

DESTINATION **excellence** INC.

Optimizing Customer Care Operations

Benchmarking v Certification v Auditing

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INTRODUCTION

How do I measure the effectiveness of my customer contact group?
What are my key performance indicators? Am I cost effective?
How good is my service to customers? What are other companies doing? On what processes should I be focused? Does it make sense to get certified? What is world-class?

It's the little things that make the big things possible. Only close attention to the fine details of any operation makes the operation first class.

- J. Willard Marriott

Executives and managers need to know the answers to these questions for their customer contact groups. Fortunately, recent efforts have moved customer contact groups beyond general business or manufacturing evaluation tools (including Baldrige, ISO 9000 -and its variants-, Six Sigma and MSCE) to tools specific to the their operations.

The use of any tool requires careful understanding of the purpose of the tool and its applications. Just as a carpenter carefully selects tools based on the requirements of his craft and the end product, executives must do the same. This white paper will review the three major tools within the customer contact industry, along with the leading providers of those tools: benchmarking (BenchmarkPortal), certification (COPC) and auditing (Destination Excellence). An overview of each of these tools follows:

- **Benchmarking (BenchmarkPortal).** Benchmarking is a *results-oriented* activity, which addresses issues of measurable capabilities and performance. Benchmarking utilizes a set of predefined measures to compare companies and groups. Measurement areas are tabulated to provide comparison of individual performance against the industry average, best-in-class companies or other peer groups. The primary use of the benchmarking tool is to compare operational results.
- **Certification (COPC).** Certification is a *process-oriented* procedure, which validates the existence of essential processes within an operation. Certification requires that companies and groups maintain a level of documentation and reinforcement of these processes before certification can be granted. The primary use of the certification tool is to verify that world-class processes are used within an operation.
- **Auditing (Destination Excellence).** Auditing is a holistic (*results-oriented and process oriented*) process, which evaluates the quality of results within a company or group and examines the ability of the group to replicate those results in the future. Like benchmarking, auditing compares the results of companies against a peer group. Like certification, auditing reviews current processes. Auditing takes a step beyond benchmarking and certification by including in the review process such elements as financial stability, strength of personnel, use of technology, performance systems and the qualitative work environment of the company.

The remaining sections of this white paper will provide additional information and details surrounding the use of each of these tools and the circumstances under which each tool brings the greatest advantage to the user.



BENCHMARKING (BENCHMARK PORTAL)

Benchmarking provides a structured comparison of performance of specific metrics, providing a comparison to similar organizations. Benchmarking, by its nature is a *results-oriented* tool. Benchmarking performance analysis identifies performance gaps for companies. Results of a benchmarking analysis allow companies to apply resources to close performance gaps.

While there are many ways in which to conduct a benchmark analysis, Destination Excellence recommends that companies use a well-defined approach to maximize the impact of their benchmarking efforts. Companies benchmarking should use the following steps in their benchmarking process:

1. Hire a certified benchmark specialist to help collect, validate and enter benchmarking data. It is important to have a certified specialist involved, particularly in the up-front portion of the process. Expert involvement ensures that all data components provided are consistent with the information in the general benchmarking database. In addition, a benchmark specialist will help select the best benchmarking database to utilize. Companies benefit the most from benchmark databases that have a long history, contain information from a number of companies from a variety of industries and maintain data in a large number of measurement categories.
2. Select a peer group for results comparisons. Your data should be compared to the performance group by which you set your standards. Many companies choose a peer group based upon their vertical industry, and potentially the size of their current operations. Groups with high performance levels often opt to use a best in class peer group across all industries (under the philosophy that consumers have a consistent view of service, regardless of the industry). The key is to select a peer group whose performance reflects your company's objectives.
3. Analyze to turn data into information. The benefit and challenge of benchmarking is the volume of data that you receive. You can receive information on over 50 metrics against various peer groups that you have defined. Since performance measures are inter-related (e.g., occupancy impacts service level), an analysis of information is required to not only determine where your areas of opportunity exist, but also to determine how other areas may be impacted as well. It is critical to avoid an over-emphasis on a single metric at the potential expense of other metrics.
4. Educate the people impacting results. A thoughtful and thorough presentation of the information developed in the previous step should be provided to people who influence all or some of the reported results. The purpose of the presentation is not only to provide performance information, but also to educate people on the inter-relationships between performance results and actions that can be taken to improve those results. Ultimately, the presentation should provide a vision for the future that people can create and follow.
5. Model your operation. The complexity of measures can be simplified through modeling. A model for your operation illustrates the performance and result inter-relationships and can be an invaluable tool to simulate changes in your operations. A model provides users the ability to project the impact of specific actions on cost and service, while establishing quantifiable target goals.
6. Develop an improvement plan. An improvement plan prioritizes actions in terms of both impact and cost (operational and capital). Improvements are prioritized and entered into the model on a serial basis to accurately determine the cumulative impact of changes individually and collectively. (Reviewing actions singularly can often overstate the total benefit by ignoring the impact of other improvements. The model developed will allow a truer measure of savings when a stepwise



