The Call Center Balanced Scorecard

By Jeff Rumburg

Managing Partner at:

MetricNet

The Balanced Scorecard

Today's call center technologies and reporting packages make it easy to capture copious amounts of performance data. Most call center 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 call center performing better this month than it was last month?

Despite all the data that call center managers have at their fingertips, most cannot answer a very basic question: How is my call center performing? The balanced scorecard resolves this dilemma by combining the most important call center KPI's into a single, overall measure of call center performance.

MetricNet's research shows that establishing an overall metric for your call center is critical. We call this metric the balanced score because it truly does communicate a balanced picture of call center performance. The balanced scorecard is a mechanism that aggregates the most important call center metrics – such as cost per contact and customer satisfaction – into a single, all-inclusive measure of call center performance.
The value of this metric, when tracked over time, is that it enables a call center to determine whether overall performance is improving or declining.
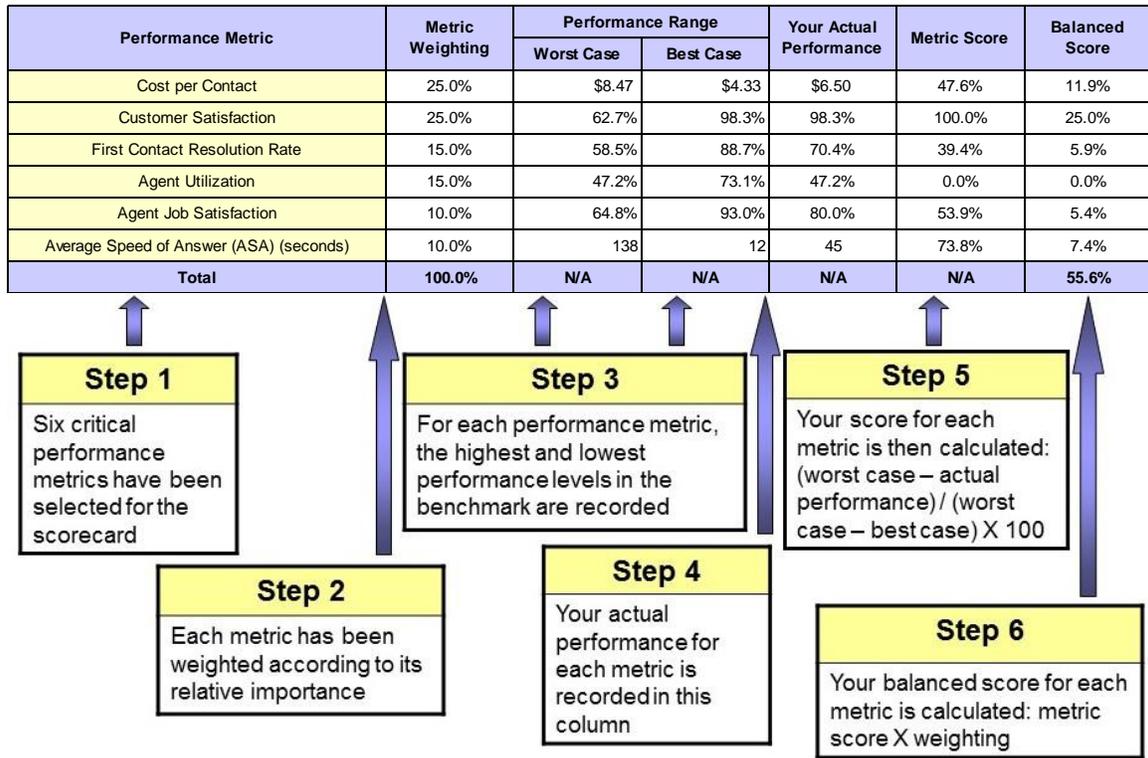
Oftentimes, when a call center attempts to communicate its performance to other stakeholders in the business, particularly to lay people who do not understand call center operations, those people quickly become overwhelmed by the minutia of such measures as first contact resolution rate and speed of answer, and they are confused about how to interpret the results. They are likely to focus in on one, easily-understood metric like speed of answer, and draw conclusions about overall call center performance from this relatively unimportant metric. This is a classic case of missing the forest for the trees. It is therefore absolutely critical to communicate the overall performance of the call center, and the balanced scorecard does that for you. Think of the balanced scorecard as your letter grade for the month! In this way, a call center 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 picture of overall call center performance.

