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Key Performance Indicators of customer service in SYKES
outsourcing company

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Introduction
1. Concept definition
2. Current stage of SYKES company
3. Key Performance Indicators of customer service in SYKES
4. Evalutation of current Key Performance Indicators
5. Concept improvement of Indicators within budget and customer satisfaction
Conclusion

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ANNOTATION

This work focus on measurable Key Performance Indicators, their evaluation and concept improvement in outsourcing company SYKES in Budapest. It also deals with forms, types, advantages and risks of outsourcing. The thesis describes particular indicators and suggests possible solutions for result improvement.

KEYWORDS

Outsourcing, key performance indicators, service level agreements, customer support, service providers

NÁZEV

Klíčové indikátory výkonu zákaznického servisu outsourcingové firmy SYKES

SOUHRN

Tato práce se zaměřuje na měřitelné klíčové ukazatele, jejich hodnocení a konceptulání zlepšení v outsourcingové společnosti SYKES v Budapešti. Také pojendává o formách, typech, výhodách a riscích outsourcingu. Práce popisuje jednotlivé indikátory a navrhuje možná řešení, ke zlepšení jejich plnění.

KLÍČOVÁ SLOVA

Outsourcing, klíčové ukazatele výkonnosti, service level agreements, zákaznický servis, poskytovatelé služeb

Content

Introduction

In today competitive environment on a business field when most companies literally want to be the number one on the market or at least in the 'top ten' in their sector, it is almost impossible to manage or handle all activities of their business by themselves. To maintain all the chain from a research and manufacturing of the product to sale and after sale customer care requires big financial, human resources, know-how and utility premises portfolio. But it is possible that one company can keep the same quality level in all these aspects mentioned above?

If the company wants to grow and keep the quality, it is often better to detach some parts of this chain and transfer it to another firm which focuses on that particular activity. In this moment we can say that company will decide for Outsourcing. Of course, the activity that company decides to outsource can not be the core activity of the company. In terms of Outsourcing, we usually speak about activities or aspects that are necessary for good quality production and service which it is not needed to be managed by the company itself.

For example, there is a company from information technology field which produce computers. The core activities in this case will be development, research and manufacturing of the new products or improving the current products. Non core activities can be promotion, sale or client servicing of the products. In this situation, company can decide to outsource some of its non core activities to be able to focus more on essential processes.

Before the company decides for Outsourcing, it should answer some important questions first. Which activities of the company should be outsourced? Will the outsourcing be cost effective for the company? What can be the benefits of the outsourced activity (less human resource requirements, less requirements for space)? What can be the possible threats (lost of knowledge of outsourced activity, time and people devoted for training and controlling of the outsourced company)? When company answers all these questions it should assign particular steps, activities and measures which outsourcing company should follow and fulfill.

The first chapter of this thesis will define the concept of Outsourcing, types, forms of Outsourcing and aspects why companies choose Outsourcing as one of its strategies for sustainable development and growth of the company.

In the next chapter will be mentioned SYKES company which is well known in outsourcing field especially in a client servicing area. There will be described SYKES's core work, its vision, values and its market regions.

The work will also describe SYKES's chapter in Budapest as a customer support line for Hewlett Packard contractor, its product specifications, account structure, job descriptions and responsibilities of each agent within the Hewlett Packard account.

The third part of this work defines and describes Key Performance Indicators in SYKES Budapest customer support line. Indicators are divided according channel used and team accountability such as Service Level Indicators, Solution provided ratio or First call resolution ratio.

The fourth chapter focuses on evaluation of each service level indicators, shows their week or month progress and explains possible reasons why some indicators are fulfilled and some of the indicators have not been reached yet.

The fifth part of this work describes the influence of individual indicators fulfillment to the company budget and proportional representation of indicators to the income.

The main goal of this thesis is a definition, description and evaluation of Key Performance Indicators in SYKES outsourcing company, which focuses on customer support for the products of the company Hewlett Packard. The target is also in suggesting conceptual model of improvement in reaching the level of individual indicators and its important connection to company budget growth and increasing the customer satisfaction.

1 Outsourcing

Outsourcing is a recent and often quoted and fashion concept, generally based on an agreement between the contractor (company which detaching its service or process) and outsourcing company (that offers to undertake the service or process), applied to those services or processes that does not include company's core business.

There is no single definition of the term Outsourcing but we will mention at least two concept definitions from two different sources to have bigger picture.

A precise definition of outsourcing has yet to be agreed upon. However, "***Outsourcing is often viewed as involving the contracting out of a business function to an external provider.***"[1]

In this sense, two organizations may enter a contractual agreement involving an exchange of services and payments. Of recent concern is the ability of businesses to outsource to suppliers outside the nation, sometimes referred to as offshoring or offshore outsourcing. But even doing business with another country does not necessarily mean you have to go offshore.

"***Outsourcing*** *involves an organization passing the provision of a service or the execution of a task previously undertaken in-house to a third party to perform on its behalf.*"[2]

Almost every organization outsources in some way. Typically, the function being outsourced is considered non-core to the business. For example an insurance company might outsource its process operations to companies that specialize in those types of work since they are not related to insurance or strategic to the business. The outside companies that are providing the outsourcing services are third-party providers, or as they are more commonly called, service providers.

Although outsourcing has been around as long as work specialization has existed, in recent history, companies began employing the outsourcing model to carry out some functions, such as payroll, billing and data entry. Those processes could be done more

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[1] STÝBLO, Jiří. *Outsourcing a outplacement*. 1.vyd. Praha: ASPI, 2005.p25.
[2] HÜBNER, Miroslav. *Outsourcing*. Praha: Tate International, 2008.p18.

efficiently and more cost effectively by other companies with specialized knowledge, tools, facilities and specially trained personnel.

1.1 Reasons for outsourcing

If we look out into world and back in time to the recent history, we can find many reasons why companies decide to detach some of their non core business processes or company activities. In the list stated bellow, according to importance the following reasons were found:

- *"Focusing on core business of the company's,*
- *Access to world class possibilities and capabilities,*
- *Bordering the benefits of restructuring,*
- *Increased flexibility for resources,*
- *Risk sharing,*
- *Resources are released for other purposes,*
- *Capital is released,*
- *Inflow of money,*
- *Resources are not just available locally.*
- *Costs reduction,*
- *Utilizing the know-how of external specialists,*
- *The ability to measure the business value,*
- *Improved quality,*
- *Security and protection of critical data."*[3]

Some of the listed reasons may have changed, but the fact remains that the share of Outsourcing is increasing quite significantly. The situation is no different in Czech Republic, at least regarding current trends. Some local specifics can be defined. There is probably more than one reason for the current „outsourcing boom" here in the Czech Republic. The basic reason is the flow of investment from abroad where they have comparatively good experience with Outsourcing. Foreign companies investing in Czech companies want to have a uniform environment for all their subsidies around the world. If they have good experience with

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[3] CHORAFAS, Dimitris N. *Outsourcing, insourcing and IT enterprise management*. Basingstake: Palgrave Macmillan, 2003.p31.

Outsourcing it is entirely logical that they will try and use the same model for their business in Czech Republic. That is the demand side of things, and in this case market principles have worked in a template way. This means that in terms of the supply it is possible to select a high quality supplier.

For example, there is a company from Information Technology field. This company is well situated on IT market for many years and the firm operates on international platform. So far the company was handling all business processes on their own. But now the company decided for detaching some of their non-core processes. But which of company's process are suitable for Outsourcing? In the appendix o. 1, we can see some examples of the company's services and based on this table company can decide which of those services are possible to outsource and which are better to keep in-house.

"It is, therefore, just like any other change and Outsourcing is a very considerable change. Changes are usually only made when:

- ***They make money*** *(cost reduction or increased revenues),*
- ***They eliminate risk*** *(they minimize the possibilities for financial and non-financial losses)."*[4]

The main purpose of Outsourcing is to increase a company's or organizational value for its owner. This is also the most important task for the top management.

1.2 Outsourcing risks

Business can gain numerous and significant benefits and advantages from Outsourcing. However, the commercial risks for these businesses can also change significantly. Company should be also aware that some risks are eliminated but, on the other hand, certain risks can be increased or new risks can be generated.

"Risk is generally understood as the threat of losses, damages, injury or destruction, or a business failure or other undesirable event, which could have a negative influence on business' operations."[5]

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[4] DUENING, Thomas N; CLICK, Rick L. *Essentials of business process outsourcing*. Hoboken: John Wiley and Sons, 2005.p32.
[5] SMEJKAL, Vladimír; RAIS, Karel. *Risk Management*. Praha: Grada Publishing, 2003.p.27.

In the table bellow will be mentioned and described more in detail 9 risks of Outsourcing that are considered the most relevant as viewed by organizations' experience across the Europe.

Table no.1: Outsourcing risks

No.	Outsourcing risk	Frequency
1	An excessive dependence on the provider	61.8%
2	Loss of critical skills and competences	36.6%
3	Deficient qualifications of the provider's staff	35.9%
4	The provider does not comply with the contract	33.0%
5	Unclear cost-benefit relationship	30.7%
6	Hidden costs in the contract	29.4%
7	Security issues	20.6%
8	Irreversibility of the outsourcing decision	9.8%
9	Inability to dept to new technologies	6.2%

Source: HÜBNER, Miroslav. *Outsourcing*. Praha : Tate International, 2008. 45p.

To understand better the particular Outsourcing risks listed in the table above, there will be mentioned some of these risks more in detail.

1. **Excessive dependence on the provider**

Many organizations are not able to define their needs. They find it difficult to quantify and define the information services they need and they fail in assigning services to their business needs in particular. They are dependent on the service defined by their outsources which can caused the fact that the outsourced service is defined in way that it is not understood well by a receiving organization. The result could be reduced efficiency of the services.

2. **Loss of critical skills and competences**

When a service is outsourced the company will lose the understanding of the service over time. Even though the provider supplies innovative services to the organization, a large part of the new knowledge required remains in the hands of the provider and cannot be transferred to the customer. What is worse, the company can lose its capacity to keep up with the overall development of the particular service such as technologies, innovations, strategies.

The risk can be reduced by maintaining of a small strategic team of capable skills and business knowledge that are allowed to develop themselves whilst keeping the track of developments in the service field as well as with changes in the organization's business.

3. Deficient qualifications of the provider's staff

It is usual that an outsourcer has highly qualified staff available. What is more, one of the benefits provided by Outsourcing is that it provides an organization with access to specialized expert knowledge in a narrow field that would not otherwise be acquired. However, it is often the case that one part of the Outsourcing contract is transferring employees from organization to the service provider which can be disadvantage. In this moment it is important that the outsourcer will prepare and demonstrate educational program and procedures for „teaching old dogs new tricks or new stall will be fully integrated into existing provider teams. It is clear that the transferred individuals are important because they are familiar with the organization and its processes.

4. The provider does not comply with the contract

To reduce a disoblagation of the contract from the side of the service provider is based on a more practice definition of expectations from the side of a tender organization. Enough time needs to be spending on developing relationship between the organization and the outsourcer, and on resource coordination, knowledge exchange and the provision of feedback. A good understanding of that the outsourcer can really offer also helps in avoiding unrealistic expectations. An Outsourcing contract is a partnership and both parties should perform their part in defining, establishing and developing their relationship.

5. Unclear cost-benefit relationship

Performing a cost benefit analysis for Outsourcing is no easy matter. The biggest problem is usually in calculating the financial value of all the benefits as identifying the relationship between service quality or service level and its financial benefit.

Many companies have a tendency to make their decision to outsource based only on costs. It results the lost of opportunities in utilizing various Outsourcing advantages because the providers are forced into product or service competition, where the service quality and

service levels are pushed to the lowest possible value with the competition based entirely on price.

