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WHITEPAPER



Contact Center Process Improvement Taking Control of the Game

by Mark Selcow & Matt Glickman

INTRODUCTION

In the 2002 bestseller “Bringing Down the House,” author Ben Mezrich recounts how six MIT students used statistics and teamwork to beat the game of blackjack. Three “best practices” from the blackjack team stand out:

- *Intelligent use of data:* The MIT team effectively gathered and used statistics to turn the odds in their favor.
- *Standardized decision making:* The MIT team standardized the decision making process—the way the team played and placed their bets—allowing them to efficiently scale their operation and win millions from Las Vegas casinos.
- *Teamwork:* The MIT team assigned each member a clear role and provided them with the proper tools and information to complete the assigned job.

Leading contact centers are linking statistics and best practices in similar ways to better manage their own operations. Contact center managers are asking themselves key questions: How can our organization benefit from understanding and using statistics more intelligently? What decisions can we standardize to help scale our operation and make it more efficient? And finally, how can the organization work together more efficiently as a team?

Fundamentally, this is performance management – driving behavior change in organizations through the use of data. Applying performance management concepts and applications, today’s leading contact centers are taking control of the game and managing their operations more efficiently and effectively – just as the MIT team did in “Bringing Down the House.”

*“Blackjack is beatable...
It has a past – the cards
already drawn; and a
future – the cards still to
come. If you’re smart, you
can use this to put the odds
in your favor.”*

-Ben Mezrich

PERFORMANCE MANAGEMENT

As a category, performance management continues to grow in today’s corporate world. While the definition varies from one organization and industry to the next, the basic premise remains the same: *the use of data to set goals, measure performance, increase productivity, and improve results.*

By applying disciplined, data-driven performance management initiatives and technologies, corporations are recognizing significant productivity improvements. Like the MIT blackjack team, contact centers are using performance management techniques to gain more control of their operations and produce results. With performance management processes and technologies, contact centers are discovering what drives their business and using this information to change employee behavior.

BLACKJACK AND CONTACT CENTERS		
BEST PRACTICE	MIT BLACKJACK TEAM	CONTACT CENTERS
Using Data More Intelligently	<ul style="list-style-type: none"> • Determines when the odds are in the team's favor • Proves that counting into a six deck shoe (six combined decks) is more advantageous to a player than counting into a single deck 	<ul style="list-style-type: none"> • Creates a more complete view of performance by unlocking data from disparate data sources, spreadsheets and binders • Identifies and drives true measures of performance, not just measuring data that is easy to gather
Standardizing the Decision Making Process	<ul style="list-style-type: none"> • Determines how much the team bet per hand • Maximizes the team's winnings and minimizes its losses • Removes instinct from gambling 	<ul style="list-style-type: none"> • Guides supervisor and agent level activities to reduce variation and increase efficiency • Increases supervisor time available for high-yield activities • Removes instinct from managing
Teamwork	<ul style="list-style-type: none"> • Hides variations in the team's betting 	<ul style="list-style-type: none"> • Optimizes the organizational structure to increase customer satisfaction and operational efficiency

USING DATA MORE INTELLIGENTLY

The "hi-lo" method of card counting was well known before the MIT blackjack team adapted and perfected the technique. In the 1960s, statisticians showed that when blackjack was played with a single deck, players could predict the likelihood that the value of the next card would be high or low based on the previously drawn cards. Statisticians also showed that by using more than one deck simultaneously, the increased complexity and variation in the cards made the same technique virtually impossible – or so they thought.

Using statistics more intelligently, the MIT blackjack team showed that this belief was not only wrong, but that card-counting players had a greater advantage when casinos used multiple decks. By counting into the standard Las Vegas casino six-deck shoe (six combined decks), the MIT team was able to take advantage of favorable odds for a longer period of time than if a single deck was used. The blackjack team used this insight to create more opportunity – allowing them to beat the casinos at their own game.

Similar to the original "hi-lo" method of card counting, contact centers have historically used data in numerous ways to increase productivity. And just as the MIT blackjack team adapted and perfected the "hi-lo" card counting technique, contact center managers are using data more intelligently, to create greater insight and more opportunity – allowing managers to increase productivity and change behavior.