assessment approach is taken.) The improvement plan should be communicated with all impacted personnel to prepare them for the desired changes.

7. Train, implement and monitor. Individuals who will be responsible for implementing change must first be trained in how best to affect change. Training includes quantitative skills (e.g., sales and service, systems, time management) as well as qualitative skills (listening, voice imaging, communicating, creating a positive atmosphere). Once equipped, the project must be implemented and monitored against the time, cost and anticipated benefits.

The key in benchmarking is the selection of the benchmark data source. The best benchmark information includes a large number of companies over a long period of time and measures a number of critical metrics. Destination Excellence recommends BenchmarkPortal for the source of benchmark data.

BenchmarkPortal (an organization spearheaded by Dr. Jon Anton from Purdue University) has become the leading provider of benchmarking information in the customer contact industry over recent years. IBM provided a grant to Purdue University in 1995 to collect quantitative information from call centers. Over the next few years, people associated with Purdue surveyed thousands of call centers to collect quantitative information to place in a single-source database. The resulting database of benchmarking information was the basis for the formation of BenchmarkPortal. BenchmarkPortal's benchmark database contains information on over 5,000 customer contact operations in a number of industries with more than 50 measures per operation. Subscribers to BenchmarkPortal update information quarterly, ensuring relevancy of benchmark information.

Destination Excellence has certified BenchmarkPortal specialists on staff. Our consultants can help you successfully benchmark your operations and implement the improvements you desire.



CERTIFICATION (COPC)

COPC was originally designed to be consistent with Baldrige and ISO 9000. COPC took the concepts from these two areas and applied them to call centers to develop an industry-specific certification process.

Like Baldrige and ISO 9000, COPC is a *process-oriented* tool. It reviews the essential operating procedures and documented processes to verify that companies utilize a complete set of replicable processes. Certification is not prescriptive in the sense that it does not necessarily measure the result of the process, nor does it advise companies how to improve performance. It has been shown, however, that the existence of defined and documented critical processes improves overall performance by creating consistent performance and a platform from which to make improvements.

COPC has been most beneficial in the customer contact outsourcing industry where quantitative results are not available or not relevant for comparison. Selecting an outsource company can be difficult as other companies' existing programs may have different targeted results than what new program requires. In addition, when results are comparative, they are often proprietary and unavailable for analysis and review. Without a certification tool, companies perform operational reviews using their best intuition and limited data to select a vendor.

COPC certification provides companies with an independent review of vendors' operational processes. Companies can rely on the expertise of COPC certified consultants to validate that vendors have the infrastructure to successfully implement and manage their program. Companies do not need to spend valuable time and resources to perform a detailed review of vendors' operations. Limiting potential vendors to those certified by COPC, companies can streamline their vendor selection process. Consequently, many companies who outsource often require that potential vendors be COPC certified before they can be considered for outsourcing projects.

Internal groups will also find an advantage to COPC certification, particularly when the staff does not have a strong history of call center experience. Following COPC guidelines and recommendations, the staff of a call center can become familiar with the critical processes within the operation and establish a training foundation for future staff.

Certification can be quite expensive for internal organizations. Therefore, it is recommended that internal groups document processes to the greatest extent possible and define the cost savings that can be attained before embarking upon certification.

Destination Excellence has staff trained in COPC certification.