6. Hidden costs in the contract

Cost saving and cost improvements are often referred as Outsourcing benefits. These terms doesn't mean only cost reductions, but also the improvement of cost transparency, visibility and forecasting as regards cost transformation from fixed to variable. On the other hand, Outsourcing can raise some hidden costs that have not been considered in advance. For example, organization which search for suitable outsourcer may underestimate expenses associated with identifying and evaluating outsourcer candidates, selecting finalists, negotiating the contract and drafting the contract.

7. Security issues

The security risks related to Outsourcing are often overestimated these days. Some risks can be perceived if the provider provides services to several companies that compete with each other. The companies can worry about disclosure of their private information and may reject the provider. Because the security of the outsourced services depends on the provider, the Outsourcing contract must contain security objectives such as integrity, privacy, validity and effectiveness and their fulfillment.

If company decides for outsourcing it is obvious that not all risks will appear. It mainly depends on the process or service that company wants to detach. It is also very difficult to calculate risks in a financial scale but more time the company will spend in identifying the level of potential risks more prepared will be when the situation will appear.

1.3 Types of outsourcing

Currently, Outsourcing takes many forms. Organizations still hire service providers to handle distinct business processes, such as benefits management. But some organizations outsource whole operations. Outsourcing is basically divided into three types: *technology services outsourcing, business process outsourcing and knowledge process outsourcing.*

1.3.1   Technology Services Outsourcing

According to DEROSE, Garry J due to the fast-changing world, business enterprises find it necessary to invest on sophisticated technologies and systems. Technological innovations are fueling the rapid evolution of business and economic models. Companies have to adapt to these changes in order to thrive in a competitive market. Some of these technologies include electronic commerce, network infrastructures, applications, telecommunications and website development. Investing on a whole new set of manpower to perform these tasks is apparently, an additional capital expenditure. In-house employees may perform such functions but not as good as getting a third-party company that specializes on the field and are sure to be more cost-effective.[6]

1.3.2   Business Process Outsourcing

According to DEROSE, Garry J the Business Process Outsourcing, more commonly known as BPO started back in 1995 during the advent of internet business. It involves operational functions such as customer relations management, equipments, accounting, human resources, logistics, procurement, security, documentations, insurance, health care, manufacturing, and media outsourcing. In BPO, specific tasks, especially those outside the core competency of a company, is outsourced to a third-party company.[7]

BPO can be further divided into two: *front office* tasks and *back office* tasks. Front office functions are customer-oriented such as marketing, customer service and technical support. Back office tasks are more on internal work (e.g. billing, payroll, purchasing).

1.3.3   Knowledge Process Outsourcing

According to DEROSE, Garry J. a more sophisticated level of outsourcing relative to business process outsourcing is knowledge process outsourcing (KPO). This involves advanced research, analytical, and technical skills which means that providers are expected to work independently. It is also important to note that in BPO, all processes are still laid out by the client whereas KPO specialists are given managerial control. Examples of KPO include:

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[6] DEROSE, Garry J. *Outsourcing: training & education*. Los Angeles : American Society for Training and Development, 1999. 27 p

[7] DEROSE, Garry J. *Outsourcing: training & education*. Los Angeles : American Society for Training and Development, 1999. 27 p

pharmaceutical research and development, intellectual property research, content writing, and database development services.[8]

Dominant outsourcing service providers in the information technology outsourcing and business process outsourcing fields include IBM, Hewlett Packard, Affiliated Compute Services, Accenture and Capgemini.

Some nimble companies that are short on time and money, such as start-up software publishers, apply multisourcing (using both internal and service provider staff) in order to speed up the time to launch. They hire a multitude of outsourcing service providers to handle almost all aspects of a new project, from product design, to software coding, to testing, to localization, and even to marketing and sales.

'*The **process of outsourcing** generally includes **four stages**:*

1. ***Strategic thinking** - to develop the organization's philosophy about the role of outsourcing in its activities.*
2. ***Evaluation and selection** - to decide on the appropriate outsourcing projects and potential locations for the work to be done and service providers to do it.*
3. ***Contract development** - to work out the legal, pricing and service level agreement (SLA) terms.*
4. ***Outsourcing management or governance** - to refine the ongoing working relationship between the client and outsourcing service providers".*[9]

In all cases, outsourcing success depends on three factors:

- Executive-level support in the client organization for the outsourcing mission,
- Ample communication to affected employees,
- The client's ability to manage its service providers.

The outsourcing professionals in charge of the work on both the client and provider sides need a combination of skills in such areas as negotiation, communication, project management, the ability to understand the terms and conditions of the contracts and service

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[8] DEROSE, Garry J. *Outsourcing: training & education*. Los Angeles : American Society for Training and Development, 1999.p. 28.
[9] DUENING, Thomas N; CLICK, Rick L. *Essentials of business process outsourcing*. Hoboken: John Wiley and Sons, 2005.p39.

level agreements (SLAs), and, above all, the willingness to be flexible as business needs change.

The challenges of outsourcing become especially acute when the work is being done in a different country (offshored), since that involves language, cultural and time zone differences.

1.4   Forms of outsourcing

In this section will be mentioned forms of outsourcing we can see in today business. Outsourcing forms defines bilateral relationships between the contractor and the outsourcing company.

According to HAUGEN, David M. forms of Outsourcing can be divided into following main categories: *Team Partner, Delivery Partner, Delivery Vendor* and *Facility Vendor*.[10]

1. Team Partner

Contract expertise is brought in to work internally as part of a team or within a function. Of the four, it is the most integrated with company functions and decision-making. Many IT projects use this form of outsourcing. Examples include contract developers and project managers.

2. Delivery Partner

External 3rd parties provide integrated solutions or deliver strategic information on company products to customers, as part of the overall marketing and product definition. Examples include VARs (value added resellers) and product sales training providers.

3. Delivery Vendor

The delivery of a service or product to the customer is contracted out and completely handled by an external agency. Outsourced functions may include merchandise fulfillment, technical support and national service providers for company products.

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[10] HAUGEN, David M. *Outsourcing : Opposing viewpoints*. Farmington : Greenhaven Press, 2009. p.58.

4. Facility Vendor

An internal service or function is contracted to an external agency. Of the four, it is the least integrated with company functions and decision-making. Examples include a company travel agency and graphic production service.

The resulting matrix, listed bellow, creates the four forms of outsourcing, characteristics of each with examples, what key value is provided, the top two priorities for each, and the actions essential to achieve the best results through selecting and managing vendors effectively for each distinct form.

Table no.2: Outsourcing Matrix

		Internal delivery	External delivery
Integration with the Business	**Standalone**	**4. Facilities Vendor** *Characteristics* • Provides company service • Performs standalone business activities • Manages own operations *Examples* • Travel agency • Web/application hosting *Value* • Reduce operational issues or costs *Selection priorities* • Cost-effectiveness • Responsiveness and reliability	**3. Delivery Vendor** *Characteristics* • Delivers to customers, account, staff • Performs standalone business activities *Examples* • National service provider • First level call center *Value* • Leverage vendor's operations *Selection priorities* • Reliability and service level • Customer satisfaction
	Fully integrated	**1. Team Partner** *Characteristics* • Works on company operations • Works with employees • Participates in decisions and meetings *Examples* • Contractor on project team • Business consultant *Value* • Use cost-effective expertise as needed *Selection priorities* • Team/cultural fit, adaptability • Grasp of company business and priorities	**2. Delivery Partner** *Characteristics* • Delivers to customers, account, partners • Works with employees *Examples* • Systems integrator • Product sales trainer • Enterprise account technical support *Value* • Extension in-house capabilities *Selection priorities* • Knowledge and experience
		Internal delivery	**External delivery**
		Recipient of the service	

Source: HAUGEN, David M. *Outsourcing: Opposing viewpoints*. Farmington: Greenhaven Press, 2009.p.60.

As shown in the matrix, each of these forms has a particular value that is added through the outsourcing approach. Each has particular issues that must be addressed. Naturally, there are issues that apply to more than one form (e.g., proficiency, ethical practice); however, each form has strategic priorities that relate to the business objectives for the task.

When outsourcing is implemented, the particular form has very important strategic priorities that need to be followed, to ensure the success of the outsourcing initiative. These are show in the matrix, and each relates to the job to be done, and the context in which it is done. The actions recommended ensuring these priorities are listed in the matrix for each form.

When evaluating resourcing options, and making a decision to outsource, it is important to take into account how the nature of the task, the context in which it will be done, and the audience or recipients of the work will impact the plans for implementation. Using the matrix can be a useful guide and starting point.

1.5 Offshoring

According to FARRELL Diana, Offshoring is a type of outsourcing and simply means having the outsourced business functions done in another country. Frequently, work is offshored in order to reduce labor expenses. Other times, the reasons for offshoring are strategic - to enter new markets, to tap talent currently unavailable domestically or to overcome regulations that prevent specific activities domestically.[11]

So what is the main difference between outsourcing and offshoring? Generally these questions strikes up when company has a project to outsource or offshore. We often mix both the terms though they have technical differences. Outsourcing is when a company hires some expert or professionals to complete a certain task. This can happen in many cases, including minimizing capital expenditure, high productivity, improved customer support and specialized skill. Outsourcing means corresponding with the provider or an expert within his area of expertise and getting the work done for the same. However, in offshoring a company can outsource its work or project outside the country or anywhere across the globe. The benefit of low cost, educated labor pool and pleasing time zones are the main attractions why companies offshore their work around the globe.

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[11] FARRELL, Diana. *Offshoring: understanding the emerging global labor market*. Harward : McKinsley Global Institute, 2007. p.23.

2 Current stage of SYKES Company

In this chapter will be described the current situation of SYKES Company, its core work, values, company business regions, SYKES in Budapest, its structure, outsourced service, supported products and an account description.

SYKES is a well known company in providing customer contact management solutions and services in the business process outsourcing (BPO) area. The company also provides a various scope of customer contact management solutions for approximately 1000 companies around the world, primarily in the communications, financial services, healthcare, technology, transportation and leisure industries.

The company specializes in providing flexible, high quality customer support outsourcing solutions with focus on inbound **technical support** and **customer service**. SYKES provides services through multiple communication channels such as phone, email, web and chat. Headquarter of the company it is situated in city Tampa, Florida state.

In total SYKES employ more than 51 000 employees, it has around 80 global centers in 24 countries and has over 30 years of experience on the market.

SYKES offer its services for their clients through two main geographic operating segments: the Americas (United States, Canada, Latin America and Asia Pacific) and EMEA (Europe, Middle East and Africa). SYKES also provides various enterprise support services in the Americas and fulfillment services in EMEA, which include multi-lingual sales order processing, payment processing, inventory control, product delivery and product returns handling.

2.1 SYKES principles

Almost every organization which today means something on the market is concerned about its mission, vision and values. It should not be just a piece of paper proudly hanging on an entrance hall but for the company and especially for each of the employees it should be something like a basic guideline for their everyday work.

SYKES mission

A mission statement is a brief description of a company's fundamental purpose and it should answer the question why the company exists.

„Our mission is to make our clients more efficient and more profitable while improving loyalty to their company brands. "[12]

The mission articulates the company's purpose both for those in the organization and for the public.

SYKES vision

A vision statement is sometimes called a picture of the company in the future but it's so much more than that. The vision statement is the inspiration, the framework for all company strategic planning.

„SYKES will be the Global Standard for delivering value-based customer contact management solutions tailored to the unique needs of our clients. "[13]

A vision may apply to an entire company or to a single division of that company. Whether for all or part of an organization, the vision statement basically answers the question where the company wants to go.

SYKES core values

Vision defines and describes the future situation that a company wishes to have, the intention of the vision is to guide, to control and to encourage the organization as a whole to reach the desirable state of the organization.

