomorrow.

APPENDICES

1 – List of Support Center Metrics

2 – Examples of Linking Measurements to Strategy

3 – Examples of Performance Measures Data Dictionary

4 – Example of a Quarterly Metrics Report

5 – Example of a Quarterly Metrics Report Meeting Agenda

6 – Directions for Creating Performance Measure Data Dictionary Entries

7 – Glossary of Terms

Appendix 1 – Balanced Scorecard Service Model Key Performance Indicators [22]

Goal Influenced	KPI or Goal Name	Definition	Potential Source
Customer Satisfaction	Total Calls Received	Total Calls Received by the Automated Call Distribution (ACD).	ACD
Customer Satisfaction	Total Calls Answered	Total Calls Answered.	ACD
Customer Satisfaction	Customer Satisfaction Rating	This is usually the "overall" rating question on a customer survey. The actual Calculation Required of the period score should be done via weighted average.	Customer Survey System
Customer Satisfaction	Completed Surveys	These would be the total completed surveys for the period.	Customer Survey System
Customer Satisfaction	Average Speed of Answer (ASA)	ASA is the time from the first ring to the time the customer speaks to a live agent. Includes time customer spent on IVR.	ACD
Customer Satisfaction	Abandon Calls	Calculated by taking "Total Calls Received" and subtracting "Total Calls Answered."	Calculation Required (or ACD Report)
Customer Satisfaction	Abandon Call Percent	Calculated by dividing "Total Calls Abandon" by Total Calls Received."	Calculation Required
Customer Satisfaction	Service Requests (SR) Closed/Initial Contact	Total SRs closed on initial contact with a support rep.	Call Management & Tracking System (CMTS). Examples include Clarify, Heat, Remedy
Customer Satisfaction	SRs Reopened	Total Closed SRs reopened during that period.	CMTS
Customer Satisfaction	SRs Escalated	Total SRs escalated for that period.	CMTS
Customer Satisfaction	Percent of SRs Closed/Initial	Calculated by dividing "Total SRs Closed on Initial Contact" by "Total Closed SRs" for that same period.	Calculation Required
Customer Satisfaction	Percent of SRs Reopened	Calculated by dividing "Total SRs Reopened" by "Total Closed SRs."	Calculation Required
Customer Satisfaction	Percent of SRs Escalated	Calculated by dividing "Total SRs Escalated" by "Total Closed SRs" for the same period.	Calculation Required
Customer Satisfaction	Total Response Time	Total time from the time a call is left in a CMTS queue until the support person makes initial contact with the customer.	CMTS

[22] Implementing Service & Support Management Processes: A Practical Guide, Carrie Higday-Kalmanowitz and E. Sandra Simpson, Editors, Colorado Springs: The Help Desk Institute, 2005, Page 23.

Customer Satisfaction	Average Response Time	"Total Response Time" divided by "Total Closed SR" for that period.	CMTS
Customer Satisfaction	Total SR Elapsed Time	Total elapsed time (based on a 7x24 hour wall clock) from when the SR was opened until it was closed.	CMTS
Customer Satisfaction	Average SR Resolution / Elapsed Time (Min)	Calculated by dividing "Total Resolution/Elapsed Time" by "Total Closed SRs" for a specific period.	CMTS
Customer Satisfaction	Number of Contracts Up for Renewal	Total number of contracts that will be expiring or up for renewal this period.	CMTS or Contract Mgt System
Customer Satisfaction	Number of Contracts Renewed	Total number of contracts renewed this period.	CMTS or Contract Mgt System
Customer Satisfaction	Contract Renewal Percent	Calculated by dividing "Total Contracts Renewed" by "Total Contracts" up for Renewal.	Calculation Required
Customer Satisfaction	Performance Against SLA Percent	This is measured as a percent of performance against SLA goals. This will be a unique measure to each group based on their specific SLA goals (e.g.. response times, resolution times, etc.).	CMTS or Contract Mgt System
Productivity	Ending Customers	The total ending customer (user) counts at the end of a given period.	CMTS
Productivity	Average Customers	This is average of the past period ending customer count and the current period ending customer count.	Calculated
Productivity	Total SRs closed	The total closed SRs for the current period.	CMTS
Productivity	Average Cost per SR	**Calculated by dividing "Total Costs" by "Total SRs Closed" for the same period.**	Calculation Required
Productivity	Total Closed SR Direct Labor Hours (DLH)	The Direct Labor Hours (time) logged against SRs closed during the period.	CMTS
Productivity	Average SRs per Customer	Calculated by dividing the "Total closed SRs" by "Average Customers" for the same period.	Calculation Required
Productivity	Average Cost per Customer	Calculated by dividing "Total Costs" by "Average Customers" for the same period.	Calculation Required
Productivity	Average Customers per FTE (Full Time Equivalent)	Calculated by dividing the "Average Customers" by "FTEs" for the same period.	Calculation Required
Productivity	Closed SRs per FTE	Calculated by dividing the "Total Closed SRs" by the total "FTEs" for the same period.	Calculation Required

