How Does YOUR Service Desk Stack Up?

The Seven Most Important Performance Indicators for the Service Desk

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Introduction

Today's Service Desk technologies and reporting packages make it easy to capture copious amounts of performance data. Most Service Desk managers can tell you everything from last month's average speed of answer to yesterday's average handle time. But what does it all mean? If my abandonment rate goes up, but my cost per contact goes down, is that good or bad? Is my Service Desk performing better this month than it was last month?

Despite all the data that Service Desk managers have at their fingertips, most cannot answer a very basic question: How is my Service Desk performing? Perhaps worse, many Service Desk managers are unaware of the critical role – beyond mere measurement – that Key Performance Indicators (KPI's) can and should play in the Service Desk. This includes the ability to track and trend performance, identify, diagnose, and correct performance problems, and to establish performance goals and assign accountability for achieving the goals.

An increasing number of progressive Service Desks recognize that when it comes to performance metrics, less really *is* more! They have discovered the 80/20 rule as it applies to Service Desk performance measurement. These world-class Service Desks have learned that the effective application of just seven KPI's is all that is required for measuring, managing, and continuously improving their Service Desk performance.

In this article, MetricNet (www.metricnet.com), a leading source of online benchmarks and a pioneer in Service Desk benchmarking, identifies and defines the seven most important performance metrics for end-user Service Desks. They provide benchmark ranges for these metrics, and offer a creative approach for combining these metrics into a single, all-inclusive measure of Service Desk performance.

The Mighty Power of Metrics

Many of us have heard the sage advice "*You can't manage what you don't measure.*" This is particularly true in the Service Desk, where effective performance measurement is not just a necessity, but a prerequisite for effective decision-making. Despite the widespread belief in this statement, few Service Desks use KPI's to their full potential. In fact MetricNet's research, gathered from literally thousands of Service Desk benchmarks, suggests that the vast majority of Service Desks use metrics to track and trend their performance – but nothing more! Unfortunately, in this mode, a Service Desk misses the real value of performance measurement by failing to exploit the *diagnostic* capabilities of KPI's.

The true potential of KPI's can only be unlocked when they are used holistically, not just to *measure* performance, but also to:

- Track and trend performance over time
- Benchmark performance vs. industry peers
- Identify strengths and weaknesses in the Service Desk
- Diagnose and understand the underlying drivers of performance gaps
- Prescribe actions to improve performance
- Establish performance goals for both individuals and the Service Desk overall

In short, performance measurement and management is a critical discipline that must be mastered for any Service Desk that aspires to world-class performance.

A simple example will serve to illustrate how this discipline is applied. MetricNet recently worked with a Service Desk at a regional bank that was struggling with low levels of customer satisfaction. A quick benchmark of the KPI's showed that the bank's First Contact Resolution (FCR) – the number of contacts resolved on initial contact with the customer – was low, at only 61%. Given the strong correlation between FCR and Customer Satisfaction (Figure 1 below), the bank initiated a number of initiatives designed to increase the FCR. These included more agent training hours, and the implementation of performance goals for FCR. As a result, over a period of eight months the bank realized a substantial increase in FCR, and hence customer satisfaction (Figure 2 below).