„All SYKES Employees are expected to maintain high personal and professional standards of conduct and integrity. "[14]

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[12] *SYKES company* [online]. 2007. Last modified 2010 [cit. 2010-05-20]. SYKES Enterprises. Available from WWW: <http://www.sykes.com/Default.aspx>.
[13] *SYKES company* [online]. 2007. Last modified 2010 [cit. 2010-05-20]. SYKES Enterprises. Available from WWW: <http://www.sykes.com/Default.aspx>.
[14] *SYKES company* [online]. 2007. Last modified 2010 [cit. 2010-05-20]. SYKES Enterprises. Available from WWW: <http://www.sykes.com/Default.aspx>.

The greatest potentials for the growth of any company are generated by a commitment to high corporate values. By values, could be understood the qualitative goals which the company strives to achieve in all its activities.

2.2 SYKES market regions

With 80 centers around the world, SYKES works for global brands in extremely competitive industries like telecommunications, financial services and technology.

In order to be more operative and flexible, SYKES divided its world wide sides of action into several regions: **North America** (USA, Canada), **Latin America** (Brazil Argentina, Costa Rica, El Salvador and Mexico), **EMEA** (Europe, Middle East and Africa) and **Asia** (Australia, China, India, Philippines).

2.3 EMEA region

SYKES comprehensive network of over 20 contact centers throughout the Europe, Middle East and Africa (EMEA) region serves their clients and customers in their language.

EMEA region includes countries such as Denmark, Egypt, Finland, Germany, Hungary, Ireland, Italy, The Netherlands, Slovakia, South Africa, Spain, Sweden and United Kingdom.

Picture no.1: Countries of EMEA region

Source: *SYKES company* [online]. Last modified in 2010.[cit. 2010-05-20]. SYKES Enterprises. Available from WWW: <http://www.sykes.com/Default.aspx>.

SYKES regional service portfolio tries to fulfill the needs of major international and domestic companies in the Telecommunications, Financial Services and Technology sectors and every solution is customized to the clients' needs, enabling them to outsource a task or a complete business process.

2.4 SYKES in Budapest

One of the local center in EMEA region is SYKES in Budapest which is well knows for providing quality service mainly in customer service support area also known as first level call center. SYKES office in Budapest provides services for more than 10 companies such as Fujitsu Siemens, Ericsson, Dymo, Procter and Gamble, Samsung, ABB and Yahoo. One of the biggest contractor and partner is IT Company Hewlett Packard.

Contractors usually transfer its customer support to SYKES for more that one country. For example, Hewlett Packard transferred to Budapest customer support for Czech Republic, Slovakia and Hungary. Fujitsu Siemens transferred customer support for Czech Republic, Slovakia, Slovenia, Poland and Hungary.

Particular team which supports customer service for one company is called the Account. The size of the accounts varies from 2 agents such as Procter and Gamble to 35 agents such as Hewlett Packard or Samsung. Agent is a member of one account and its employee of SYKES not the contractor.

Hewlett Packard Company opened its customer service support for Czech Republic and Slovakia in SYKES Budapest in August 2009. Hewlett Packard Company decided to transfer its customer service first line call center to Budapest from Prague because of the service level agreement (SLA) inefficiency and poor results of the Czech provider.

Nowadays SYKES in Budapest has over 150 employees and 35 of them belong to HP Czech-Hungarian account which is the biggest account in the company. Account's structure, job descriptions and responsibilities may vary from one team to another but in final every account has its account manager who is in a close contact with the company that detached its service to SYKES.

SYKES and Hewlett Packard company logos are stated in the appendix no. 2.

Picture no.2: SYKES Budapest organization structure
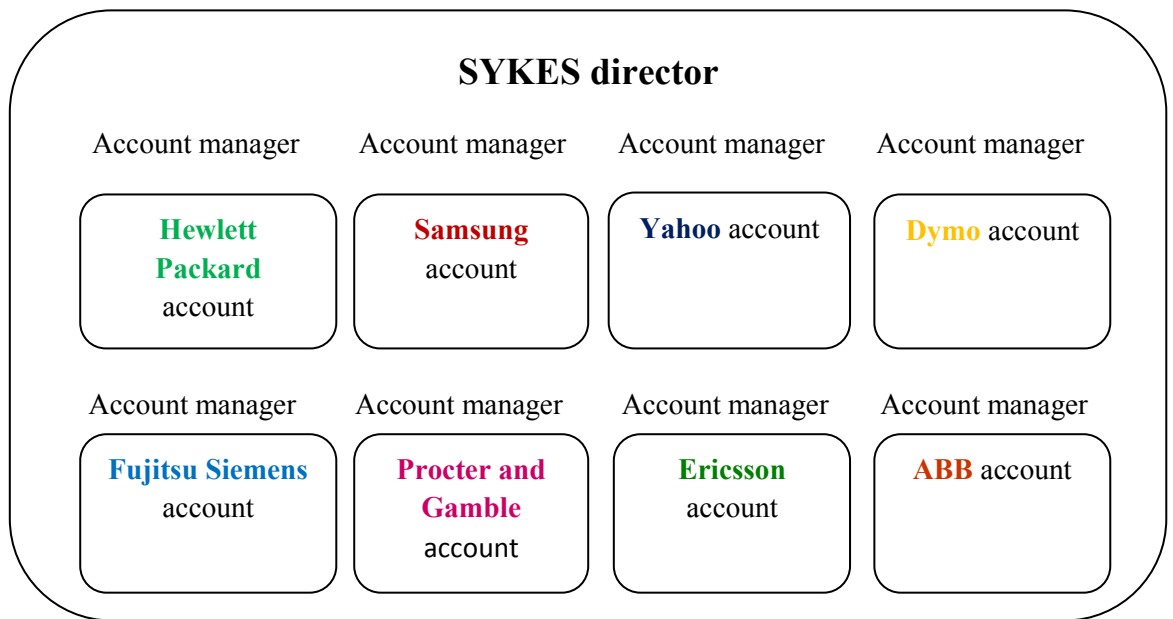
Source: Author

As the table refers companies that decided to detach their customer support are from very different market segments. Hewlett Packard, Fujitsu Siemens focus on PC's and printers, Samsung is very good brand in producing white electronics, Yahoo is an internet company, Procter and Gamble is a well situated company on consumer product market and ABB company operates with automation technology. But all companies have at least one thing in common. They outsourced their customer support to a third-party company, SYKES in Budapest.

2.4.1 Product specification

Czech Hewlett Packard account in SYKES Budapest has main responsibility for phone and email customer service support for Czech and Slovak clients who include the end user customers, service partners, basic retailers and repair centers.

Hewlett Packard is well known brand in IT field and their main products are divided into two main groups. One product group is computers often called as **PSG** (Personal Systems Group) and printers and cameras called as **IPG** (Imaging and Printing Group). This classification comes from the type of the product. Some examples of the supported products are mentioned in appendix no. 3.

Other product classification can be **Consumer** and **Commercial** products. This classification is based on the type of end user. Consumer products are mainly addressed to individuals – physical entities. Commercial products are addressed to companies – corporate entities. Of course it does not mean that individual cannot purchase product from Commercial group and the same applies reversely.

2.4.2 Account structure

As it was mentioned above Czech Hewlett Packard teem has 18 members plus 2 supervisors and one account manager who transmit necessary information and instructions between HP company and agents within a team.

For better and more effective work the whole team is divided into smaller groups with particular responsibilities. Every group also has its own targets but if one group is not able to fulfill its objectives the whole income of the team will decrease. In the chart bellow will be described the main team structure.

Chart no.1: HP account structure
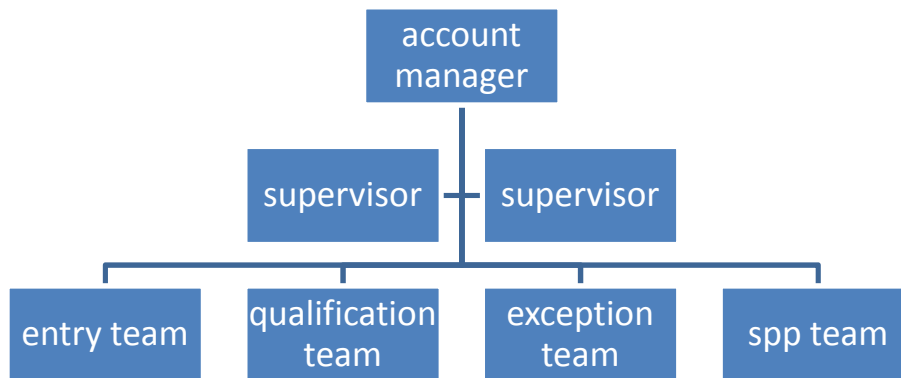
Source: Author

When the account was opened in August 2009 there were only 11 agents in the team but the account extended into 18 members during the year. Requirements for all agents are usually the same. Every agent should have excellent speaking and writing Czech or Slovak language, good communication skills, pleasant behavior towards customers, pressure resistant skills, willingness to learn new things and team spirit.

Any previous working experience or any specific knowledge it is not required from agents but the character of work is very dynamic so this job is more suitable for young people who can keep up with quite hectic beat of work and are more stress resistant.

There are two main ways how Czech customers can contact HP customer support: phone and email. Some other countries such as USA and Canada also provide chat and Skype support. The telephone number has untypical format, so customer usually doesn't know that he calls to Czech customer support, but his call is actually transferred to Budapest.

Every incoming call an email must be logged into the CRM (Customer Relationship Management) system. CRM system in SYKES Budapest is called **ASTRO**. Every agent has its own **ASTRO** account (login name and password). The ASTRO system is divided into two main parts: email part and phone part. The email part it is basically Inbox where all incoming emails are stored. Into the phone part every incoming or outgoing call has to be recorded.

Picture no. 3: ASTRO screen

Source: CRM - Company internal source

For example, customer calls to HP customer support that he has some technical issue with his laptop. In the first place it is necessary to record customer's identification data such as name, surname, phone and email contact. After agent logs these data, system generates **ID number** (Identification number) which 10 digits code starts with number one. Then an agent has to link the product to the customer ID. Product is logged into the ASTRO system based on product and serial number of the unit. The next step is to create **Service ticket** (in case of

exception team – **Complaint ticket**) where the customer's problem will be described more detailed and some solution for the problem will be suggested. Service ticket starts with number eight and it is linked to the concrete issue.

2.4.3   Job description and responsibilities

Selection criteria are same for all agents at the beginning. Based on interviews, their interests, skills and competencies agents are divided into concrete teams. For the supervisor position is usually selected the best agent after previous experience in the company. There is required at least 3 years experience in the company and some previous management experience for the Account manager position.

Account manager – is a person who manages the all account. His main responsibility is to be in regular contact with Hewlett Packard Company to be able to respond immediately on particular changes from HP side. He also has to present achieved results to HP management. He basically transmits the communication between HP and agents. Also his role should be positive motivation of agents and contribute on good working environment. Every account has one Account manager but one manager could be responsible for more that one account at the same time.

Supervisor – is mainly responsible for agents' coordination. He should track their daily results such as email and call service level and logging ratio. Supervisor also tracks the quality of calls and emails and provides feedback to agents. He must know all the processes with a team to be able to react on conflict situations or customers' complaints. There are 2 supervisors in Czech and Slovak HP account.

Entry agent – is responsible to answer every single incoming call and based on customer request to either solve a query or transfer the call to appropriate team such as qualification, exception or SPP. He is first line agent. The entry agent has approximately 30 incoming calls a day. There are 6 Entry agents.

For example, customer calls in and needs to know where he can purchase new power cord for his laptop. This type of query can be simply solved by entry agent who provides customer the necessary contact number or address of the seller. If customer has specific technical issue, complaint or he requires information about service status of his unit, the entry agent transfers the call to the responsible team.