Today, common contact center processes using historical data include: agent scheduling to meet pre-determined service levels, real-time skills-based routing to ensure the best available agent receives a call, and account information consolidation with CTI technologies to reduce AHT (average handle time) and increase customer satisfaction. While each of these techniques increase productivity and quality of service by applying information to a highly specific process, their ability to improve productivity beyond the targeted function is constrained.

Just as the MIT team used their insight to create more opportunity, *leading contact center managers are now demanding more by using data in new, innovative ways.* Operations are creating more metrics that truly measure performance and increase operational efficiency, not just the data that is easy to gather.

“It’s not magic. Just math...”

-Ben Mezrich

For example, by combining commercial information from multiple systems (e.g., ACD, Workforce Management, Quality Monitoring, homegrown, legacy, etc.) with process data (e.g., coaching frequency and duration, number of incident reports, degree of competency, etc.) in performance management applications, contact centers are developing new metrics and performance measures. Metrics such as margin per transaction, coaching hours per 1000 calls, complex balanced scores, and number of account saves per objection handling training hour. Operations are also tracking supervisor level activities to identify which supervisors are most effective at developing agents and managing their time. And finally, with immediate access to enterprise-wide data, executives and managers are gaining a complete view of performance for the first time – allowing them to react more rapidly and effectively to emerging customer and operational trends.

The bottom line: Contact centers are using data more intelligently to create more opportunity to increase productivity and change employee behavior.

STANDARDIZING THE DECISION MAKING PROCESS

In blackjack, standard Las Vegas casino rules ensure the odds favor the house by roughly 5%. Therefore, the more you play, the more you lose – unless you turn the rules in your favor and take control of the game. How can this be done?

The team developed techniques that included shuffle tracking to determine how many decks remained in the shoe at any point in time, standardizing the count to reflect the number of remaining decks in the shoe, and team play to hide the variation in their collective betting. In effect, these techniques, all legal, became a set of gambling “best practices” that guided their style of play and how they bet. These best practices allowed them to take full advantage when the odds were in their favor and helped them avoid losses when the odds were against them. Occasionally they would hit losing streaks, but because they turned the odds in their favor, time was now on their side, and the more they played, the more they won.

Contact centers are using information to do the same thing – turn the rules in their favor. Managers are creating, standardizing, and automating best practices to define and control the rules of their operation. Just as the MIT team took a core concept and advanced it, contact centers are turning good management into a science based on facts and statistics.

Coaching is an example where organizations are now applying technology to develop standard processes and implement best practices across their operations – in essence defining the rules to turn the odds in their favor. Until now, management has had difficulty identifying which supervisors are effective coaches and which particular agents get most of a supervisor’s attention, often making the coaching process appear random.

Managers are now using performance management applications to discern rules, such as maximum and minimum bands for coaching frequency, and drive consistency across their operations. With technology, organizations are automatically triggering coaching assignments when an agent is not being coached in predetermined time constraints or when an agent falls below specific performance thresholds. These automated assignments ensure every agent receives consistent focused development - reducing variation (and randomness) in the agent development process and enabling management to better track supervisor activities.

Employee recognition and employee interviewing are other examples of standard processes that organizations are automating. Recognizing and rewarding top performers is one of the best ways to retain top talent, yet it’s often one of the most sporadic and least-tracked processes because the payback can often appear random and inconsistent. By automatically nominating top performers based on metric thresholds and streamlining the evaluation process, contact centers are turning an often undervalued activity into a successful retention tool – built on rules.

The bottom line: Contact centers are improving organization-wide performance by focusing on core processes and using performance management technologies to control individual activities – turning the rules in their favor.

BLACKJACK STATISTICS - TURNING THE ODDS

Statistics show that when more low cards remain in a deck, the odds are greater the dealer will win and the more high cards remain, the odds are greater the player will win. The odds shift from the dealer to the player because the likelihood a dealer will “bust,” or exceed 21, increases with the more high-value cards that remain in the deck. The MIT team used this insight to turn the rules of blackjack around and place the odds in their favor, beating the casinos out of millions of dollars.

TEAMWORK

In “Bringing Down the House,” Mezrick explains that sophisticated statistics and standardized processes weren’t enough to win: The MIT players needed to assemble a team and coordinate their activities in order to take full advantage of their insight.