Figure 1: First Contact Resolution vs. Customer Satisfaction

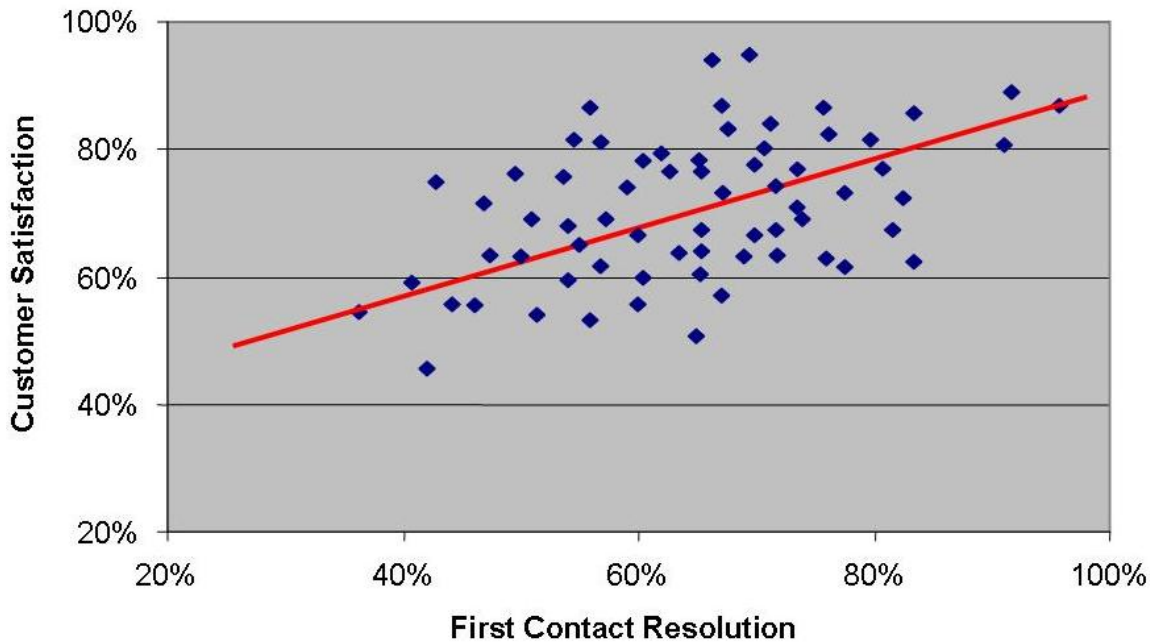
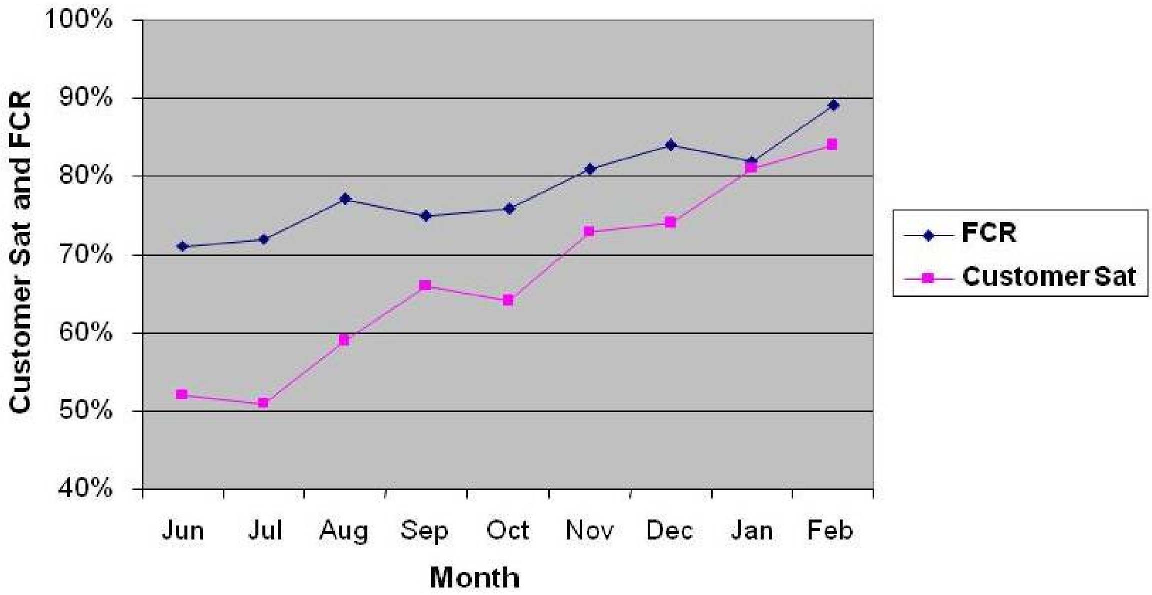


Figure 2: FCR Drives Customer Satisfaction



The Seven Most Important Service Desk Metrics

The average customer service Service Desk tracks more than 25 metrics. A list of the most common metrics is shown below (Figure 3). This is a classic example of quantity over quality, where Service Desks falsely assume that they are doing something productive and good by tracking all of these metrics. The vast majority of these metrics, however, are only marginally relevant – at best! The seven that really matter are as follows:

- Cost per Contact
- Customer Satisfaction
- Agent Utilization
- First Contact Resolution Rate
- First Level Resolution Rate
- Agent Satisfaction
- Aggregate Service Desk Performance

These seven metrics represent the 80/20 rule when it comes to Service Desk performance: 80% of the value you receive from performance measurement and management in your Service Desk can be derived from these seven simple metrics!

How do we know these are the most important metrics? Is it a hunch? Suspicion? An academic exercise? No, it's none of the above. We know that these are the seven metrics that matter most because the empirical evidence from more than a thousand Service Desk benchmarks supports this conclusion. But let us explain *why* these metrics are so critically important.

Figure 3: Common Service Desk Metrics

Cost

- Cost per Inbound Contact
- Cost per Minute of Handle Time
- First Level Resolution Rate

Quality

- Customer Satisfaction
- First Contact Resolution Rate
- Call Quality

Productivity

- Inbound Contacts per Agent per Month
- Agent Utilization
- Agents as a % of Total Service Desk Headcount

Agent

- New Agent Training Hours
- Annual Agent Training Hours
- Annual Agent Turnover
- Daily Agent Absenteeism
- Schedule Adherence
- Agent Occupancy
- Agent Tenure
- Agent Job Satisfaction

Service Level

- Average speed of answer (ASA)
- Call Abandonment Rate
- % Answered in 30 Seconds

Call Handling

- Inbound Contact Handle Time
- Outbound Contact Handle Time
- Inbound Contacts as a % of all Contacts
- Self-Service Completion Rate

One goal of every business is to achieve the highest possible quality at the lowest possible cost. It stands to reason, therefore, that cost and quality should be measured on an ongoing basis. In fact, many would argue that cost and quality are the only two things that really matter. In a Service Desk, the most effective cost metric is cost per contact, and the best indicator of quality is customer satisfaction. With this premise in mind, it's relatively easy to come up with the next two metrics on our list: First Contact Resolution (FCR), and Agent Utilization.