When the entry agent transfers the call he needs to know the character of the issue (technical issue, complaint), type of the product (laptop, printer) and serial number of the unit.

Qualification agent – solves mainly technical issues. In the first step, qualification agent needs to log the customer into the system and provide the customer with his Identification number in case, that agent will not be able to solve customer's issue within one call. Call transferring is done automatically, what is why it is very important to record the history of a problem to avoid the situation when customer will call the support back and needs to repeat all his problem again to another agent. There are 5 Qualification agents.

If the agent is not able to provide solution during the call he needs to promise the callback to customer with 2 days and discuss the issue with other agents or technical mentor. Only after he solves customer's problem and customer is satisfied with the given solution the agent can close the case.

Exception agent – when the service process of the unit exceed 30 days, customer has right to cancel the contract and ask for new unit or money back. In this situation customer is transferred to exception team which has responsibility to handle these cases. When customer calls in he is not usually very happy and expects quick carrying out of his issue. That is why exception agents have to know how to deal with impulsive and angry customers and persuade them for cooperation. Exception team contains of 4 members.

SPP agent – provides customers with information about the service status of the serviced unit and disposes orders for service partners. The shortcut SPP has no special meaning. There are only 2 agents in the team.

Many people may wonder how it could be cost effective to have customer support for Czech Republic and Slovakia in Hungary. Answers could be one than one. Cost effectiveness is only one of the Outsourcing benefit aspects and for some companies does not have to be the aspect with the highest priority. They more focus on the quality service that particular service provider can offer and they are ready to pay more. It was also one the reasons why Hewlett Packard transferred Czech customer support from Czech Republic to Hungary. SYKES is also one of the high quality outsourcing companies within their field in Central Europe.

3   Key Performance Indicators of customer service in SYKES

The concept of Key Performance Indicators (KPIs) may seems quite new for many companies but even they are not aware of it fact almost all companies have these KPIs included in their business plans as a part of the measured goals.

"*Key performance indicators (KPIs) present a set of measures focusing on those aspects of organizational performance that are the most critical for the current and future success of the organization.*"[15]

There can be some common characteristics found for KPIs:

- They are usually not financially measured. Means that KPs are not expressed in Kč, Euro or Dollars.
- KPIs should be measured frequently. They can be measured in real time, daily or weekly. Some authors identically mention that KPIs which are tracked in more than one month period are no longer KPIs.
- The responsibility to reach particular KPIs ties to concrete individual or a team.
- They should have significant and positive impact. Means, if the KPI will be reached it could have a positive impact on other elements of work.

As with most changes and transitions to Outsourcing this is most often connected with concrete agreement between the outsourcer and service provider. The agreement purpose or specification is a document which must include KPI for the services outsourced. The Outsourcing objectives overlap the reasons for Outsourcing with that difference that particular objectives must be defined very practice. There can be three main questions in defining the right objectives:

- What needs to be achieved,
- When it needs to be achieved,
- How it will be measured whether the objective were achieved.

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[15] PARMENTER, David. *Key Performance Indicators: Developing, Implementing,and Using Winning KPIs.* Hoboken: John Wiley and Sons, inc. 2007.p.13.

3.1 Service levels

In case of SYKES Budapest most of KPIs are mostly called Service Level Indicators because they measure the quality of the service provided for a customer satisfaction.

Service Level Indicators can be basically divided into two main parts based on a channel which customer uses to approach the customer support. The frame line includes **Phone service level** and **Email service level**. Greater emphasis goes to Phone service level because SYKES Budapest suppose to be mainly the call center and also Hewlett Packard prefers more direct and personal contact with the customer which phone call really is.

3.1.1 Phone Service Level

There are more types of measures in Phone Service Level Indicators. They can be divided into main areas:

Service Level Indicator (SLI) No.1 – means that every single call from the customer needs to be answered when the line is opened. Line opens at 8.30am and closes at 6pm. Within this period SLI No.1 is measured. If there is no Entry agent available to pick up the call service level goes down. During the whole day service level cannot go lower than **98%** per Entry team otherwise SYKES loses part of its monthly income. Because this number is very high there is usually the biggest number of members in the Entry team.

In daily ratio every Entry agent has approximately 30.8 incoming calls, there are 6 agents with a team so is total it is 185 calls a day. To reach SLI No.1 only 3 incoming calls can be missed during all day.

Usually 43% of calls is transferred to Qualification team, 22% to Exception team and 16% is transferred to SPP team.19% out of 100% calls it is solved by Entry team itself. In the chart below it is mentioned the approximate number of transferred calls per team.

Picture no.4: Phone call transferring ratio
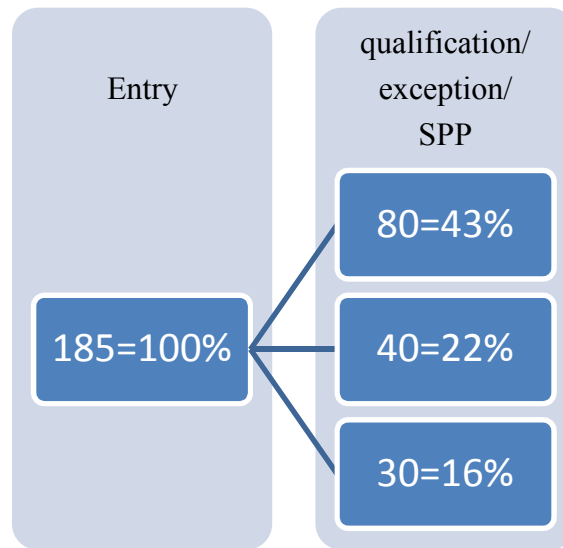
Source: Author

Service Level Indicator (SLI) No.2 – it is very similar to the previous service level but in this situation Entry agent transfers the call to particular team (qualification, exception or SPP) based on the customer query. Also in this situation some agent from dedicated team should be available to answer the call.

Service level ratio is **96%** and it is the same for all teams but in result it means different number of missed calls possible per team. Qualification team can lose maximum 3 out of 80 calls, Exception team can lose less then 2 out of 40 calls per day and SPP team can lose only 1 call out of 30 during one day.

For better and regular tracking there is one screen in Entry box which shows and measure this service level during all day.

Service Level Indicator (SLI) No.3 – this indicator include only Qualification and Exception team because SPP team does not create any tickets from incoming calls. Every answered call (which was transferred to Qualification or Exception) has to be logged into ASTRO that is why the Service Level Indictor No.3 it is usually called **Logging ratio**. The lowest acceptable level of Logging ratio is **95%** per day per agent.

In case of Qualification team, there are usually 4 agents in the team so every agent has 20 calls day. To fulfill this service level, one agent can miss to log only 1 call during a day.

In Exception team there are also 4 agents in the team but their number of incoming calls is much lower then in qualification team. They cannot afford to miss a single call otherwise their Logging ratio is below the accepted limit 95% per agent per day.

Picture no.5: Phone calls Service Level Indicators
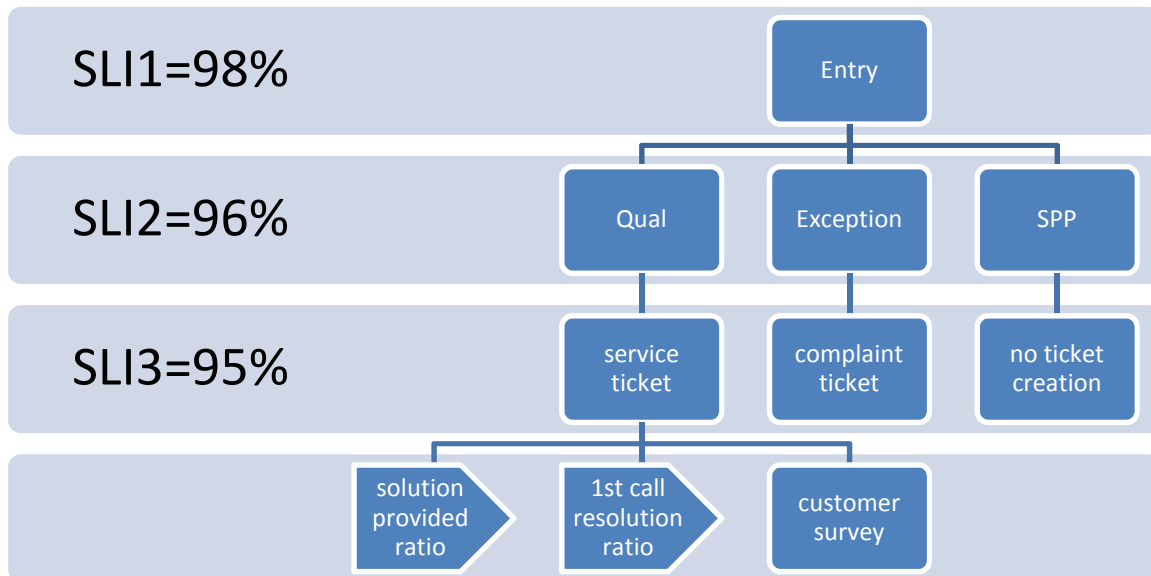
Source: Author

First call resolution ratio, solution provided ratio and customer survey are another service level indicators which show the quality of the service and they are tracked very in detail. The results of these indicators are released once a month and they only related to qualification team.

Solution provided ratio (65%) – *Solution provided* it is basically one of the possible results in a service ticket which means that an agent solved the customer problem during the call or in the email followed. Desired result which should be reached it is **65%** of all results by one agent per month. Another result can be: *Repair/Replacement* means that agent send unit to service center, *Part ordering* when an agent order some part of a PC or a printer to the customer, *Mentor or Complaint escalation* it is result used when an agent cannot solve an issue with his knowledge or competences.

A practice example can be that customer contact the customer support, he is transferred to qualification team, one of the agents obtain this call, register the customer, create the service ticket and if the agent was able to solve the customer issue he will close the

service ticket with a *Solution provided* result. This indicator has a big impact on customer satisfaction and customer can give a written feedback to an agent in Customer survey which he obtain by email with five days after his case was closed with solution provided result.

First call resolution ratio (25%) – it is the ratio of those service tickets which have been created and closed immediately after the first customer incoming call with solution provided result. This indicator is monitored per qualification agent per month from his total amount of incoming calls. This ratio reflects the agent's technical skills and an ability to understand customer issue and needs. The level which should be reached every month is following: 25% calls solved during the first call with solution provided result, 75% call with any follow up.

Customer survey – it is a feedback form filled by customer for monitoring customer satisfaction according several categories. Customer can gives his opinion about agent's work from technical and personal level, customer overall satisfaction, offered solution, etc. When agent finds and offer proper solution to customer, he usually calls back to customer to make sure that problem was really solved. Only then an agent can close the service ticket with Solution provided result. In five days customer automatically receives a customer survey into his email box and he has a chance to give feedback to a qualification agent he was communicating with by filling the survey online.

Table no.3: Customer survey

1	**Was your problem solved?**	**YES/NO**
2	**Were you satisfied with the given solution?**	**YES/NO**
3	**How would you describe the agents approach to your case?**	
4	**How would you evaluate the agent's performance? (from 0 to 10; 0 the worst, 10 the best)**	
5	**Any comments?**	

Source: Company internal source

The most important question in the survey is the **question number 4 – evaluation of agent's performance**. Based on the customer evaluation the surveys are divided into two categories:

- *Bottom five* – means that customer evaluated the agent with mark between 0 and 5 which is basically low and bad result. Customer usually uses this evaluation when he was not satisfied with the given solution even his problem was solved. The maximum number of feedbacks with *Bottom five* evaluation can be 10 per qualification team per month.