To beat the casinos, the MIT blackjack team developed two distinct, highly specialized roles. “Spotters” played a single blackjack table and consistently bet the minimum to determine when a deck’s odds were in the team’s favor. To take advantage of favorable odds, “big players” were called in. Once they began to play, big players took over a table, and according to predetermined rules, placed large bets, split their cards, and played as many simultaneous hands as possible. By using spotters to consistently place minimum bets, and big players to place large bets, the team was able to collectively minimize their losses and maximize their gains – betting the minimum as a group when the odds were in the house’s favor and the maximum when the odds were in their favor.

By creating different roles, the team was able to hide variations in their individual bets and go unnoticed by the casinos. While a spotter had to establish an anonymous pattern of betting the table minimum, big players had to establish the opposite reputation, becoming well known to casino staff as a “high-roller” who played aggressively. Ultimately their ability to structure each role to provide a unique and highly complimentary contribution to the team led to their wild success.

The same type of team work is crucial in contact centers – organize each role to have a unique and highly complementary contribution to the overall team. This requires that managers empower supervisors and agents to perform at higher levels while creating the optimal structure to serve their customers. Just as the MIT team developed the concept of a specialized blackjack team, contact centers continue to further specialize both teams and roles to increase efficiency and productivity.

Skills based routing and staffing are continuing to be more common examples of team specialization in contact centers. If a group of high value customers are identified as having a high churn probability, their calls are now being routed to a team that specializes in account saves, reducing customer turnover. Or, if a new product is being rolled out to a target group of customers, their calls can be routed to a team specializing in cross selling to maximize the sales of the new product. This type of specialization increases the efficiency and effectiveness of the entire organization by identifying and grouping individual talents.

“Team play” in contact centers also includes the creation of new, more specialized roles. For example, by designating “senior” agents and training them to support escalated calls, customers can still receive 2nd and 3rd level support without compromising valuable supervisor resources or time from high yield activities like coaching and development. This reassignment, or division of responsibilities, makes the team more effective by focusing each role on specific high-value complimentary tasks.

The bottom line: The right team with the right focus creates a more effective and productive organization.

CASE STUDY: INSURANCE

A property and casualty insurance provider implemented a broad performance management initiative in conjunction with their ongoing Six Sigma practices. One of the initiative’s major objectives was to increase coaching impact and frequency. To gain better control of the coaching process, the organization automated supervisor best practices with the Merced Performance Suite.

Specifically, the organization automated the coaching process by triggering and scheduling coaching tasks when agents failed to meet specific performance thresholds. Supervisors used the Merced Performance Suite’s integrated forms to record coaching notes within the system, creating a permanent record that would automatically be available to the agents’ present and future supervisors.

By standardizing the coaching process, the organization recognized significant returns. Supervisors reduced administrative time—time previously spent compiling information—by 50%. They applied this additional time to coaching and team development. Supervisors also recognized an increase in coaching quality and focus as they were able to more easily identify opportunity areas and track developmental plans.

CULTURAL IMPACT OF STATISTICAL CONTROL

How can performance management change behavior and transform a culture? Providing individuals with information and tools that enable them to perform at higher levels creates a culture of accountability and better fact-based data-driven decision making – ultimately leading to a more effective and efficient operation. It gives people more to work with, helps them leverage best practices and fulfill their role on a team.

At the agent level, presenting clear and consistent metrics in a timely manner helps agents understand their responsibilities, their performance, and—most importantly—the steps they must take to meet and exceed expectations. Furthermore, by offering access to the latest information, coaching sessions are transformed from status updates into skills transfer opportunities, helping agents gain the knowledge necessary to excel.

At the supervisor level, providing access to automated performance statistics and management tools creates a significant shift in job focus. Supervisors spend less time chasing down data and more time on coaching as they are able to uncover agent specific development opportunities more rapidly and efficiently. By further automating additional supervisor activities and tasks, performance management increases the quality and focus of their interactions with individual agents, resulting in a more productive and motivated team.

The bottom line: Better information and tools transform an entire organization, making it more productive and efficient.

ABOUT MERCED SYSTEMS:

Merced Systems develops market-leading performance management applications and offers a range of products, implementation, consulting, and support services. For more information about customer operations performance management or about Merced Performance Suite, please call 650-486-4000 or email info@mercedsystems.com.



333 TWIN DOLPHIN DRIVE • SUITE 500 • REDWOOD SHORES, CA 94065
TEL: 650.486.4000 • FAX: 650.486.4001 • WWW.MERCEDSYSTEMS.COM