



# HOW DO YOU SOLVE A PROBLEM LIKE BENCHMARKING

Benchmarking Your Customer Service in 2015



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CUSTOMER SERVICE  
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## Introduction

Imagine you want to watch a film. Cinemas are getting expensive these days so you do a bit of research on the film to make sure you aren't spending your money on a flop with terrible acting and a plot full of holes.

You read the reviews. One magazine gives it five stars. Another gives it four. One gives it two, but that is out of a maximum of three whereas the others are out of five. One newspaper doesn't use star ratings but words, and says it's good. Another review says it's great.

You ask your friends and get a similar mix of responses. You ask how it compares to another film you'd all seen and the answers are equally mixed. 'It's much better' says one, 'the same' said another while a third rated it worse, but then they don't like rom-coms!

On-line reviews give it anything from one star to five, and it's all very subjective, so that doesn't help that much. And the cinema's write up is biased on the fact they are trying to sell tickets for the film so you can't trust their opinion that much either.

And you're only looking for an overall impression of the film. If you wanted to know about the sound quality, the plot, the dialogue, the actors, the use of CGI or the running time, then there would be multiple answers and opinions. By the time you'd worked it all out, the film would no longer be showing.

That's what it's like with benchmarking.

If an organisation wants to find out what other organisations are doing, so they can see how they shape up against them, then they are faced with far more questions than answers.

Even when people say they want customer service benchmarking, the specific nature of the request is still hard to respond to. For example, is that customer service numbers? And it is the softer numbers like customer satisfaction or harder numbers like average call resolution?

And even if you can get the numbers, what do they mean anyway? The queries are endless:

- How is the question worded or phrased?
- What rating scale was used? (Organisations use numerical scales, yes/no, three point scales, four, five point or seven point scales and a multitude of different words to describe just one option)
- Which customers were asked? How many customers were asked?
- How frequent were the surveys? Were they in real time? When were they asked?
- What channels were used to obtain the numbers? Was the sample the same? Was the demographic the same?
- Is the organisation even similar to ours? Should it be?

Or worst case, the numbers aren't even the right ones. We have seen enough misuse of NPS in recent times to throw doubt on the accuracy of some 'publicly' available numbers and NPS is one of the easiest and more readily available benchmarks available. So what hope have the rest got?

Until every organisation asks the same questions in the same way and using the same measures, then it will always be like this.