- **Top two** – means that the agent got evaluation mark 9 or 10 which is the highest result. In this case customer was very satisfied with agent's work. There is no minimum or maximum number of these feedbacks per month but expected number of surveys with *Top two* evaluation is around 30 because not every customer, those case was solved, fills out the survey.

Those surveys that contain evaluation mark between 6 and 8 are not taken into consideration. It means that customer's problem was solved but customer is not either unsatisfied or contented. A desired number of all received feedbacks from customer are usually 30% from all service tickets those were closed with solution provided result.

3.1.2 Email Service Level

Besides the incoming calls, customer support also receives emails from customers, basic retailers and service partners. This performance indicator is same for all teams in the account. There two main areas which are tracked per team per days.

There is one common email box per team without any assigning to concrete agent so they have to be responsible for answering emails like a team and if any agent doesn't have a incoming call in that moment he should reply to the emails to avoid situation that any email stay in the email box more that 24 hours.

Email Service Level no. 1 – means that all emails in a team have to be answered within 24 hours since the email was received in the email box. The level should be minimum **98%**. In practice only 2 out of 100 emails can be answered after 24 hours since the email was received.

The number of incoming emails varies from team to team. Qualification team usually receives about 20 to 25 emails a day, Exception team receives 40-50 emails and SPP receives about 60 emails a day in their email boxes.

Customer can sends his query by email through web form or directly by email address he can find on web pages. In the customer support email box, emails are receiving during all day (24 hours) also during weeks so at the beginning of the week, especially on Monday, there are much more emails than at the end of the week but Email service level is the same for all days.

Maybe it doesn't have to seem obvious at the first moment to the person but a strong cohesion can be found within all Key Performance Indicators that company is trying to reach. That is why the company should consider single indicators as one complex in order to keep balance in the system. If company tries to focus at some particular indicator it is usually cause decrease of the other indicator and misbalance of the whole system.

4   Evaluation of current Key Performance Indicators

In the previous chapter all the indicator which are measured in SYKES company were explained more in detail and the purpose of this chapter is their evaluation, explanation of possible reasons which may cause the fact that some indicators can be reached easily and some of them have not been reached yet.

## 4.1   Evaluation of the Phone Service Levels

Phone service levels no. 1, 2 and 3 are basically quantity indicators. Agent needs to answer the call and log it into the system. In this moment the result of the call it is not important.

Each of these indicators is tracked per team per day and almost the same results usually repeat every week. The main reason of worse results at the beginning on the week is a fact that customer support line it is closed during the weekend so a customer needs to wait till Monday 8.30am when the line opens again. At the beginning of the week people also use their computer and printer more often which can cause some issues and they call the customer support in bigger scale.

In the chart bellow it is described a week progress of **Service level indicator no. 1**. To ensure that service level 98% will be reached every day would require more people on the line during Monday and Tuesday. The problem could be particularly solved with hiring people for a part-time job for these two days.

Other option could be following. Service level goes down when all Entry agents just answering the calls and there is no one to pick up the call. But also agents from other teams can be particularly involved as well, especially from those teams which don't have so many calls a day (SPP, Exception). If agent from the other team should answer also Entry calls he should have the last prior in answering. It means that agent from other than Entry team should receive a cal only if every agent in Entry team is currently busy.
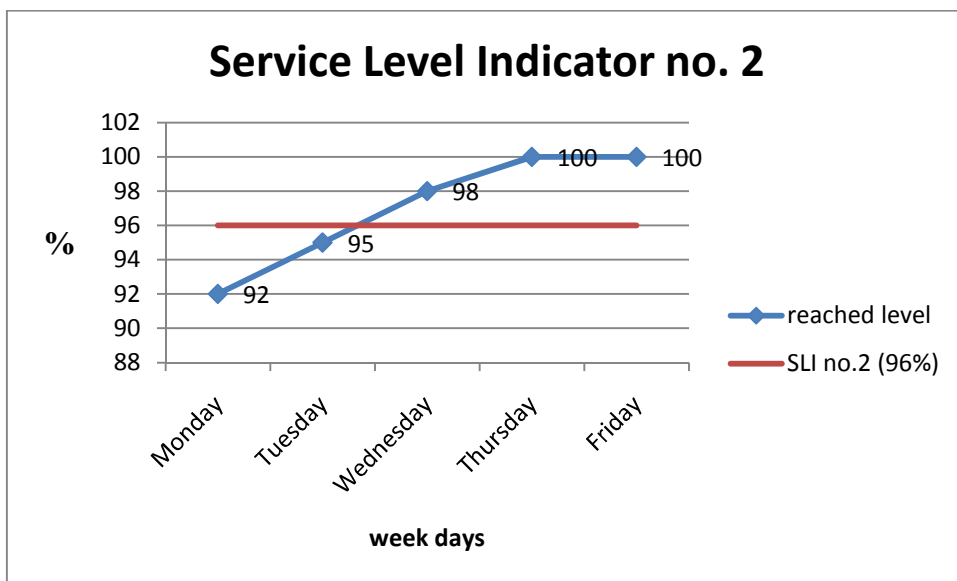
Chart no.2: Week progress of Service Level Indicator no.1

Service Level Indicator no. 1
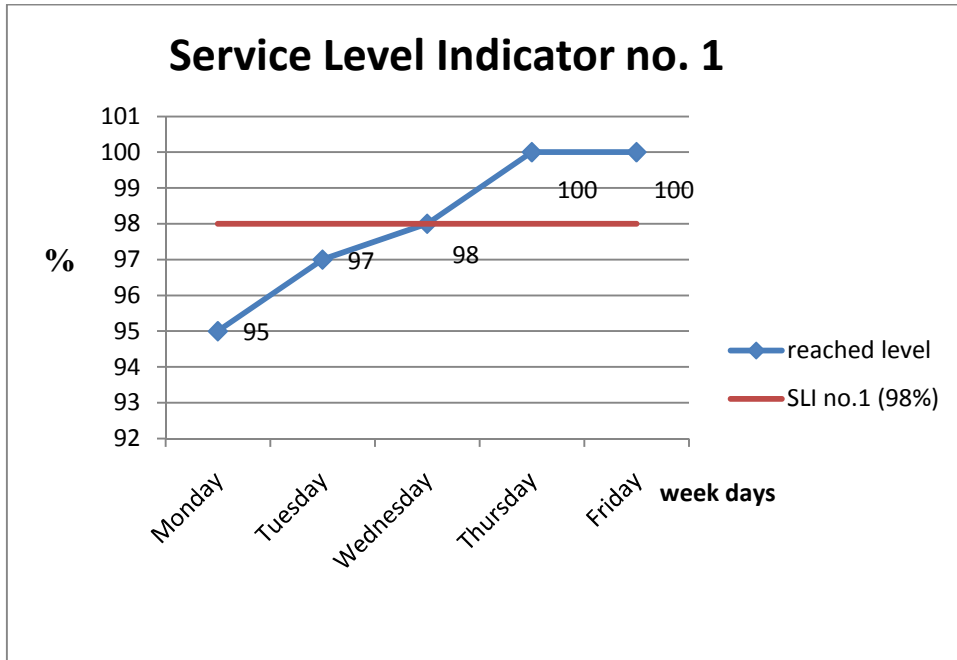
Source: Company internal source (7th week of 2010)

Service Level Indicator no. 2 is mainly influenced by current number of agents present at work, how precise they are in keeping the breaks on time and of course it is closely connected to the Service level no. 1 means that if there is bigger number of incoming calls in total there will be more calls transferred to other teams. If any agent is on holidays it is usually influence the service level during the whole week.

Chart no.3: Week progress of Service Level Indicator no. 2

Service Level Indicator no. 2

Source: Company internal source (7th week of 2010)

Service Level Indicator no.3 mainly depends on precise work and concentration of each agent. Only bigger amount of calls during day can cause that agent forget to log the call. Usually no other aspects (number of agents, breaks) can influence this indicator much that is why it is one of the most stable indicators in the terms of its achievement and stability.

Chart no.4: Week progress of Service Level Indicator no. 3
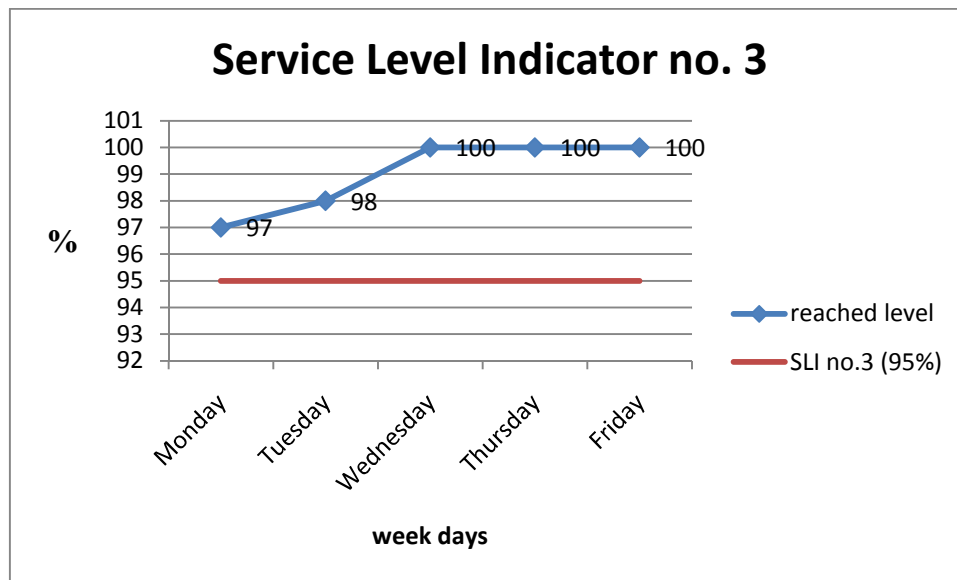
Source: Company internal source (7th week of 2010)

Solution provided ratio it is more quality indicator. It is closely connected to agent's professional, communication, negotiation and personal skills required for good results in his job and it is only tracked in Qualification team.

It is mainly connected to the agent's background, training provided from company side, training materials and all preparation to ensure that agent can lead away his job correctly.

From the chart below it is obvious that this indicator is slowly growing but in past seven months (since the new account was launched) wasn't reached even once.

Reasons could be following:
- *Wrong selection* – one of the most important factors of the bad success in reaching this indicator could be the selection of agents. None of the Qualification agents had technical background that is why agents needed more time in order to provide technical solution to the customer.
- *Lack of training materials and simulations* – because the previous account were running by different company there were no materials available.

Company was using some documents from Hungarian account, but there was big language obstacle. Also none of the agents had a chance to monitor the calls before they went online.

- ***Insufficient time devoted to training*** – the whole period of training was 14 days before agents went online. Good training should last 1 month. The situation was caused by time demanding selection and clarification of the processes between Sykes and HP Company.

- ***Absence of technical laboratory*** - there were some testing units for the agents but the absence of the whole technical laboratory where agents could simulate and tries to solve customer issues caused the low level of Solution provided ratio reached.