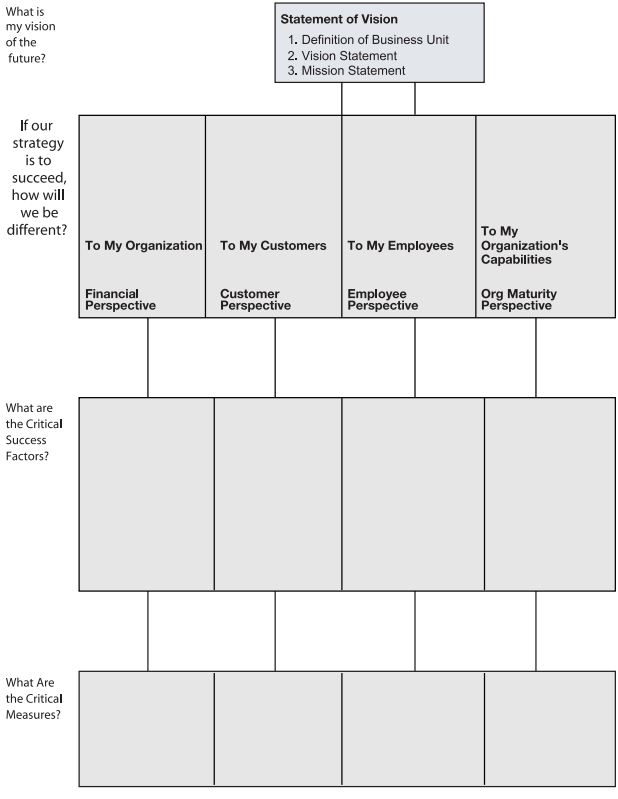
Productivity	FTEs	Headcount expressed in Full Time Equivalent (FTE) providing support. (Reserved for Full Time Technical Equivalents. Calculated by averaging the ending Technical headcount over two consecutive periods.)	HR System
Productivity	Travel DLH	Travel time for Direct Personnel	HR/ Time Tracking system or potentially CMTS
Productivity	Project-Related DLH	Special Project time for Direct Personnel	HR/ Time Tracking system or potentially CMTS
Productivity	Total DLH	This field is calculated by adding all DLH associated with remote telephone support, desk side and onsite support and project related support.	Calculated
Productivity	Utilization Rate (ACID)	Calculated by multiplying the "FTEs" for the period by the paid days for the same period times 8 (hours) and dividing that figure into the "Total DLH" for the period.	Calculation Required
Productivity	Average DL per SR (Min)	Calculated by dividing the total completed SR direct labor by total completed SRs for the same period. Expressed in minutes.	Calculation Required
Productivity	Cost per Average DLH	Calculated by dividing the "Total Costs" by the "Total DLH" for the same period.	Calculated
Productivity	Paid Days	This field is the actual paid days for a given period and it does include holidays.	HR/ Time Tracking system or potentially CMTS
Productivity	Non Available Time	This is all time related to Holidays, Vacation, Sick Time, Disability Leave and Training.	HR/ Time Tracking system or potentially CMTS
Productivity	Utilization Rate (Net)	This is calculated exactly the same as ACID Utilization Rate, however, all Non- Available time is subtracted from (the period's) Paid Days.	Calculation Required
Productivity	Total Costs (These costs are for the reporting group / product team only)	**Total costs of running the operation. This is a fully burden cost as reporting on a department budget, cost report. This figure should include at least the first level overhead allocation for the indirect groups (i.e. management cost centers) directly associated with the line support organization.**	Financial Systems (i.e. Cost Center Reports and/or Allocation reports)
Productivity	Cost per FTE	Calculated by dividing the "Total costs" by "FTEs" for the same period.	Financial Systems (i.e. Cost Center Reports and/or Allocation reports)