## What is Benchmarking?

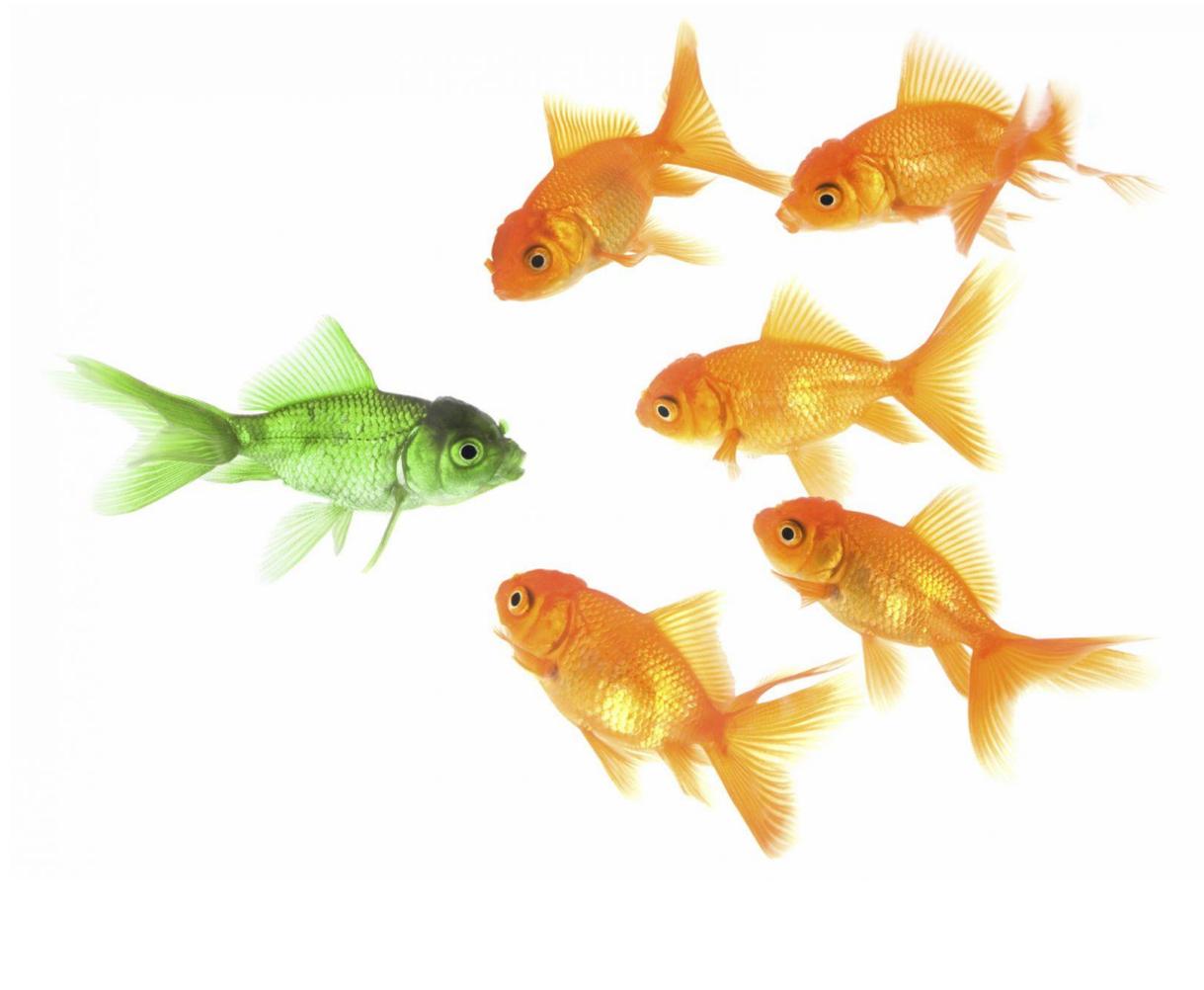
At the risk of becoming overly reliant on the dictionary and Wikipedia, the words below are taken from them although even their definitions lack absolute clarity.

The simplest description is that it is the process of comparing business processes and performance metrics to the industry or best practice elsewhere. It lists quality, time and cost as typical dimensions to compare. Best practice benchmarking is also included and this is a way of identifying the top performers and comparing your results and processes against them, in the hope of emulating them in future and having similar success.

There is more about specific units that are measured but the main ones listed are either cost or productivity based. They can also be key customer service performance indicators but these are harder to define.

Benchmarking can be a one-off exercise but is more often a continuous process of comparing and contrasting in the aim of seeking to improve performance.

Put simply, organisations want a way of knowing where they are and on the face of it, the easiest way is to put performance measures side by side. But as we have found, and as the evidence suggests, this is far easier said than done.



## What is Good Benchmarking?

Anything that achieves the objective of providing solid, reliable comparable data would fit the term good benchmarking.

This could be numeric and often the numbers are easier to compare, but also applies to processes.

In the social housing sector, as an example, the STAR survey is a way of all providers measuring using a common set of questions and scales, although even that has seen a much more relaxed approach from the regulator in recent years.

In the water industry too, the regulator has created an environment where measures and the sharing of information is more commonplace but both of these examples have two core factors that make effective benchmarking easier to achieve.

Firstly there is a regulator that is making it happen, applying rigorous rules and in some cases, penalties for non-compliance. Secondly, there is the absence of competition. This means that the sharing and availability of data is not an issue because customers aren't going to readily change landlord or water provider unless they want to move out of the area in which they live.

This creates an environment where organisations are relatively comfortable with the others in the sector.

Unless, of course, they are one of the worst performers.



## Barriers to Benchmarking

There are lots of reasons why benchmarking is a struggle and some are deliberate while others are just a fact of corporate life.