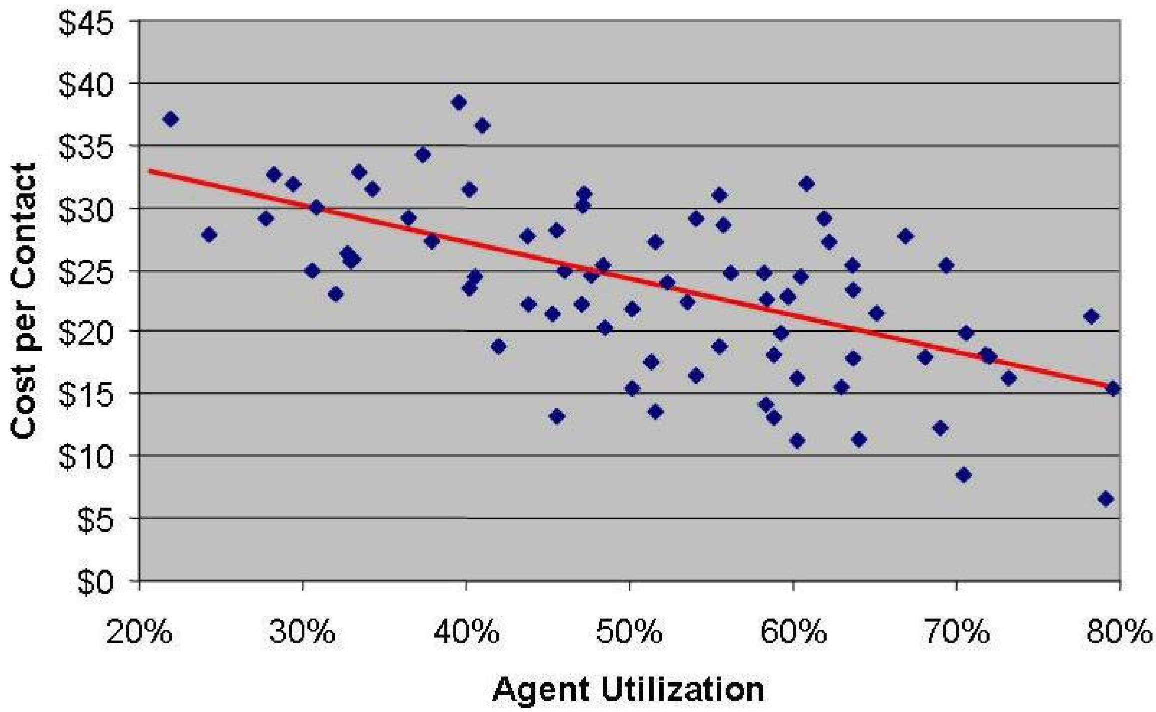
Earlier in this article, we talked about the importance of using metrics as a diagnostic tool to improve performance. So we have to ask ourselves, if customer satisfaction is one of the "foundation metrics" in the Service Desk, how can we affect it? How can we improve it? Put another way, if customer satisfaction is suffering, what is the diagnosis?

Well, it turns out that customer satisfaction is affected by a whole range of other performance variables, including Average Speed of Answer (ASA), Call Quality, and Handle Time, to name just a few. But the single biggest driver of customer satisfaction – by far – is FCR! The strong correlation between these two metrics was illustrated earlier in Figure 1. Nine times out of ten when customer satisfaction needs to improve, this can be achieved by increasing the FCR. This is why world-class Service Desks pay so much attention to this metric. They engage in a variety of tactics to continuously improve FCR, including agent training, investments in knowledge bases, and agent incentives tied to improvements in FCR.

But what about Cost per Call, the other foundation metric in the Service Desk? It is common knowledge that labor, i.e. personnel, is the single biggest expense in the Service Desk. In fact, for the average Service Desk, 67% of all costs are labor related: salaries, benefits, incentive pay, and contractors. By definition, then, labor costs are the greatest lever we have to reduce the cost per call.

The best measure of labor efficiency is agent utilization. Because labor costs represent the overwhelming majority of Service Desk expenses, if agent utilization is high, the cost per call will inevitably be low. Conversely, when agent utilization is low, labor costs, and hence cost per call, will be high. This is illustrated in Figure 4 below.

Figure 4: Agent Utilization vs. Cost per Contact



Just as world-class Service Desks are obsessive about maintaining a high FCR, they are equally committed to keeping their agent utilization rates high. This, in turn, has the effect of minimizing cost per call as illustrated above. That said, high utilization rates taken to the extreme, can actually increase your costs by driving agent turnover rates higher. Whenever utilization numbers approach 70% - 80%, that Service Desk will see relatively high agent turnover rates because they are pushing the agents too hard. Extremely high utilization leads to burnout, and that, in turn, leads to turnover.

Turnover is one of the most costly things that a Service Desk can experience. In order to proactively manage agent turnover, best-in-class Service Desks focus on "career pathing," training, and frequent coaching sessions. The more time spent off the phones, the more training agents receive, and the more career coaching they receive, the lower the turnover will be. This has to be leavened, of course, with the need to keep agents productive on the phones.

