

*The Service Level Group's Better Contact Center Series*

# Your Service Level Objective —Why It's Important and Key



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It seems that more call centers are focusing on abandon rate or average speed of answer (ASA) as the primary measures of inbound call success. Not a week goes by in which we don't receive a request for an "ideal" abandon rate or "industry standard" ASA. Recently, we helped several of our clients work through the operational challenges associated with trying to manage a call center using call metrics other than service level.

One of the biggest hurdles is convincing senior management of the benefits associated with adopting service level as the primary measure of success. To many, a focus on abandons or ASA seems logical since, on the surface, they appear to make the most sense and are easily communicated. The typical thinking is that abandons reveal the exact number of "lost opportunities" while ASA tells you the "average" time customers spend on hold. Unfortunately, concentrating on abandon rate or ASA does more long-term harm than good, and causes call centers to run less efficiently. In the sections that follow, we'll spend a little time revisiting service level and then explore the challenges associated with other call indicators.

### Service Level Revisited

Service level is absolutely the best call center telephone speed-to-answer measure (**read: you have to have one**). It directly measures the accessibility of your organization to your customers and should be used as the primary measure of telephone success, which is defined as answering X percent of calls within Y seconds (e.g., 80% of calls in 30 seconds). Service level is the tried-and-true indicator for call centers and is the basis on which all commercially available workforce management systems are built. Service level is often viewed simply as a performance measure or goal for call centers. It is true that it does provide the best overall indicator of caller treatment, but it also serves a much greater purpose. A call center's telephone service level objective provides the foundation for the most fundamental activities in a center: planning, staffing and execution. The service level objective you choose will directly influence the number of people you hire, how many people you need to have on the phone in each hour of the day and when you need to implement a real-time recovery plan.

## Service Level Vs. Abandon Rate:

Call center abandon rates are influenced by factors that are beyond the call centers' direct control and, therefore, are typically measured as outcomes of a service level instead of a stand-alone measure of customer service. The widely quoted and published "Seven Factors of Caller Tolerance" was developed by ICMI to help illustrate the role of external influences on a call center's abandon percentage:

1. Degree of motivation: Callers to airlines wait longer during special price promotions than at other times. Callers with power-outages will wait longer to reach their utility than those with billing questions.
2. Availability of substitutes: The Web, fax, mail, additional phone numbers and selections in the VRU are examples of potential substitutes that callers can use to reach the primary group. If a primary queue backs up, callers may dial other available numbers, choose incorrect routing selections in an automated attendant (press one for this, two for that...) or even call the company's main number (switchboard). If callers are highly motivated and have no workable substitutes, they will retry many times if they get busies, and will generally wait a long time in queue.
3. Competition's service level: This factor applies when callers have the alternative of using a competitor's services.
4. Level of expectations: The reputation that an organization or industry has for service (or the level of service being promoted) has a direct bearing on caller tolerance. For example, callers to catalog companies generally expect comparatively high levels of service and are much less tolerant of queues than, say, callers to utilities or software support centers.
5. Time available: Doctors who call insurance providers are infamous for being intolerant of even modest waits. Retirees calling the same companies may have time to chat.
6. Who's paying for the call: In general, callers are more tolerant of a queue when the call is free to them.
7. Human behavior: The weather, the caller's mood and the day's news all have some bearing on caller tolerance.

The level of caller tolerance will be different in almost every queue or skill group because of the variety of callers and reasons for calling. For example, in the P&C insurance industry, a customer calling to get a duplicate insurance card will most likely abandon quicker than someone who was just involved in an auto accident. Abandon rates are normally viewed as outcomes against a call center's primary service measure — the service level objective. Service level can illustrate the caller's experience when other telephone objectives are not met. For example, when an abandon rate is at 10% this measure alone will not reveal how callers were treated – just that 10% chose not to hang on long enough to reach an agent. By contrast, if the service level is at 40% on the day with a 10% abandon, it tells



you that 60% of the customers who reached a representative had a wait time longer than 30 seconds. (given an 80/30 SLO). (note: service level in the example is calculated as percent answered in 30 secs/total answered) Furthermore, service level objectives tend to directly correlate with the abandon rate for each queue or skill group. If the service level objective for a skill group has been properly established and is being met, the resulting abandon rate will also be within the acceptable range.