The Mechanics of Creating a Scorecard

Creating a scorecard is relatively straightforward. You can follow along in Figure 1 below as I explain the process.

Figure 1: Call Center Balanced Scorecard

Performance Metric	Metric Weighting	Performance Range		Your Actual Performance	Metric Score	Balanced Score
		Worst Case	Best Case			
Cost per Contact	25.0%	$8.47	$4.33	$6.50	47.6%	11.9%
Customer Satisfaction	25.0%	62.7%	98.3%	98.3%	100.0%	25.0%
First Contact Resolution Rate	15.0%	58.5%	88.7%	70.4%	39.4%	5.9%
Agent Utilization	15.0%	47.2%	73.1%	47.2%	0.0%	0.0%
Agent Job Satisfaction	10.0%	64.8%	93.0%	80.0%	53.9%	5.4%
Average Speed of Answer (ASA) (seconds)	10.0%	138	12	45	73.8%	7.4%
Total	100.0%	N/A	N/A	N/A	N/A	55.6%

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

First you select the metrics to include in your scorecard. We suggest including the following six metrics: Cost per contact, customer satisfaction, first contact resolution rate, agent utilization, agent job satisfaction, and average speed of answer. Depending upon the metrics you track in your call center, you may choose fewer metrics or a different mix of metrics for your scorecard. Secondly, you establish a weighting for each metric based upon its relative importance in the scorecard. This is a judgment call, but we suggest overweighting cost and customer satisfaction, since these are the foundation metrics for service and support. Step 3 is to show a reasonable range of performance – worst case to best case – for each metric. Normally these performance ranges are derived from a benchmark of your call center. In step 4 your performance for each metric is inserted into the third column from the right. A score for each metric is then calculated based on the interpolation formula in step 5. And finally, a balanced score for each metric is determined by multiplying the metric weighting by the metric score. When the metric scores are summed up, you have the total balanced score for your call center.

In this particular example, the call center balanced score is 55.6%. Your balanced score will always range from 0% (if you have the worst possible performance for every metric in the scorecard) to 100% (if you have the best possible performance for every metric in the scorecard). It turns out that the call center in our example has scored quite well.

When we run hundreds of call centers through this algorithm, we get a normal distribution centered right at 50%. Those who score above 61% are in the top quartile; those who score between 50% and 61 % are in the second quartile; those between 39% and 50% are in the third quartile; and those below 39% are in the bottom quartile for overall performance.