The formula for determining agent utilization is somewhat complicated. It factors in the length of the work day, break times, vacation and sick time, training time and a number of other factors. But there is an easy way to approximate agent utilization without going to all this trouble:

$$\text{Agent Utilization} = \frac{(\text{Average number of calls handled by an agent in a month}) \times (\text{Average call handle time in minutes})}{(\text{Average number of days worked in a month}) \times (\text{Number of work hours in a day}) \times (60 \text{ minutes/hr})}$$

Let's say, for example that the agents in a particular Service Desk handle an average of 500 contacts per month at an average handle time of 10 minutes. Additionally, these agents work an average of 21 days per month, and their work day is 7.5 hours after subtracting lunch and break times. The simplified utilization formula above would work out to the following:

$$\text{Agent Utilization} = \frac{(500 \text{ contacts/month}) \times (10 \text{ minutes/call})}{(21 \text{ working days per month}) \times (7.5 \text{ work hours per day}) \times (60 \text{ minutes/hr})} = 52.9\%$$

Once again, this is not a perfect measure of agent utilization, but it is quick and easy, and gets you within 5% of the true agent utilization figure.

The next KPI on the list of "must have's" is First *Level* Resolution Rate. This metric is a proxy for Total Cost of Ownership (TCO), and is a critical measure of overall Service Desk efficiency. Without this metric, it is very possible for a service desk to achieve a low Cost per Contact, and hence appear to be very efficient, but in fact be driving a very high TCO. Specifically, if the Service Desk is achieving a low Cost per Contact by transferring and escalating contacts to other support levels – Level 2, Level 3, Desktop Support, Vendor Support, etc. – then it is also dramatically increasing the TCO.

Figure 5 below illustrates this concept.

Figure 5: Average Cost per Incident by Support Level

Support Level	Cost per Incident
Vendor	$471
Field Support	$196
Level 3 IT (apps, networking, NOC, etc.)	$85
Level 2: Desktop Support	$62
Level 1: Service Desk	$22

The next metric, Agent Satisfaction, is strongly correlated with many other metrics on the Service Desk. High levels of Agent Satisfaction lead to lower turnover, lower absenteeism, lower handle times, and higher First Contact Resolution Rates. These, in turn, result in lower Cost per Contact, and higher Customer Satisfaction. Progressive Service Desks therefore measure Agent Satisfaction at least twice per year, and take steps to ensure that they are maintaining high levels of Agent Satisfaction. Specifically, World-Class service desks provide training, career pathing, and coaching for their agents at well above industry average levels. This, in turn, leads to high levels of agent satisfaction and morale.

We have now discussed six of the seven metrics that are most important for managing a Service Desk. What about the seventh metric? What is aggregate Service Desk performance, and how do we measure it? Can a single measure really tell us the overall performance of our Service Desk? The answer is yes, but as the name suggests, it involves aggregating a number of measures to come up with a combined score for Service Desk performance.

MetricNet's research shows that establishing a single, overall score for your Service Desk is critical. We call this measure the Balanced Score because it truly does communicate a balanced picture of Service Desk performance. This is a mechanism that utilizes the key measures tracked in a Service Desk, including such things as cost per call, ASA and call abandonment rate, and rolls them into a single, aggregate measure of Service Desk performance.

The value of this metric, when tracked over time, is that it enables Service Desks to determine whether overall performance is improving or declining. Oftentimes, when a Service Desk attempts to communicate its performance to other stakeholders in the business, particularly to lay people who do not understand Service Desk operations, they quickly become overwhelmed by the minutia of such measures as speed-of-answer and abandonment rate, and they are confused as to how to interpret the results. They are likely to focus in on one, easily-understood measure like abandonment rate or speed of answer, and draw conclusions about overall Service Desk performance from these two (relatively unimportant) measures. This is a classic case of "missing the forest for the trees". It is therefore absolutely critical to communicate the overall performance of the Service Desk, and the Balanced Score does that for you. It allows the aggregation of a whole series of measures, the normalization of those measures, and the creation a single all-encompassing indicator of Service Desk performance on a monthly basis. In this way, the Service Desk can track its overall performance, and, in any given month, may see costs go up or customer satisfaction go down or speed of answer increase, but these individual measures take on a secondary level of importance because the Balanced Score provides a more complete and accurate portrait of Service Desk performance.

Figure 6 on the next page illustrates how the Balanced Score is constructed.

Figure 6: The Service Desk Balanced Scorecard

Performance Metric	Metric Weighting	Benchmark Performance Range: Worst Case	Benchmark Performance Range: Best Case	Your Actual Performance	Metric Score	Balanced Score
Cost per Contact	25.0%	$35.00	$6.00	$18.44	57.1%	14.3%
Customer Satisfaction	25.0%	60.0%	97.0%	73.2%	35.7%	8.9%
Agent Utilization	10.0%	30.0%	85.0%	51.7%	39.5%	3.9%
First Contact Resolution Rate	15.0%	25.0%	95.0%	68.3%	61.9%	9.3%
Agent Satisfaction	20.0%	34.6%	88.3%	74.0%	73.4%	14.7%
Average Speed of Answer (sec)	5.0%	140.0	10.0	52.0	67.7%	3.4%
Total	100.0%	N/A	N/A	N/A	N/A	54.5%

Step 1
Six critical performance metrics have been selected for the scorecard

Step 2
Each metric has been weighted according to its relative importance

Step 3
For each performance metric, the highest and lowest performance levels in the benchmark are recorded

Step 4
Your actual performance for each metric is recorded in this column

Step 5
Your score for each metric is then calculated: (worst case – actual performance) / (worst case – best case) X 100