AUDITING (DESTINATION EXCELLENCE)

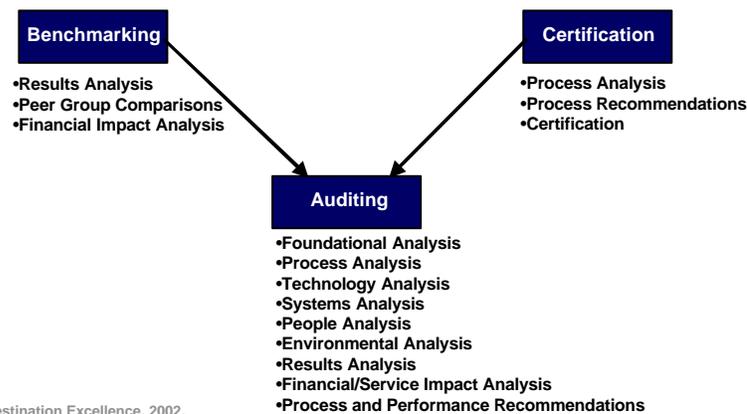
“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.”

- Willa A. Foster

are relative to industry-wide best practices and what actions they must take to achieve world-class status.

Auditing is a process that combines the objectives of benchmarking and certification into a single process. An audit evaluates the quantitative performance of a group and the existing processes within a group, providing a diagnostic of the operation. In addition, an audit evaluates the systems, structure, personnel and stability of a company. While an audit is not used to compare performance against average companies, or for certification, an audit does help companies determine where they

Benchmarking v Certification v Auditing



Source: Destination Excellence, 2002.

Destination Excellence developed its proprietary 100-Point Audit in 1997 to provide a common basis for analysis in *both internal and outsource* centers. The audit is inclusive of inbound, outbound and Internet customer service disciplines. The audit is used by customer care groups to *target areas of performance improvement* and provide a benchmark against other customer contact operations, and can help companies improve margins, improve service and prioritize capital projects. The audit can be used to assess either internal or outsource groups and *highlight areas of strength and deficiencies* within those groups.

Another facet of the 100-Point Audit is that it is both customized and calibrated at the same time. The audit is flexible enough that individual operations can change the weights of various areas to reflect their internal priorities. When comparing against other groups, the traditional weights can be plugged back in to provide accurate and calibrated comparisons. So, groups can not only answer the question of how they are performing against a peer group, but they can also identify areas of particular strength and weakness based on their individual priorities.

100-Point Audit Overview

Destination Excellence's 100-Point Audit provides three areas of differentiated advantage to its users. First, *processes and results* are included in call center certification and assessment score. Second, a benchmark *comparison* is made with other call centers that have been audited and included within our proprietary database. Third, *specific feedback and recommendations* regarding the improvement of *processes and results* are provided for each area within the customer care audit. These areas of differential advantage translate directly to higher customer satisfaction, a better work environment and increased profitability for our clients.

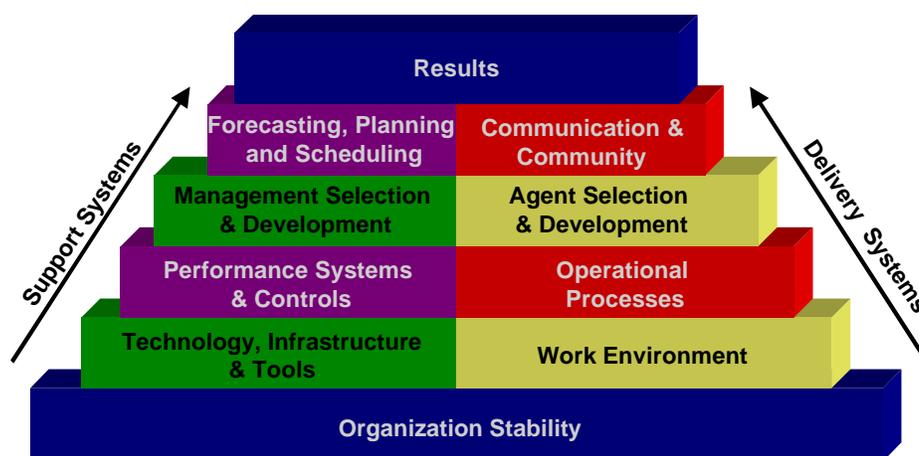
The 100-Point Audit recognizes the interdependency among different areas of a business. The audit is developed both to assess the support systems used to deliver services as well as the delivery of the services. It also recognizes the dependency of the company on the organization as well as the importance of producing high-quality results.