Benchmarking Your Performance

The balanced scorecard is an ideal way to track, trend, and benchmark your call center performance. Figure 2 below shows the trend in one company's call center performance over a 12-month period. The blue bars in the chart represent the monthly balanced scores, while the red background represents the 12-month trailing trend in scorecard performance. Clearly, the performance trend for this particular call center is improving!
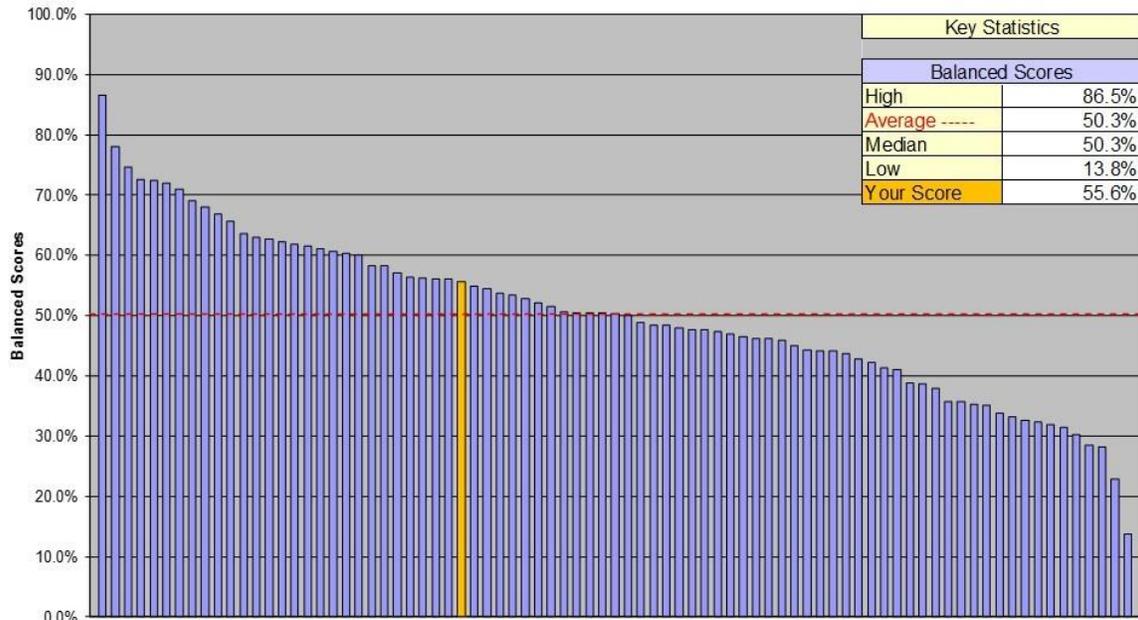
Figure 2: Balanced Scorecard Trend
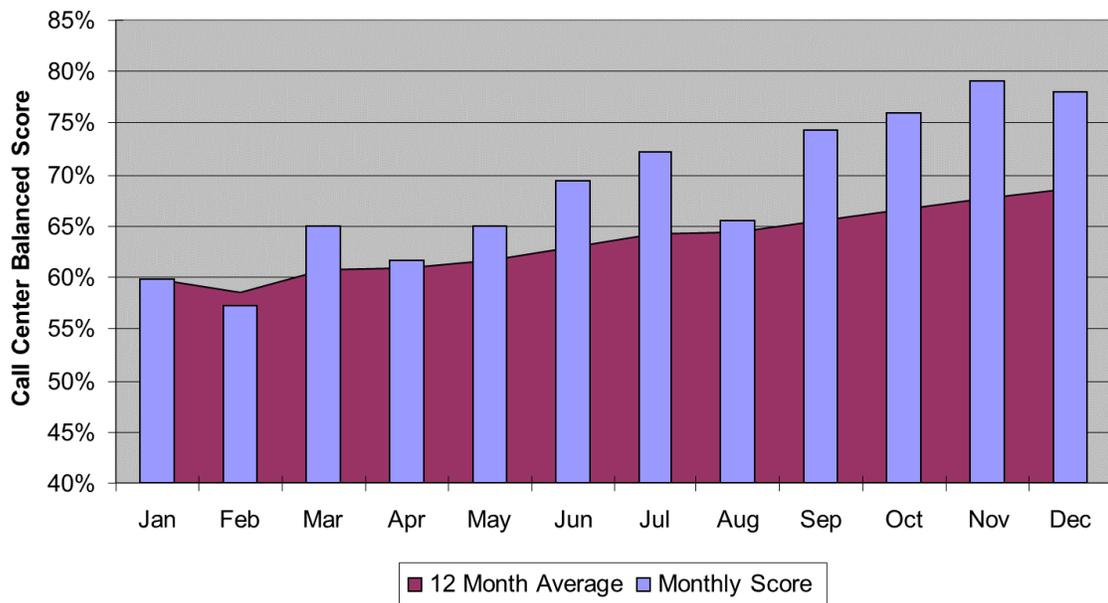
Finally, the call center balanced score can be used to benchmark your call center on a fair, apples-to-apples basis against other call centers. Figure 3 on the next page shows how the call center in our example compares to other call centers in their benchmarking peer group.

Figure 3: Scorecard Benchmarking Comparison

About the Author

Jeff Rumburg is co-founder and Managing Partner of MetricNet, LLC. He was awarded the 2014 Ron Muns Lifetime Achievement Award for his contributions to the IT Service and Support industry. He also authored a best-selling book on Benchmarking, and has been retained as a call center expert by such well-known companies as Intel, General Motors and American Express. Equally broad is his industry experience, which includes project management and delivery responsibility in virtually every major industry.