Step 6
Your balanced score for each metric is calculated: metric score X weighting

Figure 7: Trending the Balanced Score

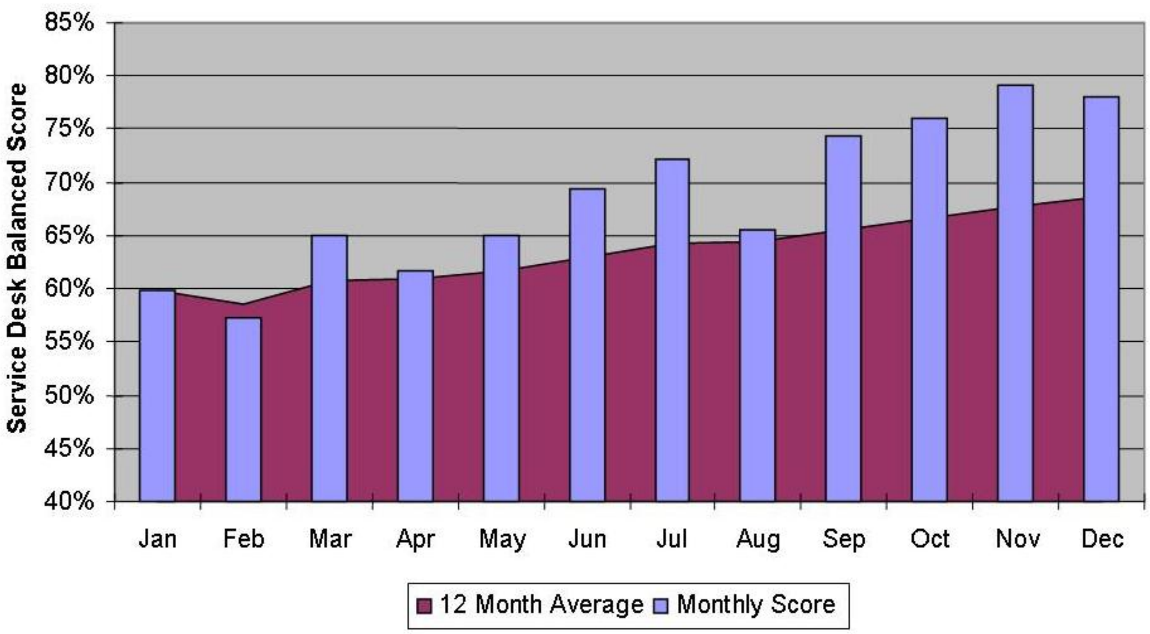


Figure 7 above illustrates the Balanced Score for one Service Desk over a twelve month period. Notice how you can see at a glance which months had improving performance (the balanced score goes up), and which months had declining performance (the balanced score goes down). The purple background on the chart represents the twelve month trailing average score. The good news for this Service Desk is that the overall trend is in a positive direction.

Metrics that Don't Matter (as much)

Some of the most commonly tracked metrics in the Service Desk, including ASA and Call Abandonment Rate, did not make the cut of the top seven. Why is this? Have we missed something? Why are ASA and Call Abandonment Rate, which are so widely followed in this industry, not included in the top seven? The answer is simple…they just don't matter! That's right; these metrics which are the foundation of so many service level agreements have almost no impact on customer satisfaction. Worse yet, as these metrics are pushed lower (i.e., lower ASA and lower Call Abandonment Rates) the cost per contact increases geometrically! These facts fly in the face of almost all Service Desk wisdom, which holds that ASA and Call Abandonment Rate should be driven as low as possible.

If nothing else, in this paper we hope to shatter the myth that ASA and Call Abandonment Rate are important metrics. The reality is that these measures can yield unintended results if pushed too low. They will increase your costs without any corresponding increase in customer satisfaction. In the next section of this article, we will provide some guidelines for appropriate ASA and Call Abandonment Rate targets. And, as you probably suspect, they are higher than you might think.

As we stated earlier in this article, these conclusions are based on empirical evidence. Figures 8, 9, 10, and 11 below show how little these two metrics affect customer satisfaction, yet how much they can increase your costs if driven too low.