Chart no.5: Month progress of Solution provided ratio
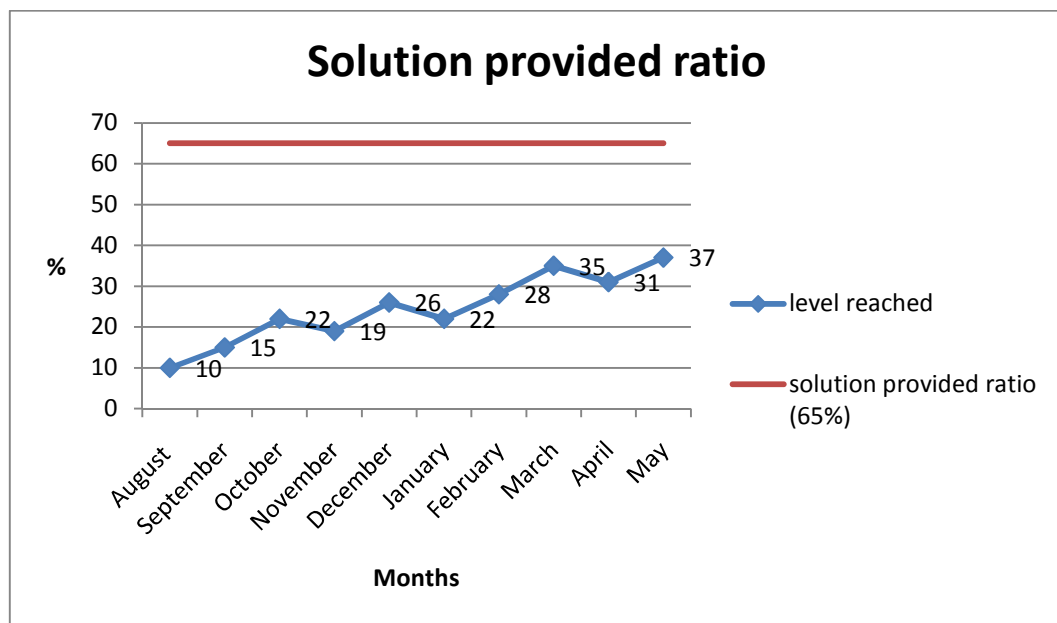
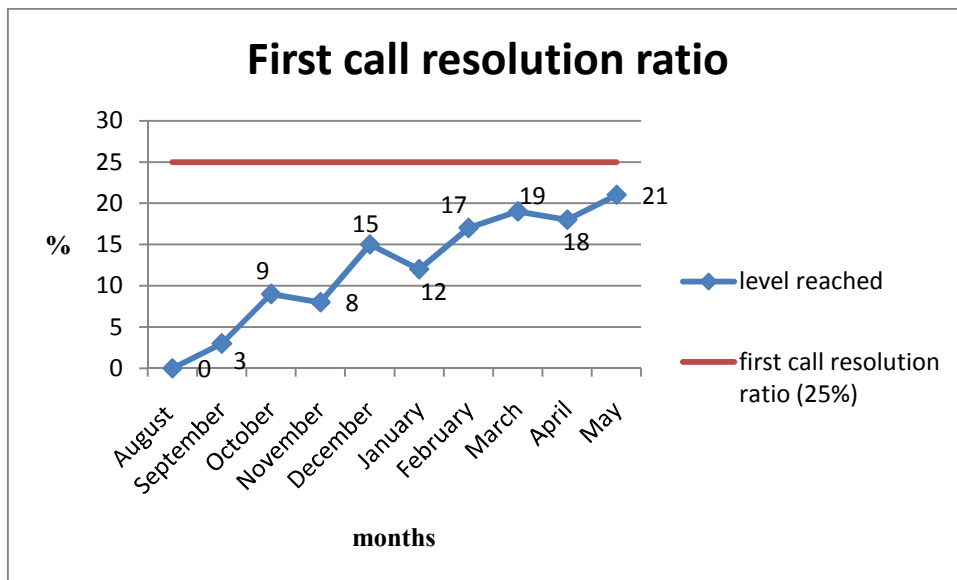Source: Company internal source

First call resolution ratio it is one of the most difficult indicator to reach. It is influenced by many factors such as agent's technical, communication and personal skills on the one hand as well as quick response, decision making and quick logging on the other hand.

It is closely connected to the previous indicator because if there are not many solution provided cases, this indicator will be even lower and reversely, if cases are not closed with solution provided there cannot be any First call resolution ratio.

This ratio is also related only to the Qualification team because other teams usually require necessary documents in order to solve customer case so this indicator would be

useless and as previous indicator was not reached since the account was opened seven months ago and the reasons of failure I reaching this indicator are pretty much same like the reasons for Solution provided ratio: selection reasons, lack of technical education of Qualification agents, lack of technical laboratory.

Chart no.6: Month progress of First call resolution ratio
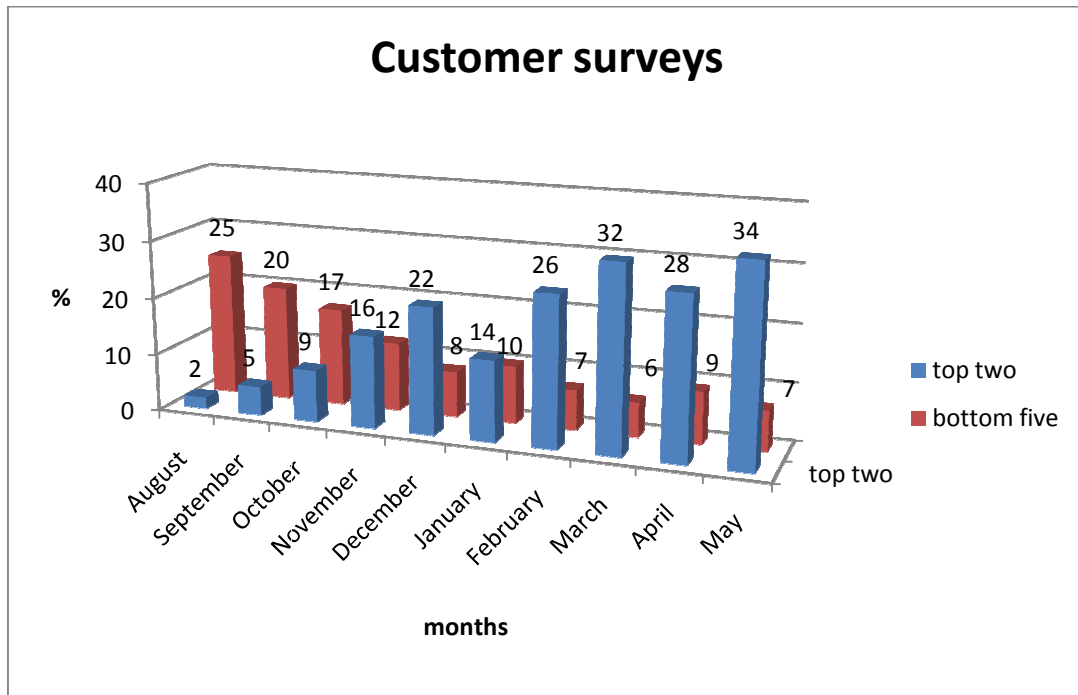

Source: Company internal source

As was previously mentioned when agent closed the service ticket with solution provided result, **customer** automatically receives a **survey** which he could fill out in order to provide feedback to the agent he was in contact with. A customer usually fills out the survey if he was very satisfied or really unsatisfied with agent's performance.

In any cases customer evaluated agent's performance with very high mark even though his case was not solved. The main reason was very polite approach from the agent side and customer had a feeling that agent was carrying about customer problem and tried all possibilities even was not successful at the end.

On the other hand there were also many cases when agent provided customer with proper and working solution but customer evaluated agent with very low mark because customer was influenced by some bad previous experience with other agent or service, or customer was just not satisfied with the unit or his expectations from customer support were not full filled.

Chart no.7: Month progress of Customer surveys

Source: Company internal source

There are obviously more performance indicators in the phone channel section than email channel because customer support line is mainly telephone support. Also Qualification team has more performance indicators than other teams. The main reason is a fact that Qualification agents can solve the customer query without any documentation or another advice like the other team members.

For example, in case of Exception team before they solve a case they need customer's proof of purchase of the unit, service protocols or an invoice which needs to be send by email first.

4.2 Evaluation of the Email Service Level

Even thought SYKES Budapest is mainly phone customer support, it is also important to track incoming emails but Email service level is more quantity indicator than quality. All emails should be responded within 24 hours since an email came to the email box to a particular team.

Email service indicators are tracked only in Qualification and Exception teams because they mainly deal with customers directly that is why customer satisfaction has to be measured.

In the chart progress of **Email Service Level** in *Qualification team* quite stable and good results can be seen. The low results in the first 3 months are caused by issues with launching new team. At the beginning, there were only 4 qualification team members, which were not sufficient, especially that time, when agents were still learning correct logging rules and answering incoming calls. So there was not enough time to answer email in 24 hours.

Bad situation was solved, when new agent came to the team, so there were fewer calls per one agent and more time which could be devoted for answering email on time.

When there is some agent on holidays or some email should exceed 24 hours, team usually choose one agent who is mainly responsible for replying emails (while he is not having an incoming call) and he receives call in the last prior so even Phone service level doesn't go lower.

Chart no.8: Month progress of the Qualification team Email service level
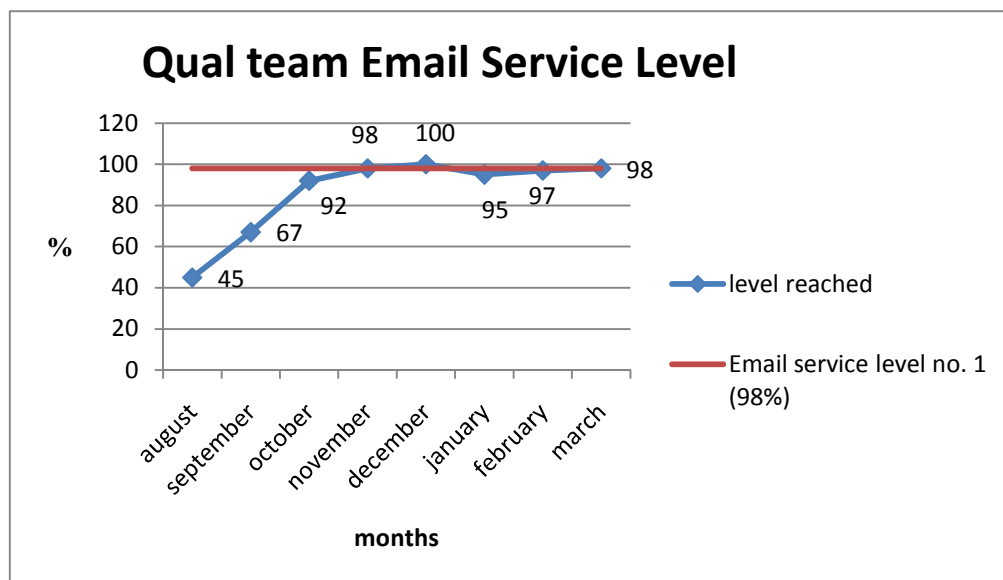
Source: Company internal source

In case of **Email Service Level** of *Exception team* situation is very different. From the chart bellow can be seen that there is visible progress in service level but desired level still has not been reached yet.

The reasons could be following. At the beginning of the account Exception team had to solve old cases from previous info call, they were receiving emails with new cases but there were only 2 agents in the team. That is why Email service level was so low. So the main problem was in quantity of unsolved cases and quantity of incoming emails.

Other aspect that influenced service level a lot is the long process of accepting or denying the customer's complaint.

The Exception team was trying to solve their bad results in Email service level several ways. After two month the team was launched 2 more members joined Exception team. The results went better but the 98% level was still not reached.

Another step was working extra hours and weekend works. Every Exception agent was working one day a week for 3 hours more and came to work one day during the weekend for last two months. The results have improved a bit but it caused loss of motivation of the team members. The contractor company, Hewlett Packard, has decided that till Exception team will not reach the service level 98% they are not willing to pay for another agent and outsourcing company SYKES is not able to pay this new agent on their own costs.