### Service Level Vs. Average Speed of Answer:

Average speed of answer is another measure that is reported as a key indicator in most call centers. While it is a good gauge of caller treatment, it is typically used to add perspective to service level results, but should not be looked at as the primary measure of success. In call centers with relatively high occupancy rates (i.e., centers with larger answer groups), the average speed of answer will typically be within 15 seconds when meeting a 90/30 service level objective. In smaller answer groups, a lower agent occupancy is required resulting in situations where the service level objective is met, but the average speed of answer can, in some cases, be as much as 100 percent higher than that of a larger answer group.

<b>Service Level %</b>	<b>90%</b>			
<b>Answered in:</b>	<b>30 secs.</b>			
<b>Staffing Req</b>	<b>Volume</b>	<b>AHT (secs)</b>	<b>ASA (secs)</b>	<b>Occupancy Rate</b>
119	575	340	7.8	91%
65	300	340	8.2	87%
45	200	340	8.6	84%
18	70	340	11.1	73%
8	25	340	13.4	59%

To help illustrate this point, the table above shows results from five different sized call answering groups. In all three examples, we are assuming the center is staffed to meet the service level objective of 90/30 based on the volume and handle time in the half-hour depicted. As the volume offered and staffing required for each group gets smaller, the resulting average speed of answer (ASA) gets larger even though the service level remains constant. In each group, only 10 percent of callers wait longer than 30 seconds for their call to be answered. The ASA variance between the groups is the result of the amount of time the calls not answered within 30 seconds actually have to wait for an agent to become available. This variance in wait time is generated by the law of large numbers — larger answer groups will have agents available more frequently, thus reducing the hold time when the 30-second objective has been surpassed. Put another way, when comparing groups with the same service level, calls that don't get answered within the service level objective will generally wait longer in smaller agent groups than in larger ones.

The table also illustrates another important point for call centers to consider when evaluating resource utilization between different skills, queue groups or departments. At the same service level objective, the size of the answer group directly influences the percent of time all agents will be occupied doing work during a given half-hour. Agent occupancy is an uncontrollable outcome based on the number of calls, the average handle time, and the desired service level objective. The direct inverse of agent occupancy is agent idle time — the average amount of agent wait time that must be included to overcome a call center's random arrival pattern.

Transitioning to a service level objective as the primary indicator will allow every department's telephone results to be equally compared, as well as answering the following key questions quickly and accurately:

- How quickly can people expect to get through the “door”?
- How many people do we need to meet our customer's expectations?
- What are we doing compared to the competition?
- Which departments need to adjust expectations for marketing or promotions?
- What will be the occupancy of the front line agents?
- Which levers to pull to when cost or service get's out of line with expectations?

**About the Author:** As a seasoned industry executive, popular speaker and highly regarded consultant, Tim Montgomery has guided thousands of contact center agents and leaders to improve individual and team performance, and exceed operational objectives. Drawing from these interactions and his extensive real-world experience, Tim founded **The Service Level Group** to help contact centers leverage the competitive advantages they have right at their finger tips. During his career, Tim has held a variety of leadership positions – everything from Call Center Manager to Vice President of Sales and Operations. His hands-on contact center leadership experience was fine-tuned by working for three of the most celebrated service companies in the world – **USAA, The Coca-Cola Company and The SCOOTER Store**. Prior to founding **The Service Level Group**, Tim spent three years as a Consultant, Seminar Leader, and Technology Advisor with **Incoming Calls Management Institute (ICMI)**. Tim's expertise in customer service and contact center operations allows him to lead a wide range of consulting engagements for companies in a variety of industries. His consulting partners have included some of the most recognized companies in America - **AIG, Lifetouch Publishing, Mitsubishi Motors, Premera Blue Cross, Deluxe Printing, Allstate, Kodak, Liberty Mutual, Cinergy, Meguiar's and The Gartner Group**. Tim has written articles and whitepapers on a variety of management, customer service, and call center topics and has been featured in many global publications. Tim can be reached directly at [TimM@ServiceLevelGroup.Com](mailto:TimM@ServiceLevelGroup.Com)