Figure 8: ASA vs. Customer Satisfaction

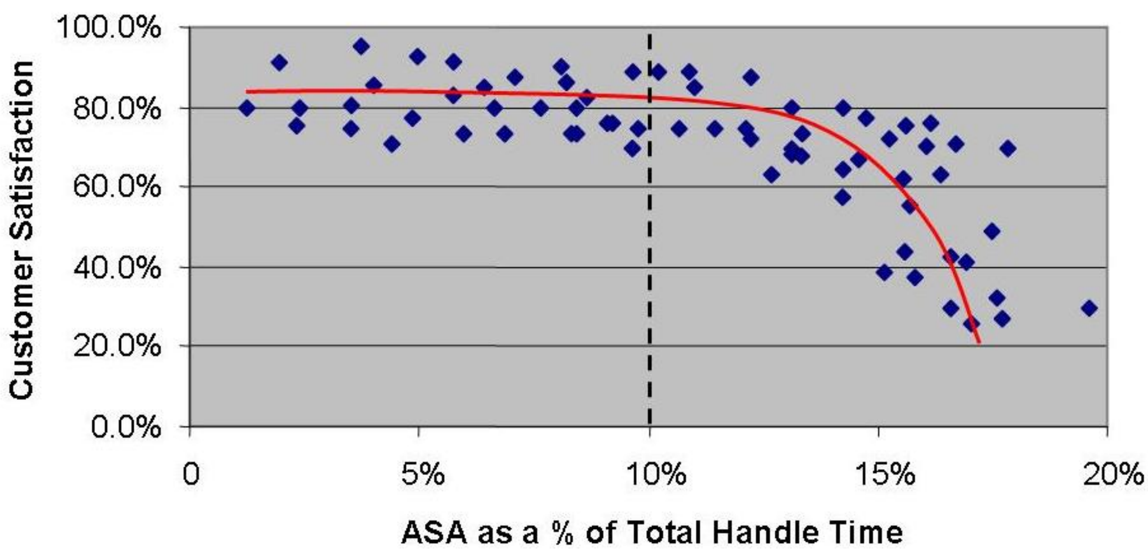


Figure 9: Average Speed of Answer vs. Cost per Contact

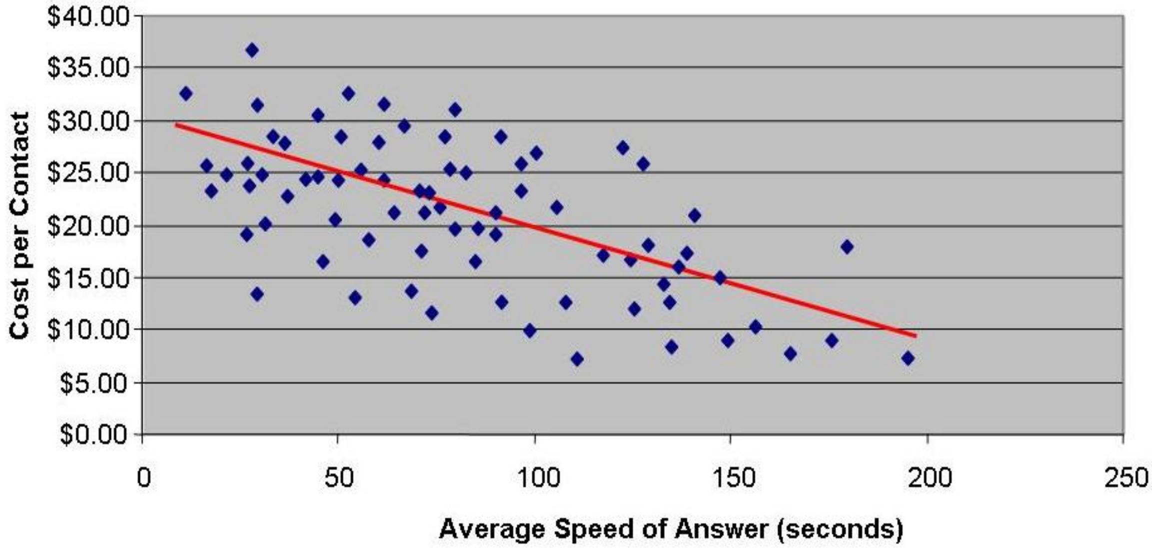


Figure 10: Call Abandonment vs. Customer Satisfaction

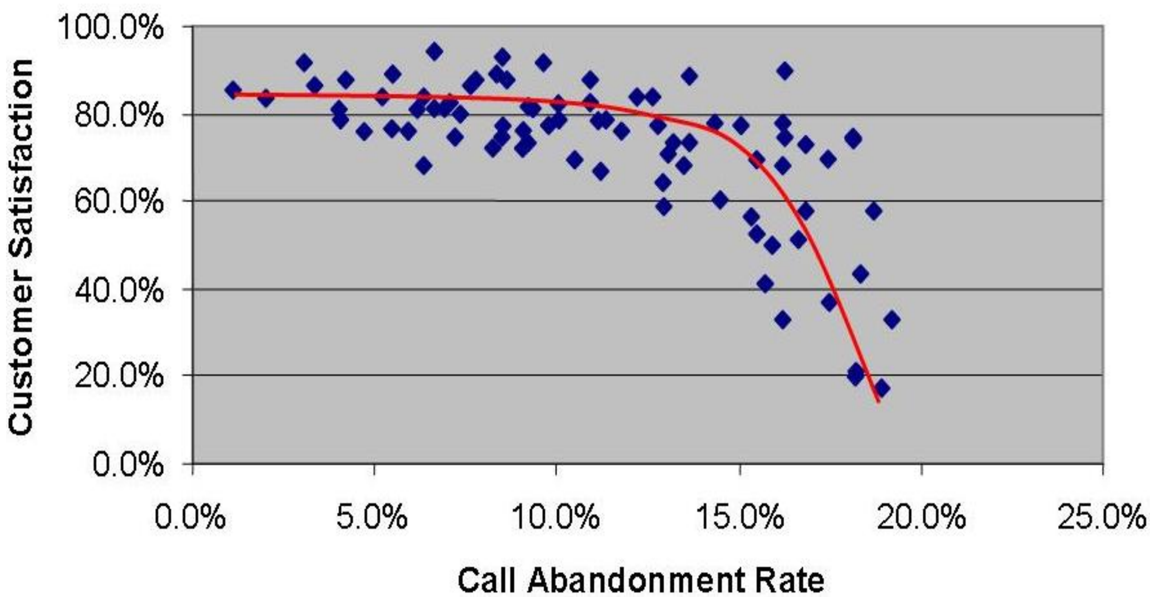
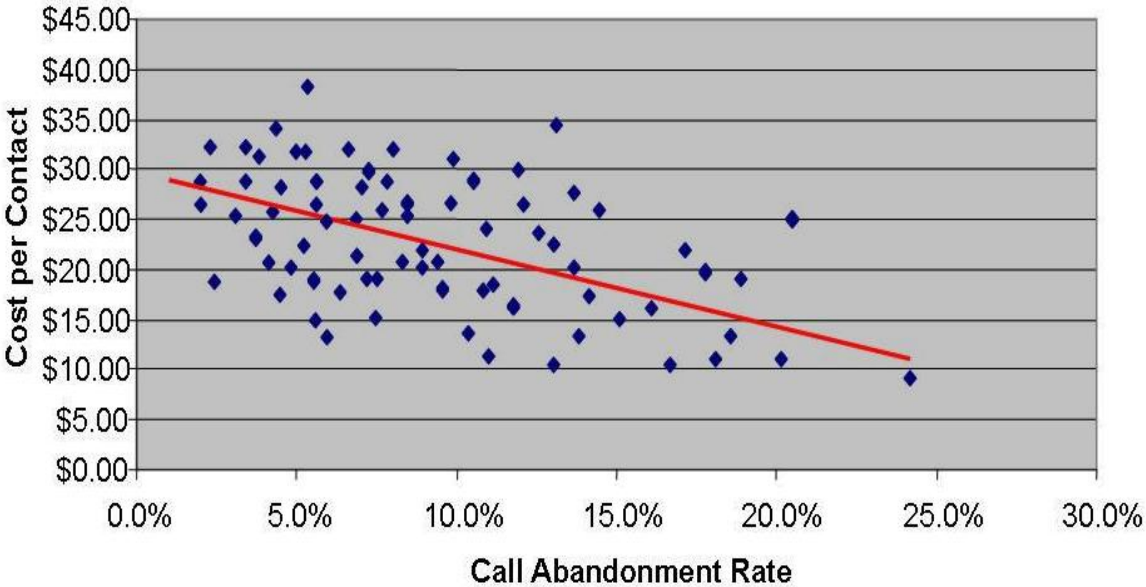


Figure 11: Call Abandonment vs. Cost per Contact



The essence of this data is that as long as ASA is less than 10% of handle time, and Call Abandon Rate is less than 10%, there is almost no negative impact on Customer Satisfaction. However, if ASA and Call Abandonment rates increase much above these threshold values, Customer Satisfaction will begin to drop off.

The flip side is that if these service levels become too aggressive (e.g. ASA and Call Abandon Rates that are too low), the costs will increase with no corresponding increase in Customer Satisfaction. This suggests that there is an optimum operating point for service levels whereby Customer Satisfaction is maximized while costs are minimized. This point occurs approximately at the point where ASA = 10% of AHT, and Call Abandonment Rate is at 10%. For practical purposes, however, most service desks tend to operate a bit more conservatively, maintaining their ASA below 10% of handle time, and their Call Abandon Rate below 10%.

Please keep in mind that ASA and Call Abandonment Rate are not the only "low value" metrics tracked by many Service Desks. Figure 3 above shows 25+ of the most common metrics tracked by Service Desks, and the vast majority of these metrics fall into the same category as ASA and Call Abandonment: they add little if any value. Again, if you keep in mind the 80/20 rule of Service Desk performance measurement, and focus on the seven metrics identified in the previous section, you can operate your Service Desk very efficiently and effectively.

Conclusion