It is perfectly reasonable that an organisation won't want to share its confidential information with anyone, let alone competitors. Unless there is a quid pro-quo then why would they? So, often, when looking at benchmarking, an organisation has to decide how much it is willing to give up in return for the information it wants.

Then there is the reliability issue. Even when data is shared or made available, it is not always possible to validate it so there is, in theory, nothing to stop information that is not accurate from getting into circulation and fooling those using it. We are not suggesting this is common practice, but rather asking 'how would you know?'

Organisations cannot be held responsible for the next issue though which is one of data collection. It is estimated that more than 90% of organisations are now gathering customer feedback so that is a lot of surveys.

These surveys will measure a whole range of factors including quality, speed, people, processes and other performance numbers but they won't do them in the same way. There is no universal measurement and no code of practice.

Of course, some exist such as Net Promoter and Customer Effort and these are largely used correctly and can be relied upon (although not always) but this kind of universal unit is few and far between. Others that seem straight-forward are not. For example, the two example questions below measure customer satisfaction but are completely different.

*How would you rate your overall satisfaction with the service provided by XXXXX?*

*Excellent      Good      Fair      Poor*

*I am satisfied with the service provided by XXXXXXX*

*Strongly Agree      Agree      Disagree      Strongly Disagree*

These are just two examples of the way a question can be framed and even though they are relatively similar and the comparison seems straight-forward, can we say that someone strongly agreeing with the second example is saying the same thing as someone answering 'excellent' to the first example? Not really. There are many more ways to structure a question used across the UK and beyond. At least these examples both have four point scales but there could be anything from two options to a scale of 0-10. So there are literally thousands of variations of question and scale that could be used, and it is extremely difficult to compare them accurately.

External factors and business context are also issues that impact on effective benchmarking.

For example, we have already highlighted NPS as one of the few universal benchmarks because of the way the question is framed, making the data comparable across sectors. But external factors still get in the way of this number.

When Northern Rock collapsed in 2008, there was a knock-on effect on the trust of any financial services organisation, so customers became weary of recommending banks and building societies and there was a fall in NPS scores even for the ones that had taken no financial risks with their customers' money. Indeed the NPS scores of some organisations that had consciously taken the decision to be risk averse saw their scores take a tumble.

However, some believe that this actually improves the credibility of NPS as a measure and benchmark because when the whole sector hits rock (no pun intended) bottom, the number is a clear indicator of trust rebuilding in the market and also, it begins to highlight which organisations can be trusted and which ones cannot. Thus the initial negative impact is a sign of the generic shock in the market and NPS is a guide to who is recovering more quickly.

Business context is much harder to factor in.

Every single organisation will be in a very unique place at any given time. This will be based on the maturity of the business, products, people, strategy, policies (external and internal) and of course, customers.

So any benchmarking is hampered by this fact because arguably, no organisation can really compare itself like-for-like with any other given that they will have a different business context.

For instance, imagine that the AA tried to compare itself with the RAC but one was just beginning to implement a new business plan and the other was three years into theirs. The results from each organisation would be vastly different making comparisons difficult, and dangerous.

Just over ten years ago, I worked as a consultant for a leading building society who were really trying to up their focus on customer service and began to look at any customer dissatisfaction as a complaint (even before the FSA made them do this). But when they compared themselves against their competitors on figures such as complaints received, they looked much worse because the others simply weren't in the same place. One of their rivals, for example, only counted a complaint if it was made in writing to the Chief Executive. So the volumes of complaints they published was tiny, whereas the organisation I was working with posted huge numbers.

Who was right? It would be tempting to say the one I was working with, because they were doing more to encourage people to focus on complaints and listening to their customers more, but the correct answer is neither. They were just in very different places and had both made conscious efforts to follow a particular strategy. But it didn't stop them comparing against each other and coming away feeling they were missing something.

It is a classic example of a benchmarking doing more harm than good.

These are just some of the reasons that benchmarking is not working as well as organisations would hope, and why CSN get more requests for benchmarking help than any other subject. It is also a reason why we made it the topic of our annual round table discussion, to find out what organisations struggling with this issue felt about it.