Employee Satisfaction	Total Direct Headcount	Total Direct Headcount (Direct = Technical/Service Delivery).	HR Systems
Employee Satisfaction	Employee Satisfaction Rating	Employee satisfaction rating based on employee (period) survey score.	Employee Survey Process
Employee Satisfaction	Number of Turnovers (Directs)	Number of (technical) direct turnovers (Techs leaving the company).	HR Systems
Employee Satisfaction	Number of Turnovers (Directs)	Number of direct people leaving the group but not the company.	HR Systems
Employee Satisfaction	Training Hours	Total formal classroom, Computer-Based Training (CBT), On the Job (OJT) training or other informal training time expended during the reporting period.	HR/ Time Tracking system or potentially CMTS
Employee Satisfaction	Average Training Hours per FTE	Calculated by dividing Total training hours by Total FTEs	Calculation Required
Employee Satisfaction	Total Performance Evaluations Scheduled	Total number of Performance Evaluations scheduled for a given period.	HR Systems
Employee Satisfaction	Total Performance Evaluations Completed	Total number of Performance Evaluations completed in a given period.	HR Systems
Employee Satisfaction	Percent Scheduled Performance Evaluations Completed	Percent of total Performance Evaluations competed in a given period divided by Total Performance Evaluations scheduled for that same period.	Calculation Required
Employee Satisfaction	Number of Employee Surveys	Total employee satisfaction surveys during the period.	Employee Survey Process
Organizational Maturity	Visible executive of the support center	Senior management is an effective advocate in raising the visibility of the support center throughout the enterprise and promotes the support center as a valued business partner	-Number of policy comments made to non-support staff about the support center. -Number of briefing requested about support center operations. -Number of instances in which the support operation is mentioned in sales and marketing literature.

Organizational Maturity	Time to fill knowledge gaps	When new errors are identified, how long does it take to document the problem and the solution? How long does it take for this information to be available to the support analysts and customers?	-Knowledge base management system entries: 1. Number of days from a new problem being identified to the resolution being entered into the KBS: Goal vs. Actual *2. Number of days to fulfillment of requests to other departments from the support department.
Organizational Maturity	Time to Employee Proficiency	How long does it take for new employees to be productive?	-Number of days from new hire starting work to demonstrated proficiency: Written, oral, and hands-on? -Number of successful coaching sessions based upon based upon observation of a call coach? -Comparison of goal to proficiency to actual days to certification
Organizational Maturity	Time to New Product Proficiency	How long does it take for the support organization to be proficient on new products?	-Number of modules in new product training plan. - Number of classroom hours devoted to new product training - Number of hours devoted to hands-on or lab-based training -Number of support staff that pass proficiency exam on first try.
Organizational Maturity	Flexibility of Cost to Changes in Workload	How quickly can the support organization change the cost structure (up or down) as work varies?	-Baseline data on costs & expenses are comprehensive & documented & can be used for comparison to daily operations. -Mechanisms exist to monitor costs and expenses on an hourly & daily basis.

Organizational Maturity	Diversity	Has the organization embraced the value of racial and cultural diversity within the support center?	-Number of contact hours on diversity and cross-cultural communication/quarter or per year -Number of successful call coaching observations involving cross-cultural customers
Organizational Maturity	Problem Management	Tracking of cost savings resulting from identification and elimination of known errors through use of problem management processes	-Number of instances identified where costs have been reduced: Weekly, Monthly & Quarterly -Number of new problem management procedures implemented: Weekly, Monthly & Quarterly
Organizational Maturity	Change Management	Tracking of cost savings resulting from identification and elimination of known errors through the use of change management processes	-Number of instances identified where costs have been reduced: Weekly, Monthly & Quarterly -Number of new problem management procedures implemented: Weekly, Monthly & Quarterly
Organization Maturity	Formalization of IT Processes	Tracking indicators that the support organization has integrated into all support processes with those of other IT functional areas	-Number of knowledge transactions shared by the support organization and other IT groups: Weekly, Monthly, Quarterly -Number of new processes developed & shared by both the support organization and other IT groups. -Number of formal meetings between support & IT managers
Organizational Maturity	Industry recognized support center certification	Preparation for or adherence to an industry recognized certification program such as HDI's SCC program or completion of Pink Elephant's "Pink Scan" assessment	-Scores from either program -Number of days allocated to achieve full compliance: Comparison of goal to actual on a quarterly basis.