Chart no.9: Month progress of the Exception team Email Service Level
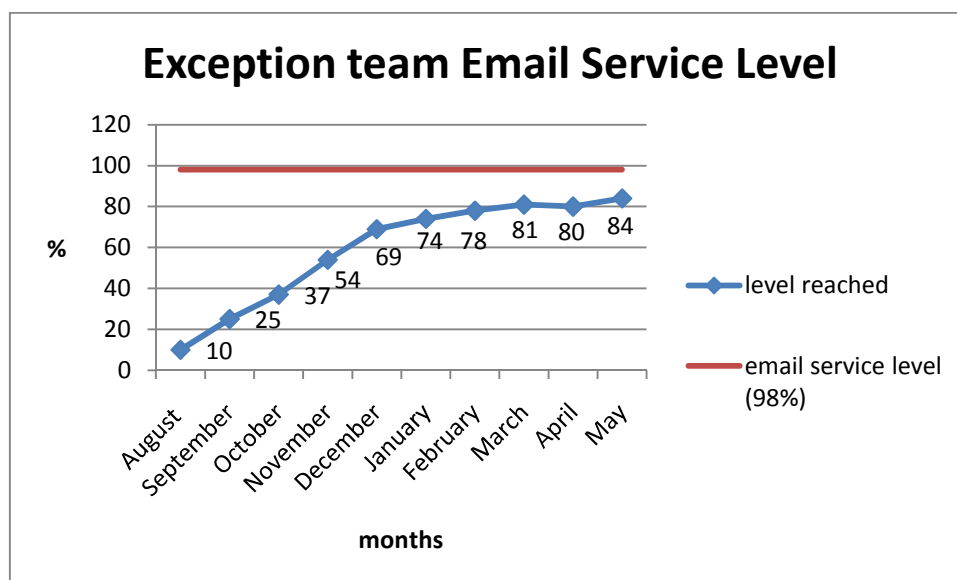
Source: Company internal source

If company is not able to fulfill one indicator and starts to focus to reach its level it usually affects other indicators in a bad way. So if company makes any steps to increase desired level of one indicator it should be able to keep at least the same level of the rest of indicators in order not to break the balance. In most of the cases outsourcing company is able to influence the processes to reach the goals defined.

5 Concept improvement of Indicators within a budget and customer satisfaction

One of the main reasons why SYKES is trying to reach as many levels of individual Key Performance Indicators as possible is income to the company budget. Because SYKES is the outsourcing company its budget depends on a number of contractors. The advantage of SYKES in Budapest is that they don't relay on one contractor but have usually around 6 to 8 companies to whom they provide the service.

SYKES Budapest and Hewlett Packard have signed a contract where they agreed on the levels of individual Key Performance Indicators which should be fulfilled in order to receive 100% income to SYKES's budget from Hewlett Packard. This document is usually called Service Level Agreement and also contains how much each KPI contribute to the budget and how much company receives if they will not reach the KPI level.

5.1 Influence of KPIs' fulfillment to the budget

The Service Level Agreement is usually signed for period of one year or more and money to the outsourcing company is transferred monthly according reached results.

In the table bellow there are individual Key Performance Indicators, its ratio how they contribute to the company budget and its quantification in Kč.

For example, if the company reaches 98% of Service Level Indicator no. 1 in a month period, Hewlett Packard will pay 68 000Kč to SYKES's budget

Table no.4: The ratio and the prices of individual KPI's to the month budget

Key Performance Indicator	Ratio of the income to the budget	Kč	KPI's level desired
SLI no. 1	17%	68 000	98%
SLI no. 2	17%	68 000	96%
SLI no. 3	17%	68 000	95%
solution provided ratio	21%	84 000	65%
first call resolution ratio	11%	44 000	25%
customer surveys	9%	36 000	10
email SLI – Qualification team	4%	32 000	98%
Email SLI – Exception team	4%	32 000	98%
∑	100%	432 000	

Source: Company internal source

If company reaches all service levels it will receive 100% of income to the budget which is the amount of 432 000Kč per month. These are basic agreements. But in the service level contract there are more agreements. For example, if company reaches all (or at least couple) indicators it will receive bonuses from the contractor. The bonus means additional amount of money for long term fulfillment of service levels.

The graph which is mentioned bellow shows the ratio of individual indicators to the budget, especially to the company income. The biggest percentual representation has Solution provided ratio with 21%, followed by Service Level Indicator no. 1, Service Level Indicator no. 2 and Service Level Indicator no. 3 which have the same 17% ratio. The next is first call resolution ratio with 11%, then Customer surveys with 9% and the last is Email service level for Qualification team with 4% and Email service level for Exception team with 4%.

Chart no.10: The ratio of individual indicators to the budget
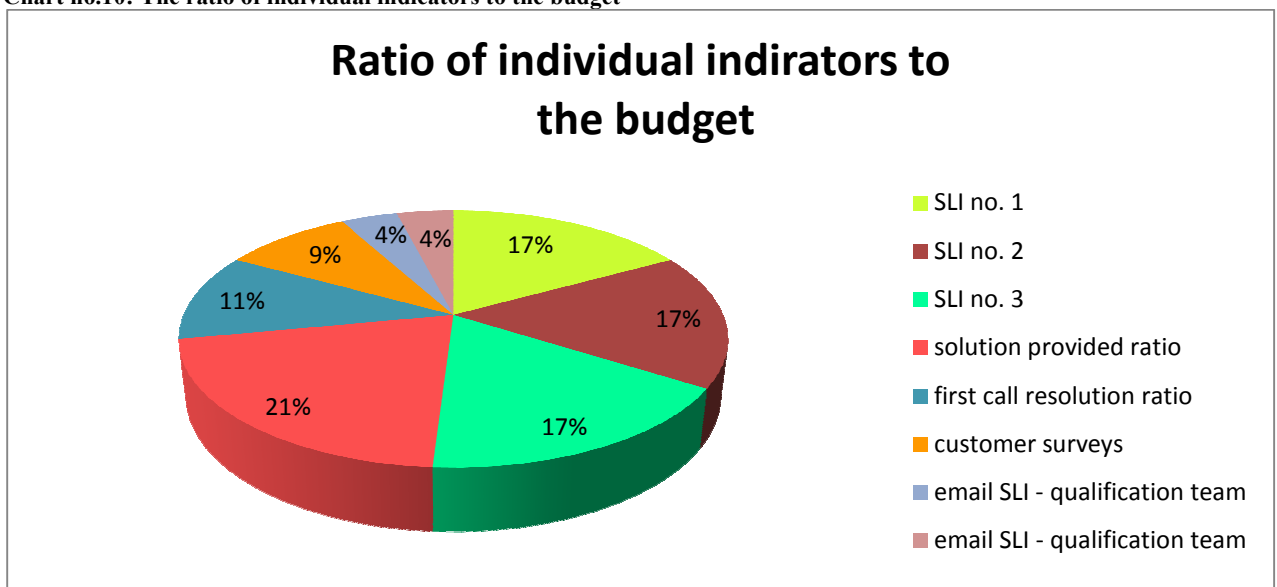
Source: Company internal source

If the company fulfills the service level agreed in the contract it will receive the whole amount of money. But if the level reached is lower there is a scale for each indicator that shows how much company will receive for results lower than expected. It doesn't mean that company will not get any money but they will receive only a proportion part.

How much money the company will receive for reached results varies on individual performance indicator. The scales for **Service Level Indicator no. 1, 2 and 3** are very similar like it is mentioned bellow. There are several categories of the level which could be reached; the higher level company reaches within a month the higher amount of money will receive. If

48

company reaches the result of 99% in some of the indicator listed in the table bellow it will receive 68 000Kč of income but, for example, if will reaches only 96% the company will receive only 55 000Kč, etc.

Table no.5: Categories of Service Level Indicator no. 1, 2, 3

Name of KPI\Kč	68 000	55 000	35 000	15 000	5 000
SLI no. 1	100%-98%	97%-95%	94%-90%	89%-85%	84% and less
SLI no. 2	100%-96%	95%-90%	89%-85%	84%-80%	79% and less
SLI no. 3	100%-95%	94%-89%	88%-83%	82%-77%	76% and less

Source: Company internal source

In the chart bellow it is mentioned the decreasing course of **Service level indicator no. 1** to the income if the company does not reach the service level agreed in the contract. The decreasing curve it is not proportional and if the service level goes under 84% company will get fixed price which is 5 000Kč.

Chart no.11: Influence of SLI no. 1 fulfillment to the budget
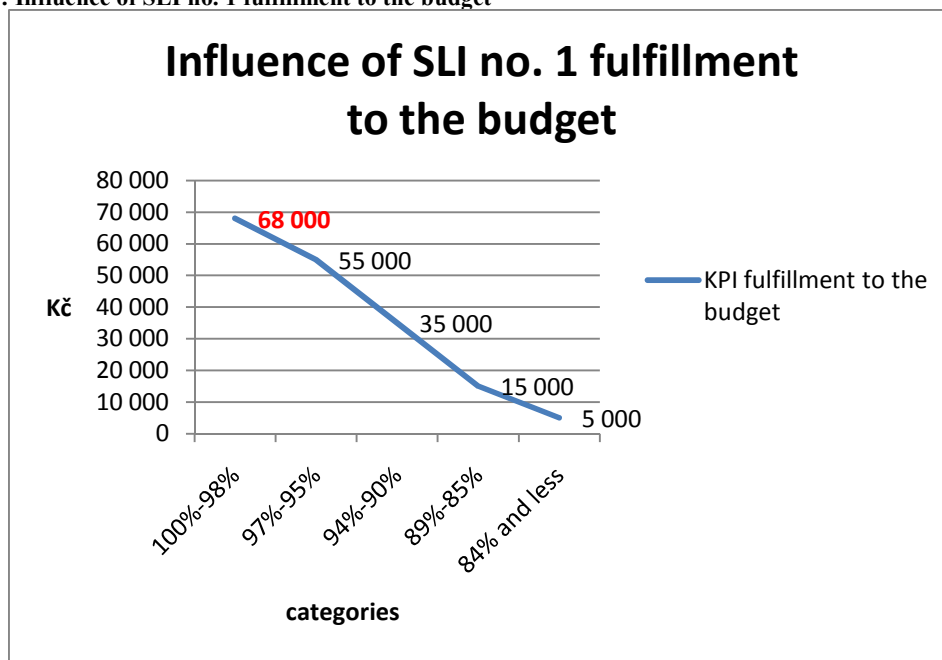
Source: Company internal source

Key Performance Indicator which has the biggest influence to the company's income is **Solution provided ratio**. It can bring to the budget up to 84 000Kč if the level reached will be higher then 65%. As it was mentioned in the previous chapter, the regular level reached of this indicator is around 45% so the company receives monthly income from this indicator

only about 65 000Kč. The ratio it is slowly growing but since the account was opened agents have not reached result higher than 50%.

Table no.6: Categories of Solution provided ratio

Solution provided ratio	
categories	Kč
100%-65%	84 000
64%-60%	80 000
59%-55%	75 000
54%-50%	70 000
49%-45%	65 000
44%-40%	60 000
39 and less	55 000

Source: Company internal source

First call resolution ratio is the other indicator which has not been reached yet. The average level reached varies from 10% to 15% in last months so the income of this indicator is about 24 000Kč – 28 000Kč a month. The growing tendency it is also visible in the progress but the results are still very low.

Table no.7: Categories of First call resolution ratio

Firtst call resolution ratio	
catgories	Kč
100-25%	44 000
24%-22%	40 000
21%-19%	36 000
18%-16%	32 000
15%-13%	28 000
12%-10%	24 000
9% and less	20 000

Source: Company internal source

The indicator of **Customer surveys** has a different scale and categories than the other indicators. The results are counted in numbers of received feedbacks which evaluates agent's performance with the mark from 0 to 5 which is called 'bottom five' survey and it means that customer was not satisfied with the call center's help. The number of bottom five survey were from 6 to 10 in the last months so the highest level of this indicator were reached for 4 months continuously. The other surveys called 'top two' (customer evaluated agent's performance with 9 or 10 mark) does not have their own categories but for every 'top two' feedback, the

agent receives a bonus in his salary. So basically this indicator tries to eliminate bad feedbacks to minimum.