Prior to co-founding MetricNet, Mr. Rumburg was president and founder of The Verity Group, an international management consulting firm specializing in benchmarking and competitive analysis. As president of The Verity Group, Mr. Rumburg launched a number of syndicated benchmarking services that provided call center benchmarks to more than 1,000 corporations worldwide.

Additionally, Mr. Rumburg has 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 call center Benchmarking.

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's contact information is below:

Jeff Rumburg
Managing Partner
MetricNet, LLC
1431 Mayhurst Blvd
McLean, VA 22102
United States

Telephone: 703-992-8160
Facsimile: 703-992-8130

E-mail: jeffr@metricnet.com

About MetricNet

MetricNet is the leading source of benchmarks, scorecards, and performance metrics for corporate managers worldwide. MetricNet benchmarks encompass every industry and government sector, and address numerous business functions including information technology, customer service, and technical support.

MetricNet's mission is to provide its 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, actionable benchmarks, with a minimum of time and effort.

MetricNet offers a number of competitive differentiators that will enable us to complete this benchmark very successfully. These include:

- **Credibility and Experience** – The principals of MetricNet have collectively completed more than 3,700 benchmarks since 1988. Each of them has extensively researched, written, and published on the topic of call center best practices. Prior to joining MetricNet, the founders of the company held executive positions at a number of companies including Gartner, META Group, the Stanford Research Institute, and the Verity Group.

- **Board Memberships** – MetricNet serves on the Board of Directors for numerous company and industry associations. In recognition of its industry expertise, and ground-breaking benchmarks in technical support, MetricNet was recently appointed to the Strategic Advisory Board for HDI, formerly the Help Desk Institute.

- **Industry Recognition** – MetricNet's CEO, Jeff Rumburg, was recently awarded the Ron Muns Lifetime achievement award for his contributions to the IT Service and Support industry (http://www.metricnet.com/jeff-rumburg-honored-ron-muns-lifetime-achievement-award).

- **Benchmarking Database** – MetricNet's call center benchmarking database is the most comprehensive in the industry. This database contains information on more than 20 Key Performance Indicators (KPIs), and nearly 60 best practices from hundreds of call centers worldwide.

- **Methodology Expertise** – Through decades of call center consulting experience, MetricNet has perfected its methodology for call center benchmarking. MetricNet's approach to peer group selection, data normalization, gap analysis, and action planning yields consistently positive results for its clients. One of MetricNet's co-founders, Jeff Rumburg, authored a best-selling book on benchmarking, and MetricNet has authored and published more than 100 articles on call center benchmarking and best practices.

- **Streamlined Approach -** MetricNet's streamlined methodology for benchmarking means that its clients receive comprehensive, accurate benchmarks with a minimum of time and effort. MetricNet's clients report that it takes on average between 8 and 12 hours to complete MetricNet's benchmarking questionnaires. This is far less than the time and effort (typically a week or more) required by competing firms.

- **Value** - Through MetricNet's syndicated benchmarking services, our clients are typically benchmarked against 25 or more comparable peers both inside and outside of their industry. Moreover, because our benchmarking peer groups are so large, our clients benefit from economies of scale that simply don't exist elsewhere in the industry. MetricNet's benchmarks contain far more data, are more statistically valid, and are typically priced an order or magnitude less than other available benchmarks.

- **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.

MetricNet, LLC serves a global client base from its headquarters in the United States, in McLean, Virginia. MetricNet's US Federal Tax Identification Number is 20-5791285 and its web site address is www.metricnet.com. The principle location of MetricNet, LLC is:

> 1431 Mayhurst Blvd.
> McLean, VA 22102
> United States
> Telephone: 703-992-7559
> Facsimile: 703-992-7558
> Email: info@metricnet.com

For More Information

For more information about MetricNet, please go to www.metricnet.com, e-mail us at info@metricnet.com, or call us at 703-992-7559.

MetricNet