Appendix 2
Worksheet: Linking Measurements to Strategy
What is our strategy for the Future?



Appendix 2a
Example – Linking Measurements to Strategy
What is our strategy for the Future?

Definition of Business Unit: JHJ, Inc. Support Center

Vision Statement: To exceed our customer's expectations with every contact.

Mission Statement: To be the vendor of choice in our industry and to distinguish ourselves by offering the highest quality products and technical support.

If our strategy is to succeed, how will we be different?

To Our Organization	To Our Customers	To Our Employees	To Our Organization's Capabilities
Costs/ Productivity	Customer Perspective	Employee Perspective	Organizational Maturity Perspective
Close measurement & evaluation of costs; reduction of costs & increased productivity in all operations	100% customer-centric in all that we do	Enthusiastic, high-energy people that love their jobs	Achievement of HDI SCC & implementation of ITIL over the next 24 months

What are the Critical Success Factors?

Costs/Productivity	Customer Sat.	Employee Sat.	Organizational Maturity
*KPIs for each aspect of the operation	*Call load forecasting for each product release	*Clear career paths	*Use of an industry-recognized support model
*Intensive product testing & QA review	*Staffing Calculation Requireds for each release	*Training in leadership and management for all supervisors & team leaders emphasizing communication skills	*Planned achievement of HDI SSC and/or ITIL process implementation
*Product testing for all support staff	*ASA of <90 seconds	*Monthly reward & recognition programs	*Program to obtain & sustain a diverse working environment
*Involvement of support staff in beta testing	*Event surveys after each contact	*Training in problem solving & troubleshooting skills	*Documented policies & procedures for all aspects of the support operation
*Weekly review of cost per call	*Twice yearly customer satisfaction surveys	*Development & use of knowledge centered support tools and techniques	*Comprehensive vendor management program
*Identification of lower, medium and upper levels of cost/call	*Intensive customer service skill training for all support staff	*Scheduled time available & unavailable from customer contact; breaks, training, professional development	*Quarterly briefings for senior management on all aspects of the support operation
	*Close liaison with project management staff on all problems escalated to Level 2 Support	*Equitable pay scales	*Comprehensive Balanced Scorecard program
	*Daily review of "Top 10" problems		*Routine review of customer comments relating to product use are reported back to development
	* User Gr Group program		

Appendix 3
Worksheet: Performance Measures Data Dictionary
Performance Measure Data Dictionary

Balanced Scorecard Goal: Measure Name/Measure Number:

Owner: Strategy:

Objective:

Description:

Lag/Lead: Frequency: Unit Type:

Polarity: (Are the values high or low based upon predetermined parameters?)

Formula:

Data Source:

Data Quality:

Data Collector:

Baseline:

Target: Q1: Q2: Q3: Q4:

Target Rationale:

Initiatives: 1.
2.
3.

Appendix 3a

Example – Performance Measure Data Dictionary

Balanced Scorecard Goal : Customer

Measure Name/Measure Number: Customer Loyalty Rating

Owner: John Smith, Support Center Manager

Strategy: Revenue growth

Objective: Increase customer loyalty

Description: The customer loyalty rating measures the percentage of surveyed customers stating they prefer our products to competitor offerings, and will purchase our products again. Our research indicates that loyal customers make more frequent purchases and tend to recommend our brands to others. Therefore, we believe increasing customer loyalty will help us achieve our strategy of revenue growth.

Lag/Lead: Lag **Frequency:** Quarterly **Unit Type:** Percentage

Polarity: High values a good

Formula: Number of quarterly survey respondents answering yes to survey question 5: "Do you prefer our products to competitor offerings?" and # 6 "Will you purchase our products again?" **divided** by the total number of surveys received.