## Event Background

Each year, amongst our regular events and workshops, we host a round table discussion on a topical subject. Given that we get as many requests for benchmarking help as we do for surveys or training, it seemed a good way to go.

On the 7 July, we hosted the event in London and people from various organisations/sectors joined us to talk about the subject and try to find a way of putting the vast amount of questions, issues and solutions into some kind of order.

Here's a summary of what they were expecting or hoping to discover on the day:

- Better understanding of benchmarking
- Finding better ways to obtain data
- Go behind the scores
- Create dashboards
- Understand root cause
- Set benchmarking targets
- Find out where to get the numbers from
- To find out what other companies are doing
- Seeking new ideas for benchmarking
- Hear the experiences of others
- Find out more about customer effort
- Find out what is published
- Understand how to implement effective benchmarking
- Want to find ways to compare 'like for like'
- Calculate the return on investment
- Reduce waste

Even with the apparent gap in knowledge amongst the attendees, this wasn't to say they were novices who had never been involved in benchmarking. This was some of the experience that was present in the room.

- Networked with other associations
- Used third party agencies to carry out benchmarking surveys
- Asked about competitors in customer feedback surveys
- Used to be part of a benchmarking syndicate (that was halted when a key member pulled out and devalued the exercise)
- Working with international researchers on brand tracking
- Visited or worked with other organisations who do things well
- Took part in The Sunday Times Best 100 Best Companies
- Internet searches
- Used external measures such as CSN, NPS (Satmetrix) and UKCSI (ICS)
- Compared against similar organisations inside and outside of sector
- Identified organisations with similar challenges (e.g. the way that blood and milk is transported)
- Benchmarked productivity and cost (but not customer service)

## Obtaining Data

We discussed the ways that benchmarking data could be obtained and it is clear there are lots of possibilities and options. These included:

**Face-to-face conversations** – if two (or more) people are willing to share information, then conversations and relationships built on a mutual willingness to help each other and develop improvements can take place. It should be noted that although this sounds easy, in reality it rarely takes place and is much less commonplace than it was twenty years ago.

**Surveys** – a survey on its own tells you little or nothing about competitors unless you specifically set out to obtain this within the survey. An example of this is to include questions about competitors for direct customer comparison, or asking the customer to name companies they have used who do something well. Although effective, this is still quite rare within a survey and it should also be noted that it will impact on the survey length and may also be subject to bias from the customer (i.e. will they tell you, as the organisation asking the question, that someone else is much better than you?)

**External research agencies** – rather than traditional market research, there are also organisations like Duedil which collects data from a wide range of sources. Although it doesn't name names, it gives some comparison data on certain metrics and was used by at least one company in the room. Other agencies use surveys to gather data, such as the Bright Index Benchmarking Survey (that has around 100 call centres benchmarked against 50 key metrics and is based on millions of calls)

**Specific Benchmarking companies** – you would hope these do exactly what they say on the tin, but in reality, they are few and far between. One, called Customer Service Benchmarking Ltd, seemed a good bet to provide the kind of data we would want but the website was 'temporarily down' and the last blog post was October 2012.

**Publicly Available Data** – some organisations make their data available and it can be found if you have the patience to conduct a thorough web-search. However, there is a bias towards the data being available from really good companies but not so much from others. Great if you want to compare yourself against the best, but less so if you are looking to see where you fall overall in the pecking order.

**Regulators** – for the sectors with heavy regulation, the numbers are easier to obtain and more available. This also suits organisations that might be looking for benchmarking data to compare themselves against these sectors. But it makes for a very one-sided deal and there are limitations based upon how the regulator measures and displays the numbers (but this is no different to most other data that is available)

**Standards** – There are a few to choose from including CSE (UK only) and more global ones (TISSE) and this can be a good way of benchmarking because everyone going through the process will be measured in the same way, giving the benchmarks more relevance. Again, the better organisations are attracted to this kind of thing, and one downside is that you can only compare against other organisations that have completed the standard too. And if none of your competitors have, or the kind of companies you want to compare against, then it might not be that helpful as a benchmarking tool.