Most Service Desks commit two major mistakes when it comes to performance measurement: 1) they track too many metrics, and 2) they do not exploit the full potential of their performance metrics as a diagnostic tool.

In this article we have shown that you can effectively track and trend your Service Desk performance using just seven KPI's. The two "foundation metrics" that every Service Desk should track on an ongoing basis are Cost per Contact and Customer Satisfaction. The next two metrics in the top seven are the ones that have the greatest influence on cost and customer satisfaction: Agent Utilization and First Contact Resolution. Then we suggest tracking First Level Resolution because it is a proxy for Total Cost of Ownership, and is an overall indicator of Service Desk efficiency. The sixth metric on our list, Agent Satisfaction, is important because it is so strongly correlated with a number of important metrics on the Service Desk, including Cost per Contact and Customer Satisfaction. And the final metric, what we call an aggregate metric because it provides an overall measure of Service Desk performance, is the Balanced Score.

These seven metrics not only allow you to effectively measure your Service Desk performance, but they enable you to:

- Track and trend performance over time
- Benchmark performance vs. industry peers
- Identify strengths and weaknesses in the Service Desk
- Diagnose and understand the underlying drivers of performance gaps
- Prescribe actions to improve performance
- Establish performance goals for both individuals, and the Service Desk overall

When it comes to Service Desk measurement and management, less really is more! By tracking just seven KPI's, and using these KPI's diagnostically to affect positive change in the Service Desk, the job of guiding your Service Desk towards world-class performance can be greatly simplified.

About the Authors

The authors of this article, Jeff Rumburg and Eric Zbikowski are Managing Partners at MetricNet, the premier provider of IT benchmarks for corporations worldwide.