Data Source: Data for this measure is provided by our survey company, "SST." Each quarter they perform a random survey of our customers and provide the results electronically to our Marketing department. Data is contained in the form of MS Excel spreadsheets. Data is available the 10th business day following the end of each quarter.

Data Quality: High—received automatically from third-party vendor

Data Collector: J. Smith, Marketing Analyst

Baseline: Our most recent data received from SST indicates a customer loyalty percentage of 59%

Target: Q1: 2001: 65% Q2: 68% Q3: 72% Q4: 75%

Target Rationale: Achieving customer loyalty is critical to our revenue growth strategy. the quarterly increases we're targeting are higher than in past years but reflect our increased focus on loyalty

Initiatives:
1. Seasonal promotions
2. CRM project
3. Customer service training

Appendix 4

Example of a Quarterly Metrics Report

Quarterly Metrics Report		First Quarter 200X			
Customer Satisfaction Goals	Industry Average	Internal Target			
			January	**February**	**March**
ASA	90 Seconds	60 Seconds	99 Secs.	88 Secs.	78 Secs
Abandon Call %	2%	5%	10%	8%	$%
Service Requests (SR) Closed/Initial Contact	95%	80%	70%	73%	85%
% SRs Reopened	3%	5%	7%	6%	3%
% SRs Escalated	10%	7%	12%	14%	10%
Avg Response Time (Mins)	120 Seconds	100 Seconds	95 Secs	90 Secs	87 Secs
Avg SR Resolution Time (Mins)	20 Mins	35 Mins	22 Mins	20 Mins	17 Mins
Contract Renewal Rate	85%	90%	87%	90%	90%
Performance Against SLA	95%	100%	87%	89%	90%
Cost/Productivity Goals					
Total Closed SRs	89%	95%	67%	77%	85%
Avg Cost per SR	$57	$35	$37	$35	$27
Avg Cost per Customer	$47	$40	$45	$43	$40
Avg Customers per FTE	250	300	243	257	277
Staff Utilization Rate	87%	95%	98%	100%	100%
Avg Direct Labor per SR (Mins)	50	50	57	57	57
Avg Cost per Direct Labor Hours	$53	$53	$55	$56	$57
Employee Satisfaction Goals					
Employee Satisfaction Rating	85%	90%	77%	67%	65%
Number of Turnovers (External)	3	3	4	2	5
Number of Turnovers (Internal)	2	3	3	2	3
Avg Training Hours per FTE	60	55	20	17	14
% of Scheduled Performance Evals Completed	100%	100%	75%	70%	73%
Organizational Maturity Goals					
Leadership of the Support Center *(Based on HDI SSC Self-Assessment)*	100	85	77	73	71
Time to Fill Knowledge Gaps (Days)	10	5	11	13	15
Flexibility of Costs to Changes in Workload *(On a Scale of 1 to 10)*	8	6	10	10	10
Staff Diversity *(On a Scale of 1 to 10)*	8	7	6	5	4
Formalization of IT Processes *(On a Scale of 1 to 10)*	9	8	7	6	7
Readiness for Support Center Certification *(Total HDI SSC Self-Assessment Score)*	87	80	75	67	70

Worksheet-Quarterly Metrics Report

Quarterly Metrics Report			First Quarter 200X		
Customer Satisfaction Goals	Industry Average	Internal Target			
			January	**February**	**March**
ASA					
Abandon Call %					
Service Requests (SR) Closed/Initial Contact					
% SRs Reopened					
% SRs Escalated					
Avg Response Time (Mins)					
Avg SR Resolution Time (Mins)					
Contract Renewal Rate					
Performance Against SLA					
Cost/Productivity Goals					
Total Closed SRs					
Avg Cost per SR					
Avg Cost per Customer					
Avg Customers per FTE					
Staff Utilization Rate					
Avg Direct Labor per SR (Mins)					
Avg Cost per Direct Labor Hours					
Employee Satisfaction Goals					
Employee Satisfaction Rating					
Number of Turnovers (External)					
Number of Turnovers (Internal)					
Avg Training Hours per FTE					
% of Scheduled Performance Evals Completed					
Organizational Maturity Goals					
Leadership of the Support Center *(Based on HDI SSC Self-Assessment)*					
Time to Fill Knowledge Gaps (Days)					
Flexibility of Costs to Changes in Workload *(On a Scale of 1 to 10)*					
Staff Diversity *(On a Scale of 1 to 10)*					
Formalization of IT Processes *(On a Scale of 1 to 10)*					
Readiness for Support Center Certification *(Total HDI SSC Self-Assessment Score)*					

Appendix 5

Agenda for The Quarterly Metrics Review Meeting

Item 1: Review and discuss current quarter's goals and Key Performance Indicator's.