**Awards** – for awards, read Standards. The same benefits apply in terms of consistency of measures and benchmarks and this is a strong advantage. Awards tend to be less robust than standards in their process, but there will be more organisations entering as the cost is less prohibitive (on the whole). But therein lies on major flaw when using awards to benchmark – the comparisons are only with other organisations who wanted to (or were prepared to pay the entry fee) enter the awards to begin with. So the 50 Best Call Centres is really ‘The 50 Best Call Centres who paid the entry fee (£10K)’ and can you really call yourself the best if First Direct, for example, choose not to enter?

**Complaints** – we have already highlighted the dangers of comparing complaints because every organisation will have a different approach, even definition, to them. But there are numbers available and complaints can also be a decent benchmark because it is generally an indication of customer dissatisfaction and therefore a good guide that can be compared. But don’t take it too seriously if a competitor says they get ‘no - or next to no - complaints’ – they are almost certainly hiding the real figures or facts.

**Error Rates** – this is where a number such as ‘errors per 10,000 transactions’ is quoted. It’s a decent, comparable measure and not to be discarded but very few organisations measure in this way, and it’s not the best benchmarking data either. For example, a company that makes few errors could still have terrible customer service. And remember, just because a customer doesn’t return a product or complain, it doesn’t automatically follow that they are a happy customer. Think parachutes.

**Price Comparisons** – it’s a very simple way to benchmark and there is little room for misinterpretation but it’s a hard measure that hides a lot of the story. We know customers will pay more if great service is guaranteed, so comparing on price might be barking up the wrong tree. But it’s a good way of making sure you fall roughly in line with the competition on a key part of the decision process.

**Customer churn** – as with Price Comparisons it’s a decent comparable measure but is far from the full picture because of the company life cycle, policy and context differences. And what if a company is getting rid of lots of customers because it wants to? For instance, the unprofitable ones.

**Process Benchmarking** – this is one of the more complex but interesting areas of benchmarking. Whereas most other forms rely heavily on numbers and the comparison of data, this is much softer, looking at the ways in which things are done rather than the outputs. But it isn't easy because to see processes you have to gain access behind the scenes and this is seldom granted unless you are prepared to offer the same in return. And beware that earlier point about every organisation being unique because a process that works well for one, might not be as effective to another with a different context, customers and objective.

**Internal Focus** – this is often overlooked and if it is, a huge opportunity is being missed. There will be data, practices, processes and people in other parts of the organisation that can provide benchmarks and comparable ways of doing things. Taken a step further, global companies can discover some fantastic benchmarks between countries or regions. There will be things that, for example, are done brilliantly in Scandinavia but terribly in the Far East and vice versa. Organisations could do a lot worse than looking much closer to home for benchmarks, and no one is going to say no to requests for information. Or at least they shouldn't.

**Benchmarking Syndicates** – this is an interesting format that can work well under a particular set of circumstances. If a regulator is not in place, it's harder because it requires a group of organisations to make a conscious effort to work together and measure their performance in the same way and share data freely. They also share the effort and costs. But, as one attendee explained, it can hang in a balance because it only takes one major contributor in the syndicate to pull out and the whole thing can come crashing down.

There are other, less common forms of benchmarking, including brand tracking surveys, studies by consumer groups (e.g. Which?) and data made available by trade associations for their members.

In fact, with so many sources of data, one could reasonably ask the question 'what is the problem?' but that would be to ignore the problems mentioned on the above list and in some ways, the sheer weight of data is the root of the problem.

There is almost too much and it's very fragmented. It comes in so many shapes, sizes and formats what every piece of data is only a small part of the puzzle. The key is to know which benchmarks are the effective ones, not have too many and also find the reliable ones from a sea of potential numbers out there.



## Possible Solutions

As with benchmarking generally, the event didn't finish with any right or wrong answers.

Benchmarking is full of grey areas and complexities. If you are not careful, you can spend more time trying to find the answers than doing anything with them.

The key seems to point to knowing what to focus on and what to discard. There are literally hundreds of potential solutions, and overall the best approach would seem to be to look at benchmarking as having a 'buffet of benchmarks' in front of you, and know which ones to put on your plate.