Each audit category includes a number of review points. Each review point is weighted to represent its relative importance in the area and each area is weighted to reflect its relative importance to long-term performance. Areas that are not applicable (e.g., outbound technology for inbound centers) are given a zero weight to ensure comparative results.

Based on the audit findings, each review point is scored from zero (meaning that area is missing or performing poorly) to a maximum score reflecting world-class standards. Each review point is then multiplied against its associated weight to determine a category score. Each category is then multiplied by their associated weight to develop a total audit score.

The following provides a pictorial view of the audit model.

100-Point Audit Approach



Source: Destination Excellence, 1998.

Figure 1 – 100-Point Audit Approach

The following provides a brief summary of the ten areas in the audit as well as a short description of the review points within each area.

- A. **Organization Stability** - The stability of a company determines the basis for performance during a contract. During the late 1990s, a number of outsource companies developed serious financial difficulties because of their financial structure, internal personnel or their client base. Clients of these companies incurred additional expenses as they either moved programs or provided additional funding to their vendors. The Organizational Stability assessment helps companies determine the overall ability of an organization to operate as an ongoing concern and to avoid such pitfalls.
- B. **Technology, Infrastructure and Tools** - Contact centers run on a platform of technology. Technology directly impacts the quality of service and the speed at which activities are completed in a contact operation. Technology is useful only when it works, and when it doesn't, operations can stop. Integration between technologies increases efficiencies and service through the flow of information and tools it provides to users. This area reviews technology applications and their tool set within the contact operations and their impact on the continuing operational viability of the group.
- C. **Work Environment** - Contact operations are a people-centric business. The environment in which people operate directly impacts their perception, which in turn impacts quality. "Sweatshops" are hard to find today, but the size of representative positions, availability of facilities and the hues and sounds of the operations generate an atmosphere that either supports or detracts from the quality of the contacts. The work environment reviews areas such as agent work station ergonomics, placement of support personnel, design of training and other administrative areas and the configuration of rest and break areas.
- D. **Performance Systems and Controls** - Four features are critical of performance systems. First, there must be clear linkage among measures in all levels of the organization. If profit is important to the CEO, everyone in the organization should carry some element in their performance evaluation that links them to that goal. Second, the measures among organizations and levels in the company should be consistent. Assumptions used to develop profit targets should define the same performance level for everyone who shares a component of that goal. Third, performance criteria should be clear, communicated and predetermined for its impact on financial compensation and recognition. Finally, systems must be in place to verify results so that they are fair for everyone.
- E. **Operational Processes** - Operational Processes include the detailing and understanding of all processes, interfaces and support within the operations. This category evaluates the understanding of those items, plus the identification of breakdowns (and highly effective areas) as well as the process to improve the overall operational process. Benchmarking is a key component here given that benchmarking can drive efforts to reengineer (streamline) operations and establish efforts to continually improve results.
- F. **Management Selection and Development** - Efficient and effective processes and controls are important, but an organization must be composed of leadership that can make the most effective



use of systems. Managers must be selected based upon their ability to support the overall success of the organization, and grow and adapt to the changing environment. They must be continually developed to maintain a current skill set and succession planning must be a part of the process to ensure leadership bench strength. This component takes a look at the internal succession process and the short- and long-range development strategies for these personnel.

