



# WHITEPAPER



## Data-Driven Management and Transformation

Performance Management  
Methods in Contact Centers

by Mark Selcow & Matt Glickman

---

# Contents

Page 1	<a href="#">Introduction</a>
Page 1	<a href="#">Performance Management</a>
Page 2	<a href="#">The Contact Center</a>
Page 2	<a href="#">Going deep: 'Moneyball Metrics' in the Contact Center</a>
Page 3	<a href="#">Cultural Impact of Performance Management</a>
Page 4	<a href="#">Making Performance Management Work</a>
Page 5	<a href="#">Summary</a>

## INTRODUCTION

---

In the 2003 bestseller “Moneyball,” author Michael Lewis recounts how Oakland A’s general manager Billy Beane used data-driven management to reshape a laggard major league baseball team into a world-class winner.

Two of Beane’s methods stand out. First, instead of focusing on traditional metrics like RBIs, home runs and stolen bases, Beane discovered that winning baseball games was more strongly correlated with lesser-known statistics like on-base average, and with his hitters’ ability to refrain from wild swings at the ball under pressure. Second, he focused on elements of the game where success metrics hadn’t been developed in the past due to lack of data – for example, fielding. Beyond tracking fielding errors, a player’s performance was judged qualitatively by coaches and scouts.

So using a new playbook, Beane began to recruit players with high on-base averages, and to provide consistent training and performance tracking to focus his players on getting on base and scoring runs. He also trained his organization to track new types of statistics to gain a data advantage in recruiting and player development. Then, critically, he made a full management commitment to get his entire organization aligned around the new metrics and philosophy. By 2003 the A’s were one of the winningest teams — with one of the lowest costs structures — in major league baseball.

Shift to today’s contact center. If Billy Beane had been managing a customer contact operation, what meaningful measures would he use to guide his team to sustainable advantage? What processes are intuitively managed that could be better run based on statistical facts? Would Beane change his culture and reward his managers to hire, promote, train and field a new team lineup based on these insights?

These questions are being asked by today’s most aggressive contact center leaders, who believe there is much more productivity to be gained in their centers by using Performance Management concepts. And those who have implemented projects have seen quantifiable results.

---

*“At the bottom of the Oakland experiment was a willingness to re-think baseball: how it is managed, how it is played, who is best suited to play it, and why.”*

*-Michael Lewis*

---

## PERFORMANCE MANAGEMENT

---

Performance Management is an oft-heard buzzword in today’s corporate world. Its meaning varies by the industry, function and operating context, but the general concept revolves around a core notion: *the systematic use of data throughout the enterprise to define and clarify goals, measure performance, increase productivity and improve results.* Performance Management rests on the premise that there are efficiency and quality gains to be captured by methodically uncovering and leveraging truths that live in existing systems and current stores of data.

Performance management adoption has grown rapidly in the recent environment of cost reduction, transparency, and compliance where access to data and early detection of problems and trends is mandatory. And the concept has gained popularity with the increased adoption of methods for process improvement and excellence, such as Six Sigma and Lean Manufacturing.

## THE CONTACT CENTER

---

Contact centers are a strong environment for data-driven management: rich in underused data and under-tracked processes, especially compared with functions like Finance or Manufacturing. Often, data exists, but it is costly to access, organize and put in proper context because it lives in dozens of different stores and silos. And often, vital components of the center go under-measured due to data living in paper or in binders. As a result, many centers favor those management metrics that are the easiest to get to, rather than those that correlate highly with profitability and customer loyalty. Like the Oakland A's and other baseball teams before "Moneyball," many contact centers use time-honored measures but miss the opportunity to truly redefine and improve performance.

Cost reduction is strong argument for data-driven management in today's call center. With wide disparities in employee productivity and quality even at the best managed sites – top agents often outperform laggards by a 3:1 ratio – improvements in performance metrics can fall straight to the bottom line. And the same is true of improvements in the variability of supervisor performance and other roles.