Item 2: Review and discuss previous quarter's goals and Key Performance Indicator's.

Item 3: Identify the differences between quarterly goals and KPI's.

Item 4: Identify, discuss, and make decisions based on trends identified for the quarters in question.

**What will happen over the long term if trends are not addressed?*

Item 5: Are there any issues or concerns that may impact the support organization in the coming quarter?

Item 6: Is the support organization positioned to support any changes to the business' product roadmap and/or new service offerings?

Item 7: Review of past quarterly action items and new action items for the current period under review.

Item 8: Rewards and recognition for performance or contribution to the success of the operation.

Item 9: Assignment Distribution: List of assignments and staff to support their completion.

Appendix 6

*Directions for Creating Performance Measure Data Dictionary Entries**

Data Dictionary Component	Definition & Details of the Component
Balanced Scorecard Goal: Customer Satisfaction	Support Center Balanced Scorecard quadrant; there are four quadrants.
Measure Name/Measure Number: Customer Loyalty Rating	All performance measures should be assigned a name and a code number; the code number is important should you choose to later automate the reporting system.
Owner: Robert Scott, Support Manager	The owner is accountable for the results of this measure.
Strategy: Revenue Growth	Displays the specific strategy you believe the measure will positively affect.
Objective: Increase Customer Loyalty	Every measure should be created as a translation of a **specific objective.** Use this space to identify the relevant objective.
Description of Objective: The customer loyalty rating measures the percentage of surveyed customers stating they prefer our products to competitor offerings, and will purchase our products again. Our research indicates that loyal customers make more frequent purchases and tend to recommend our brands to others. Therefore, we believe increasing customer loyalty will help us achieve our strategy of revenue growth	The description should be concise and accurately capture the essence of the measure so that anyone reading it will be able to quickly grasp why the measure is critical to the organization. In the example provided here, we quickly learn that customer loyalty is based on a percentage, what that percentage is derived from (survey questions), and why we believe the measure will help us achieve our strategy of revenue growth (loyal customers by more and recommend our products).
Lag or Lead Indicator: Lag	**Lag Indicator**-measures focusing on results at the end of a time period. (**"How did we perform?"**), normally characterizing **historical performance;** do not reflect current activities; lack predictive power. **Lead Indicator-** measures that "drive" or lead to the performance of lag measures, normally measuring intermediate processes and activities. Lead indicators are predictive in nature (**"How are we likely to perform?"**) and allows the organization to make adjustments based on results. Outline whether the measure is a outcome indicator or a performance driver. When you begin analyzing your results over time, you will want to test the relationships you believe exist between your lag and lead measures.
Frequency of Reporting: Quarterly	How often do you plan to report performance on this measure?
Unit Type: Percentage	This characteristic identifies how the measure will be expressed. Commonly used unit types include numbers, dollars, and percentages.

* Adapted from Balanced Scorecard: Step-by-Step. Paul R. Niven, New York: John Wiley & Sons, Inc., 2002

Polarity: High Values are Good **Dual Polarity:** No **Polarity:** High Values are Good-continued **Dual Polarity:** No	Polarity refers to whether a value is high, medium, or low on a numerical scale or a values-based scale. Some performance measures will be considered successful if they are high, others will be considered successful if they are low. Avg Speed of Answer (ASA), for example, usually has a high polarity; Avg Abandon Rates usually have a low polarity. In some cases it may be necessary to develop a system of "**Dual Polarity.**" For example, up to 40 calls per technical support staff person may be acceptable, but 40+ calls per TSR may be a cause for concer n and indicate the necessity for action as the TSR becomes overworked.
Calculation Required: Number of quarterly survey respondents answering yes to survey question 5: "Do you prefer our products to competitor offerings?" and #6 "Will you purchase our products again?" divided by the total number of surveys received.	You should provide the specific elements of the Calculation Required for the performance measure. If the metric owner goes on vacation, the formula and the data that feed it should be processed in your absence. Documentation is critical for continuity of process.
Data Source: Data for this measure is provided by our survey company, "SST." Each quarter they perform a random survey of our customers and provide the results electronically to our Marketing department. Data is contained in the form of MS Excel spreadsheets. Data is available the 10th business day following the end of each quarter.	Every measure must be derived from somewhere - an existing management report, 3rd party vendor-supplied information, customer databases, the general ledger, and so on. Provide complete information on the source of the data and how and when it will need to be collected.