- G. **Agent Selection and Development** - While different from the Management Selection and Development process, the agent process is critical given that these individuals become the front line of the organization. The testing, hiring and training of agents is key to the success of the operation. Once agents are hired, substantial training programs during the initial phases of employment must be coupled with continuing education to deliver high quality service. All efforts to support quality must be accompanied by retention efforts.
- H. **Forecasting, Planning and Scheduling** - The final phase of support systems encompasses the Forecasting, Planning and Scheduling of appropriate agent staff levels. As with any operation, inadequate staffing leads to less than required output (understaffing) or lower productivity (overstaffing). Appropriate scheduling requires the appropriate forecasting of workload and the planning of off-line and on-line activities. With the appropriate allocation of agent staff, the last portion is the management of adherence to the plan. The focus of this category is to see that the proper resources are allocated and available within the operation as a normal course of business.
- I. **Communication and Community** - Within the agent population, the appropriate preparation and support is important. However, in today's changing workforce, agents require companies to create work atmospheres of partnership and inclusion. This category reviews the elements companies have in place to create an atmosphere that will maximize the retention of its contributing members.
- J. **Results** - The rubber meets the road on results. Companies can have perfect processes, but often fail because they do not focus on producing meaningful results. "If you can't measure it, you can't manage it," is a phrase operating groups should live by. This category reviews the holistic approach an organization takes with measures, and provides information on benchmarks against others in the industry.

Destination Excellence maintains a database of audit results of companies. As part of the review process, Destination Excellence will provide its clients with their individual ranking relative to other companies. Due to the proprietary nature of the information the scores of other groups will be revealed, but the names of those companies will not be divulged.

100-Point Audit Deliverables

The 100-Point Audit certainly provides mission-critical information. Companies utilize this information to develop tangible benefits from the audit. These benefits include:

1. **Detailed Assessment** - Destination Excellence provides a detailed assessment (or diagnostic) that can be used to highlight current strengths of the company as well as areas of development. Areas of efficiencies in customer service and cost performance are highlighted, including and excluding capital investments, to assist the client in their project assessment.



2. **Specific Activities** - The client receives a list of prioritized activities on which to focus future efforts including increasing service levels, reduced handling time, improved caller inquiry handling, incentive plan implementation and targeted training.
3. **Independent Viewpoint** - Destination Excellence provides an independent source for other companies to determine the client's compliance with industry standards. This helps the client support an objective view of their level of service should it require validation.

Companies find the 100-Point Audit useful in achieving the above benefits, as well as others. The 100-Point Audit serves as an effective springboard to assist companies focus their efforts on attaining and maintaining world-class performance.



BENCHMARKING V. CERTIFICATION V. AUDITING

It is not enough to do the right thing. You must do the right thing right.

What is best for your business: benchmarking, certification or auditing? The answer depends on your goal. Each process has its distinct benefit, costs and anticipated results. The following chart is provided to compare the advantages and costs of each of the methods described.

| | Benchmarking | Certification | 100-Point Audit |
|--|---|---|---|
| Estimated Cost | \$10,000 + \$20/seat/year | \$50,000 | \$15,000 |
| Purpose | Identifies how others are performing in a predefined set of measures. | Provides criteria for minimally qualified candidates. | Provides performance evaluation and identifies areas of process and performance strength and weakness. |
| Use | Determine how company is performing against a select group of companies. | Serves as a gatekeeper to verify the minimum processes are in place in a company. | Holistic comparison of all elements within a customer contact operation providing granular analysis in over 100 areas of performance. |
| Strength | Provides comparative information on performance metrics of over 5,000 companies. | Provides assurances that vendors have right processes in place. | Identifies areas of strengths and weaknesses for both processes and results. Provides best practice |
| Limitations | Does not define processes to be put in place to improve or obtain consistent results. | Non-prescriptive and does not provide comparative information on results. | Requires clear understanding of processes and measures by users. |
| Considers long-term viability of company? | No | No | Yes |
| Evaluates strength of operating team? | No | No | Yes |
| Provides comparison results? | Yes | No | Yes |
| Appropriate for establishing performance objectives? | Yes | No | Yes |
| Appropriate to judge future performance? | No | No | Yes |
| Appropriate to fully train managers? | No | No | Yes |
| Appropriate for continuous improvement? | Yes | No | Yes |
| Appropriate for best in class? | Yes | No | Yes |



DESTINATION EXCELLENCE - YOUR COMPETITIVE ADVANTAGE

***"Excellence is more than a word;
it's a destination."
- Destination Excellence, Inc.***

Many companies today use outside professionals to augment internal resources. Destination Excellence has the advantage of bringing hands on knowledge and experience of customer care operations along with a history of success across industries. Your company will not spend valuable time and funds training us in

what needs to be done – our experience has already taught us. You will only need to spend a short amount of time with us to describe your operation, your procedures and your objectives. After that, our "roll up our sleeves and get to work" approach means that we will work proactively with you to achieve your desired results.