During the last couple of baseball seasons, many teams have begun emulating the A's "Moneyball" methods to transform their organizations to better compete. Given the large financial opportunity for operational savings and customer loyalty impact in the contact center, it's likely that as Performance Management proves itself in this environment, the same competitive ripple effect will take place.

---

*A simple, practical definition for Performance Management in the contact center:*

- *a set of practices and tools used to systematically measure, improve and manage the operation*
  - *a means of defining and delivering metrics to every employee; built on a platform of data integration and normalization*
  - *a process for aligning objectives across all levels of the organization*
  - *the means for management and individuals to take action based on full information*
- 

## GOING DEEP: 'MONEYBALL METRICS' IN THE CONTACT CENTER

---

There are many opportunities to truly impact call center performance through deep insight and data driven management. Here are some uncommon and non-obvious metrics, which we have found to have a major impact on performance:

- Coaching frequency – can be tracked using web Forms and is always highly correlated with subsequent agent performance improvement
- AHT or ASA variation – permits superior forecasting and scheduling – which in turn permits smaller shifts – as a result of separating controllable and random variation
- Supervisor effectiveness indexes – comparative impact of coaching, agent improvement under their management, and impact of rotating team leaders
- Balanced scores – indexes of agent or team performance with data from multiple data sources, weighted by importance
- Bonus calculations – weighted averages, eligibility rules (such as attendance or quality minimums), dollar payouts
- Metric tracking sessions – frequency with which Supervisors and other managers check and use statistics on their teams to make better, fact-based decisions

Finding these 'Moneyball Metrics' involves a disciplined process of gathering hard to get data, cleansing it, determining dependent variables and their desired business impact, and statistically correlating the base data with dependent variables.

## CULTURAL IMPACT OF PERFORMANCE MANAGEMENT

For Performance Management to work, it is crucial to recognize its cultural impact and take steps to weave the process into the human fabric of the center. Just as Billy Beane worked to align his scouts, players and coaches around the new model, contact center managers must do the same. Specifically, successful contact center performance management:

1) Requires management will to implement and enforce:

- Use data consistently, hold people accountable, and build your incentive systems around the new model
- No more excuses – everyone knows what they're accountable for; process of commitment
- Reexamine processes – hiring, training, quality and other functional processes can all benefit

### MERCED SYSTEMS' GUIDELINES FOR PERFORMANCE MANAGEMENT SUCCESS

Merced Systems' approach to contact center Performance Management is driven by what works, rather than a single behavioral ideology or set of buzzwords. Working with dozens of contact centers in diverse industries with diverse business challenges, what we've found works is the following:

- *Make sure you get the data integration and validation right:* the goal is a single version of the truth, a set of reports everybody is working from and consistently managing against. Merced's data integration tools excel at integrating data from production systems, databases, legacy applications, flat files, spreadsheets and other formats, and then cleansing and normalizing the data for maximum accessibility and utility.
- *The project must go beyond dashboards:* It should leverage personalized dashboards, but add analytical reports, workflow and other means for people to take action - in the end, data alone will not drive improvement to the business; people must act on the data.
- *Your tools should be flexible, and adaptable to the changes in your business:* The Merced product is not 'hard wired': you can use or change any metric, alert setting or workflow you want, not just one of a pre-selected 10. It is flexible enough to handle subtle variation in how individual contact centers handle their business logic – eg how you calculate sales, AHT, adherence, bonus – and can be administered by business users, not the IT department.
- *Ensure your tools are easy to use and low risk to deploy.* The Merced Performance Suite software is easy to install, does not require any custom software code, and unlike other systems, requires minimal IT support and vendor support after roll-out.
- *Select technologies that fit your enterprise requirements.* They should be open, standards-based, scalable and secure – in other words, fully consistent with your data and applications strategies across the corporation.