Data Quality: High-received automatically from 3rd party vendor.	Use this area of the template to comment on the condition of the data you expect to use when reporting BSC results. If the data is produced automatically from a source system and can be easily accessed, its quality can be considered "High." If, however, you re ly on an analyst's word document that is in turn based on some other colleague's Access database numbers that emanate from an old legacy system, then you may consider the quality "Low."
Data Collector: J. Smith, Marketing Analyst	Individual responsible for the actual collection of the data itself; this individual may be different than the owner.
Baseline Performance Date: January 2005	Users of the BSC will be very in terested in the current level of performance for all meas ures. For those owning the challenge of developing targets, the date when the measure begins to be monitored is critical for trending and analysis.
Baseline Performance: Our recent data from SST indicates a customer loyalty percentage 59%	Users of the BSC will be very in terested in the current level of performance for all meas ures. For those owning the challenge of developing targets, the baseline is critical in their work.
Target: Q1: 65% Q2: 68% Q3: 72% Q4: 75%	Goals and objectives must have timelines just as financial goals and objectives do. Quarterly reporting is an excellent starting point.
Target Rationale: Achieving customer loyalty is critical to our revenue growth strategy. The quarterly increases we're targeting are higher in past years, but reflect our increased focus on loyalty.	Provide an explanation for why this target was chosen and how it relates to a specific quadrant of the BSC. Every aspect of a Performance Measure Data Dictionary entry should lead to accomplishing a service goal.
Initiatives to Achieve Target: 1. Seasonal promotions 2. CRM project 3. Customer service training	Briefly describe the tactics, mechanics, and processes that will be used to meet a target.

Appendix 7

Glossary of Terms [23]

Vision

A concise written statement defining the mid-long term (3-5 year) strategy of the organization. The vision is the summary statement of how the organization wants/intends to be perceived by the world. The statement is external/market oriented, brief, (1-3 sentences), and stated in "visionary," colorful terms.

Mission

Concise, internally focused statement of the results (Customer Satisfaction Goals, Employee Satisfaction Goals, Costs/Productivity Goals, and Organizational Goals) sought by an organization or support department over the mid-long term (3-5 years) for each perspective.

Objective

Concise statement articulating a specific component of the strategy must achieve/what is critical to its success. Each perspective usually contains 3-6 primary objectives that state a key aspect of the strategy to be achieved over the next 1-3 years.

[23] Adapted from Paul R. Niven, Balanced Scorecard, New York: John Wiley & Sons, 2002

Objectives are best stated as action phrases (verb/objective) and may include the means and/or desired results as well as the action.

Key Performance Indicators
Measures of WHAT an organization or support department will track and trend over time, NOT the actual targets such as direction and speed. A performance indicator should include a statement of the unit to be measured ($, headcount, %, rating).

Lead Indicator *(How are we likely to perform?)*
Measures that indicate progress against a process or behavior. These measures are helpful in predicting the future outcome of an objective. For example: Hours spent with customers; Average Handle Time (AHT).

Lag Indicator *(How did we perform?)*
Measures to determine the outcome of an objective that indicate organizational or support department performance at the end of a period. These are results-oriented and do not reflect a process. For example, Total Customer Contacts, Total Incidents, and Total Problems.

Polarity [24]
whether a high value or a low value; reflects good or bad performance.

Process
a particular method of doing something, generally involving a number of steps or operations; a process consists of steps.

Procedure
an act, method, or manner of proceeding in some process or course of action, especially, the sequence of steps to be followed.

Step
any series of acts, processes; a step is any series of processes.

[24] *Webster's Collegiate Dictionary, 2nd Edition.*