More than 75% of our revenues come from repeat clients. Generally, our clients hire us for one project and find our expertise so valuable, they hire us for additional projects. In addition to providing auditing services described in this document, Destination Excellence provides the following additional services (please see out web site for more detail):

- **IMPROVING PROFIT MARGINS.** There are two sides to the profit equation, revenues and costs. Destination Excellence can help you improve revenues through service and sales. We can also assist you in controlling costs through disciplined systems and processes, either for internal operations or outsource partnerships. Destination Excellence has developed strategic business modeling for companies in a number of vertical markets: wireless, utilities, travel, financial, hospitality and e-commerce to name a few.
- **FORECASTING AND STAFFING PLANNING.** Utilizing our proprietary call volume and FTE forecasting models, clients of Destination Excellence have found it possible to simultaneously raise service levels and occupancy, with little if any capital expenditure. Destination Excellence's call volume forecasts have been proven to provide forecast accuracy to within 3-5% of actual call volumes. This, coupled with the FTE forecasting tool, has helped our clients provide world-class service to their customers, while maintaining internal operational integrity.
- **CREATING A CULTURE OF EXCELLENCE AND SUCCESS.** Companies increasingly understand that a culture of service begins with service to the people within the company. It has been shown that companies that create cultures of excellence with their people have higher customer satisfaction and profits. Destination Excellence helps companies to:
 - Define a culture using organizational principles and practices rather than processes and procedures.
 - Create an organizational dynamic using a concentric circle approach rather than the traditional heirarchical approach.
 - Develop a sense of community within an organization to reduce turnover and increase performance.
 - Envelop activities with communication streams to maximize the effect of each individual.
 - Instill a sense of continuity within each individual in the organization to optimize their tenure in the group.
 - Engage individuals in community activities to promote a strong corporate image.



- Train for specific outcomes with measured goals and objectives to increase the impact of the investment in training.
- **HIRING THE RIGHT PEOPLE AND DEVELOPING THEM FOR SUCCESS.** Hiring the right person is a great beginning. The next step is to train them to achieve their best for themselves and the company in order to create an environment of excellence. Destination Excellence will help your company accomplish the following:
- Identify the best tools to predict the success of people before you hire them.
 - Develop a comprehensive hiring program to maximize the potential success of everyone you hire.
 - Implement a new-hire training program to equip people to perform at their maximum potential.
 - Design ongoing training and communications systems to maintain the enthusiasm of your people throughout their career.
- **ASSESSING AND INSTALLING SYSTEMS AND TECHNOLOGY.** Destination Excellence has hands-on experience in call center systems. Telecommunications services, ACDs, Manpower Planning Systems, and CRM systems are included in the array of call center technology experience found at Destination Excellence. Destination Excellence provides a three-dimensional analysis of not only the cost of new technologies, but also the return on investment to the call center. Our services also include user specification development, contract negotiation, vendor management and post-installation quality checks.
- **SELECTING AND MANAGING OUTSOURCE PARTNERS.** Destination Excellence understands that not all businesses require, or desire, to maintain their own call centers. Successful businesses focus on their own core competencies. Strategic partnerships with excellent outsourcing centers provide a company with professional customer contact, while freeing up valuable internal resources. Destination Excellence has helped companies place outsourced call center and e-center business, as both a partner and intermediary. Utilizing a proprietary 100-point call center audit, Destination Excellence has successfully placed over \$10 million in call center business, and helped to create excellent, metric-driven long-term partnerships.
- **MEETING YOUR CUSTOMER CARE NEEDS.** The information provided here is just the tip of what Destination Excellence can do for your customer care group. Other client projects Destination Excellence has worked on include:
- Turning around failing companies increasing their market value and long-term success.
 - Strategic planning for start-up and ongoing firms.
 - Industry opportunity and market analysis.
 - Financial planning and modeling.
 - Workshop development.
 - Executive education.

Contact Destination Excellence to see how we can help you.

**Contact Destination Excellence toll-free on 877-433-7839
or e-mail us at info@destex.com.**