There are plenty of quick wins to make this easier:

- Get things right internally first. The easiest benchmarks to obtain will come from within and consistency and best practice internally is a great place to start before you go out looking for external data.
- Build relationships. One of the most effective ways to get information is to talk about it with like-minded people in a similar position to yourself. So extend the hand of friendship and build relationships with people at the types of organisations you aspire to be like. Then it will feel a lot more like talking and not stealth like operations to find stuff out.
- Narrow down the measures you want to concentrate on. Rather than look for as much benchmarking data as possible, focus on identifying the five or six key things that matter to your organisation and your customers, and then seek out specific ways to find that data (it might be a different method or source for each one)
- Set reasonable targets and goals before you start. It's no good benchmarking if you don't know what you want to achieve to begin with. So ask yourself, and ask other key stakeholders where you want to be. Do you want to be the 'very best', 'one of the best', 'in the middle' or just in the 'top half'?
- Put together a benchmarking dashboard, a place where your five or six key benchmarks (in whatever format they are) can be displayed for all to see. The benchmarks have to be recognisable, easily understood and relevant.
- Give each benchmark its own individual owner. There are lots of reasons why this is a good idea but apart from just being responsible for collating and updating the benchmarks, this person should drive the communication and improvement.
- Understand your benchmarks. Even if they are just numbers, they won't just be numbers. There will be a story behind them and some key learning and messages. Look for trends too and most importantly, how do the benchmarks relate to what your customers want. It's no good striving to be like another organisation if your customers would hate you for it.
- Think outside the box. Your best benchmarks will probably end up as ones that you didn't think were that important or relevant. Benchmark outside of your own sector, and don't just focus on the big items. Sometimes a very specific benchmark of a small, but critical, process will serve you better. But take the blinkers off and look for benchmarking in unlikely sources. Remember the hospital shaving minutes off its bed making process by looking at the way Formula 1 teams treat a pit stop.

## Conclusions



All men can see these tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved.

Sun Tzu – The Art of War

The above quote can easily be applied to benchmarking. We are so busy looking at what the outcomes are (for example, the CSAT or NPS scores, the volume of complaints or defecting customers and the average call times) that we don't bother to look at how those scores were achieved.

Or why they were.

So the focus becomes about trying to be like other organisations, to have similar scores or be above them in a league table.

We should probably be asking if we want to do this, and why we want to.

Then, rather than imitate per se, we can look at specific processes and numbers that relate directly to our own key objectives. This makes it a less scary proposition and far more about identifying the things that matter. To our business and our customers.

Of course, there will always be a thirst for numbers, but for those intent on finding these numbers at all costs, beware.

There is data out there but it's not 100% reliable. It might not even be half that reliable in reality and if you factor in business context, it might not be relevant at all.

Many solution providers that claim to have all of the answers simply don't. It might win them some business if they suggest this, but the reality is that they can provide just one or two pieces of the puzzle and, even then, they might not be the right pieces that you need at that particular time.

We have seen that there are dozens and dozens of possible benchmarks.

Some are useful, some are not. Some work for some organisations and certain sectors, but do not work at all with others. The quest for benchmarking has led some organisations to seek it at all costs, and forget to stop and wonder if they need it in the first place. Or what they might do with it when they do have it.

Remember, benchmarking isn't the Holy Grail.

It won't solve all your issues and give you all the answers you are looking for. It's a guide, a basic and rough assessment of how you compare. Like any guide, it will have numerous uses and you will get benefits but it is still only a guide nonetheless.

Treat it like one and don't become obsessed and fixated on data. If your head is telling you something is right or wrong, there probably will be something in it, regardless of what your benchmarks are telling you.

And when you do use them...

1. Know what you are looking to do based on your customers' requirements and feedback
2. Identify the improvements and changes you want to make
3. Identify the organisations or part of an organisation that does those things really well
4. Set yourself a target of how good you want to be in comparison
5. Work towards that and repeat with up to five key benchmarks

But be very clear about what you want to benchmark. You can have too much data and much of it will dilute the overall impact.

We wish you the best of luck on your journey and if you do need help and support, please bear us in mind.



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