## 2) Requires a buy-in process:

- Get people to buy in and use it
- Be patient for ‘Aha’s’ where people reach new levels of understanding – for example, everyone thinks they are above-average performers. But when people see where they rank on a team or unit, and managers observe the variation in per-person performance on their teams, behavior will change. Note that this won’t happen until people see and believe the data
- Be clear that it’s not big brother. On the contrary, people get excited about owning their own performance, and can even start teaching each other and sharing best practices
- Transparency –the more you reveal, the greater the impact on acceptance

## MAKING PERFORMANCE MANAGEMENT WORK

---

What does it take to implement Performance Management right in the call center and reap the full benefits? Like Billy Beane, having a clear vision of what you want to achieve and of the steps for getting there is half the battle. Having the right tools is also critical. Billy Beane’s key analyst used a standard laptop filled with data and analysis to guide Beane’s decision making and management. Like this laptop, performance management software systems help call centers gather and organize their data and align everyone in the organization around facts and a common vision. Often, Performance Management projects are organized around the implementation of such systems.

Below we suggest some simple rules to maximize results in Performance Management projects, and lay out the key phases and components of a successful implementation:

### BASIC RULES FOR A SUCCESSFUL PROJECT:

1) Have a simple vision: while you may want to integrate dozens or hundreds of metrics in your performance management system, try to pick and emphasize the key “Moneyball” metrics that drive your business:

- Think big, but start small – you can always add metrics, reports and dashboards to the project scope later, but it is critical to find the right business-driving metrics up front
- Pick the right software architecture – you want maximum flexibility to change and iterate, so find the right product technology

2) Build the right data foundation: collect and integrate the data in your centers from all possible sources (ACD, IVR, HR, CRM, Quality, Workforce Mgmt., Training, etc.) - as multi-data source metrics can be the most powerful:

- Be sure to include data on the entire business, including employee lifecycle information (hiring, training, coaching, incentives, etc.) in addition to productivity and quality data, as “Moneyball” metrics may lie in these data
- Personalize each person’s view so they can see their own data, that of their team and any other

---

*Companies that have successfully deployed and gained the benefits of Performance Management in their contact centers:*

- **An insurance company** – reduced initial and repeat complaints; improved hiring quality and portion of hires who made successful transition to the floor
  - **An outsourcer** – increased productivity by over 9%, measured in transactions per hour
  - **A credit card issuer** – successfully re-deployed analyst and reporting resources, resulting in headcount savings
  - **A wireless carrier** – delivered bonus and incentive information to all staff, resulting in improved motivation and productivity
-

relevant contextual information (rank, percentile, attainment, etc.) that will help motivate behavior change

3) Capture data that lives in paper and in spreadsheets. Much like the fielding statistics example from Moneyball, information on hiring, training, coaching, surveys and other key processes can be unleashed if it is included in a centralized data repository.

- Use Web Forms to digitize your paper processes – the best software tools will include Forms as part of their Workflow modules
- Track the completion of Forms to build process metrics such as coaching frequency, employee recognition consistency, and timely delivery of performance appraisals

4) After roll-out, run experiments: It was Beane's willingness to run more experiments than the competition that led to a winning strategy, and the same is true in Contact Center Performance Management. Create new metrics and reports, introduce new incentives and rewards. Even let Supervisors set their own goals and create their own development plans.

- Be sure to pick a system that permits frequent changes to metrics, reports and dashboards by business users – you shouldn't have to call the vendor or rely on the IT department to make changes
- Enable people to take action based on the information they see, then track what actions corresponded with the best possible result for ongoing process improvement

## SUMMARY

---

Managing a contact center for top productivity and performance is no easy task. But neither is building a baseball team which wins more regular season games than all but one other team – all while having the lowest payroll in baseball.

Performance management, whether in baseball or the contact center, is about thinking of people and tasks in new ways and putting in place the right tools and processes to drive performance toward specific goals. It's about moving away from casual or intuitive management to management by data and facts.

### ABOUT MERCED SYSTEMS:

At Merced Systems, we're dedicated to helping you achieve the type of significant gains that will put you in the top tier of highest performing contact centers. To help you manage by data at every level of your organization. For more information about Performance Management in the contact center, or about Merced System's contact center solutions, please call Mark Selcow at 650-486-4003, or email us at [info@mercedsystems.com](mailto:info@mercedsystems.com).