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Jeff Rumburg is a co-founder and Managing Partner at MetricNet, LLC. Jeff is responsible for global strategy, product development, and financial operations for the company. As a leading expert in benchmarking and re-engineering, Mr. Rumburg authored a best selling book on benchmarking, and has been retained as a benchmarking expert by such well-known companies as American Express, Hewlett Packard, and General Motors. He has more than 23 years of industry experience, much of it focused on service desks, and was the founder of *The Help Desk Benchmarking Consortium*.

Prior to co-founding MetricNet, Mr. Rumburg was president and founder of The Verity Group, an international management consulting firm specializing in service desk and call center consulting. As president of The Verity Group, Mr. Rumburg launched a number of syndicated benchmarking services that provided Information Technology benchmarks to more than 1,000 corporations worldwide. These included the *Help Desk Benchmarking Consortium*, and the *Call Center Benchmarking Consortium*.

Mr. Rumburg has also held a number of executive positions at META Group, and Gartner, Inc. As a vice president at Gartner, Mr. Rumburg led a project team that reengineered Gartner's global benchmarking product suite. And as vice president at META Group, Mr. Rumburg's career was focused on help desk and call center consulting.

Mr. Rumburg's education includes an M.B.A. from the Harvard Business School, an M.S. magna cum laude in Operations Research from Stanford University, and a B.S. magna cum laude in Mechanical Engineering. He is author of *A Hands-On Guide to Competitive Benchmarking: The Path to Continuous Quality and Productivity Improvement*, and has taught graduate-level engineering and business courses. Mr. Rumburg currently serves on the Strategic Advisory Board for HDI, formerly the Help Desk Institute.

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Mr. Zbikowski is a knowledgeable leader with nearly 15 years experience in operational management, customer service and performance benchmarking. Previously, he was The Director of Operations, Worldwide Sales and Services at MicroStrategy - a leading enterprise software company. There, he ran worldwide sales operations and assisted in the execution of an overall sales strategy. Prior to that, he was Director of Sales and Marketing at The Corporate Executive Board - a global research firm focusing on corporate strategy for senior executives. Previously, he was a Vice President of Consulting at META Group - a leading information technology research and advisory services firm, where he helped create and launch META Group's Call Center Benchmark for Energy Utilities and fulfilled numerous help desk, call center and customer satisfaction engagements for Fortune 2000 companies.

Prior to joining META Group, Mr. Zbikowski worked at The Bentley Group, A TSC Company, where he managed and directed the Information Services Division, focusing primarily on customer satisfaction, competitive analysis and performance benchmarking. Mr. Zbikowski also spent 3 1/2 years at Gartner Group, where he was well-published in performance benchmarking. There, he served as a regular speaker at conference seminars and co-created/launched a quality-management, customer-satisfaction benchmarking service used by CIOs of Fortune 500 companies.

Mr. Zbikowski is also extensively involved in the community and is Co-Founder and Vice Chairman of The Board and Chairman of The Development Committee at The Computer Corner, a nonprofit community technology center in Washington DC. The Computer

Corner continues to be rated "one of the finest small charities Greater Washington has to offer" by The Catalogue for Philanthropy. Mr. Zbikowski graduated cum laude in Economics from The Wharton School at the University of Pennsylvania, with a dual concentration in entrepreneurial management and marketing.

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About MetricNet

MetricNet is the leading source of on-line benchmarks, scorecards, and performance metrics for corporate managers worldwide. MetricNet benchmarks encompass virtually every industry and government sector, and address all major business areas including Information Technology, customer service, and technical support.

Our mission is to provide our clients with the benchmarks they need to run their businesses more effectively. MetricNet is committed to making the benchmarking process quick and easy for its customers. We have pioneered a number of innovative techniques to ensure that our clients receive fast, accurate benchmarks, with a minimum of time and effort.

MetricNet offers a number of competitive differentiators vs. other industry consulting firms. These include:

- **Credibility and Experience** – The principals of MetricNet have collectively completed more than 1,800 benchmarks since 1988. Each of them has extensively researched, written, and published on the topic of Service Desk Benchmarking and Best Practices. Prior to joining MetricNet, the founders of the company held executive positions at a number of companies including Gartner, META Group, MicroStrategy, the Stanford Research Institute, and the Verity Group.
- **Benchmarking Database** – MetricNet's Service Desk Benchmarking database is the most comprehensive in the industry. The database contains information on more than 40 Key Performance Indicators (KPI's), salary data for key service desk positions, technology profiles, and more than 70 best practices from hundreds of service desks worldwide.
- **Methodology Expertise** – Through decades of Service Desk consulting experience, MetricNet has perfected its methodology for Service Desk Benchmarking and assessments. MetricNet's approach to peer group selection, data normalization, gap analysis, and action planning yields consistently positive results for its service desk clients. One of MetricNet's co-founders, Jeff Rumburg, authored the first ever book on benchmarking in 1989, and MetricNet has

authored and published numerous articles on the topic of Service Desk Benchmarking.

- **Objectivity** – MetricNet's recommendations are independent and unbiased. We have no relationships with hardware manufacturers, software vendors or systems integrators, and we do not perform downstream hardware or software implementation work. As a result, our clients receive objective recommendations that are free from any vendor bias.

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