Table no.8: Categories of Customer survey indicator

Customer survey (bottom 5)	
categories	Kč
0-10	36 000
11-14	30 000
15-19	24 000
20-24	15 000
25 and more	5 000

Source: Company internal source

The monthly income from **Email Service Level Indicator** is very different in Qualification and Exception team. The Qualification team has average level of this indicator about 95% to 100% so the income is from 28 000Kč to 32 000Kč monthly but income from Exception's team Email Service Level is only 10 000Kč because they have not reached level higher than 80% which is very low.

Table no.9: Categories of Email Service Level Indictor

| Email Service Level Indicator	
catgories	Kč
100%-98%	32 000
97%-95%	28 000
94%-91%	23 000
90%-87%	18 000
86% and less	10 000

Source: Company internal source

The highest possible income that company can reach is 432 000Kč a month but as it is obvious from the chart bellow, company has not reached the limit yet.

The lower income in the first three months was caused by the learning process of the agents. They were not able to reach almost any level of the Key Performance Indicators because they didn't have enough knowledge, the processes were not very clear that time and agents needed more time to solve one case so the number of opened cases was very high and all the situation was difficult to manage at the beginning.

In the first month the income of the company was only a half of the whole possible amount. Within seven months the income has raised over 100 000Kč but in March the income was still bellow the limit for almost 50 000Kč.

Chart no.12: Progress of monthly income

monthly income to the budget
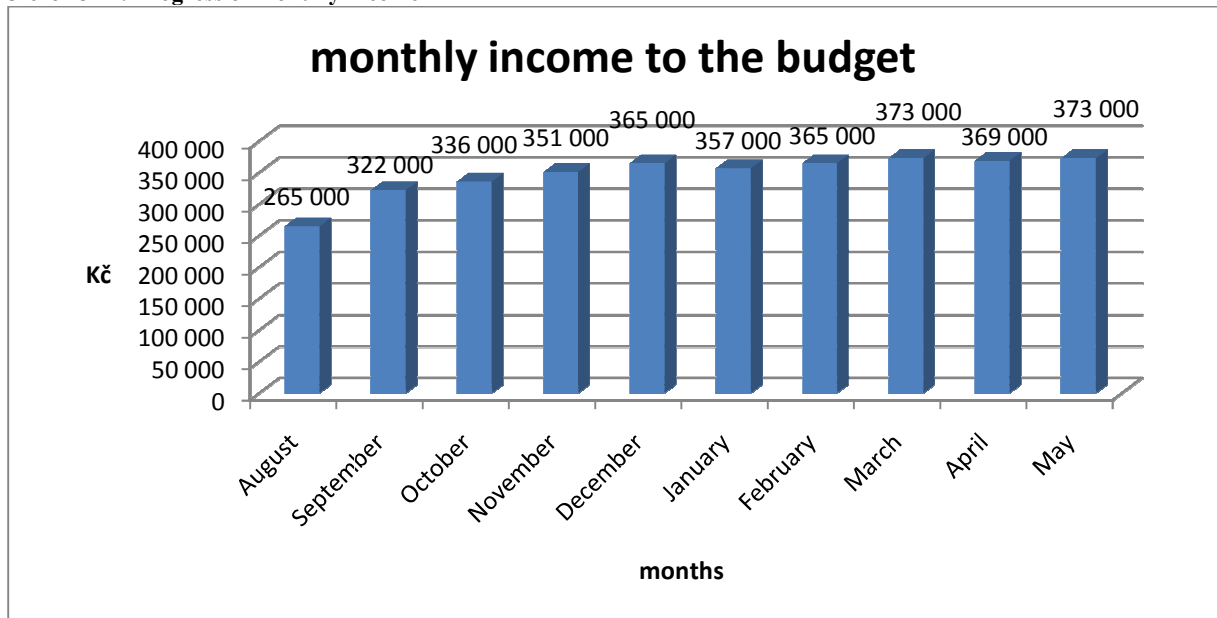
Source: Company internal source

During all seven months since the account was established it's slow but continuous increasing of the income. The slight decrease in January was mainly caused by several factors. There was Christmas period in December so the sale of computers and printers increased as well as number of issues with the units. More customers contacted the customer support so there were more incoming calls than average. The other factor was the change of number of agents in Qualification team. In December there were 6 agents but in January there were only 4 members because one agent was relocated to another position and the other left for one moth period and the company did not ensure another person who could joint the team in order to keep growing results.

5.2 Company restructuring

The reasons why the company still cannot reach the income limit of 432 000Kč per month could be many, but they could be mainly divided into two categories. One category is process in human resource area and its restructuring. All agents are employees of SYKES that is why the company can make some changes in this area without contractor agreement. The other category is customer support process. These processes are mainly adjusted by the

contractor so by Hewlett Packard but even thought, SYKES can advice or negotiate some changes of the processes which are not running correctly or cause low results to call center.

5.2.1   Human resource process restructuring

There are several aspects that influence current results. In the area of human resources could be affected agent's fluctuation, level of skills and knowledge that agent should have, system of trainings and career plan.
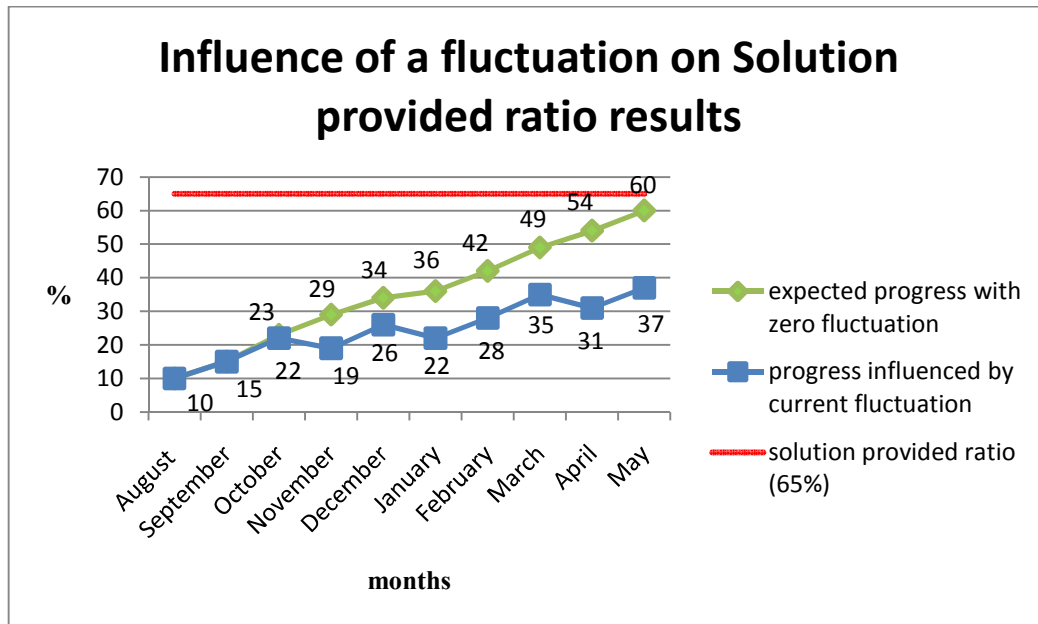
Agent's fluctuation

It does not have to be obvious at the first moment but also agent's high fluctuation can have a bad impact to the results. When one agent leaves there is usually one month performance gap created because usually new agent has not started to work yet or he still runs training so the team is not able to keep the current level of results. The reason why the company is not able to replace the agent is a notice period. In the Czech Republic the notice period is 2 months, but in Hungary it is only 2 weeks period and that does not give the company enough time to find and train a new person. Reasons of the fluctuation could be high administration, positive (negative) motivation, weak relationships, not enough space for employees' feedback or ideas, absence of career plan and the system of employee benefits.

Decrease of the employee fluctuation could have a very positive impact on several indicators such as Solution provided ratio and first call resolution ratio. Usually it takes approximately one month before an agent reaches his optimal performance. According current results every 2 months one agent leaves the team and new one comes. This cause instability in results, its low decreases every two month and improvement it is very difficult.

The suggestion for improvement could be the reduction of unnecessary administration work which makes the job more flexible, creates more time that could be devoted for solving the customer needs or testing. Also positive (instead of negative) approach to employees can increase agents' motivation to work and loyalty to the company. If there are good relationships with workers it also contributes to employees' satisfaction and it could b also the reason why they stay in the company. Building relationships can be supported by some company's events (Christmas parties, outdoor activities, team building activities), or just simple reactivity of the individual agent. During every meeting there should be some space for employee feedbacks or ideas for improvement. There should also be a career plan created for every agent individually.

Chart no.13: Influence of a fluctuation on Solution provided ratio results

Influence of a fluctuation on Solution provided ratio results

Legend:
- expected progress with zero fluctuation
- progress influenced by current fluctuation
- solution provided ratio (65%)

X-axis: months (August, September, October, November, December, January, February, March, April, May)

Y-axis: %

expected progress with zero fluctuation: 10, 23, 29, 34, 36, 42, 49, 54, 60
progress influenced by current fluctuation: 10, 15, 22, 19, 26, 22, 28, 35, 31, 37

Source: Author

If all the aspects mentioned above would be implemented, employees' fluctuation could reach almost zero level. This can cause the permanent progress in Solution provided ratio results as it is expected in the chart.

Agent's skills and competences

Several agents who currently work in the company do not meet necessary skills and competencies such as adequate communication, language or technical skills even thought they work in technical department. The strong suggestion to the company could be simply better selection of candidates for each position. These competences could be discovered in agent's curriculum vitae, during phone call interview or can be improved by the training process. Structure of the training process and its implementation will be explained in the next section.

5.2.2   Company processes restructuring

Other areas of aspects which influence the quality of results are company processes. If they are defined incorrectly or they are absent completely the team is not able to perform efficiently and cannot reach good results. Company processes can include reward and recognition system, training and career plan and clear job responsibilities.

Training plan

      Training plan is mainly constructed for new agents and should contain trainings and materials that each agent should pass before he goes online or trainings that agent should pass in the first month when he is already online. If agent does not obtain necessary knowledge during training period, he is not able to perform well, and it has big influence on performance indicator such as Solution provided ratio, First call resolution ratio and Customer surveys.

      Currently, company SYKES doesn't have any training plan created or implemented. Before the account was opened in August 2009, there was 2 weeks period for the training. But within this period agents received only basic training about printers and computers, and some knowledge about company processes. All training materials were taken from Hungarian HP account, so some of the processes were different than in Czech Republic but this fact was discovered after couple of weeks later when the line was already opened. The language of materials was in Hungarian language, so it was useless for many agents.

      If new agent comes to the account, he receives only communication training and the rest of knowledge is delivered by other agents during their working hours. So besides their core job, they need to find extra time for teaching the new agent. Their working performance is going down and it takes more time to the new agent to reach the performance optimum.

      The suggested concept of the training plan is mentioned bellow. Most of the trainings listed in the chart should pass all agents at the same level such as communication training, company processes training, CRM training and phone call training, but other of the trainings such as IT skills or virtual training should be divided into several levels based on agent's location within an account. For example, an agent from Exception team does not need that high IT skill as a Qualification agent.

Chart no.14: Concept of general training plan

Source: Author

Without a proper training plan, because of the lack of knowledge, an agent needs to spend much more time and effort to solve a customer's case, which requires contacting the customer back at least one more time to provide him with the solution. So the first call resolution ratio is very low. If an agent already has the needed knowledge, based on a completed training process, he is able to solve a case within one call without any further delays. Agent's performance can increase almost for 50%.

Chart no.15: Influence of a training plan implementation on First call resolution ratio
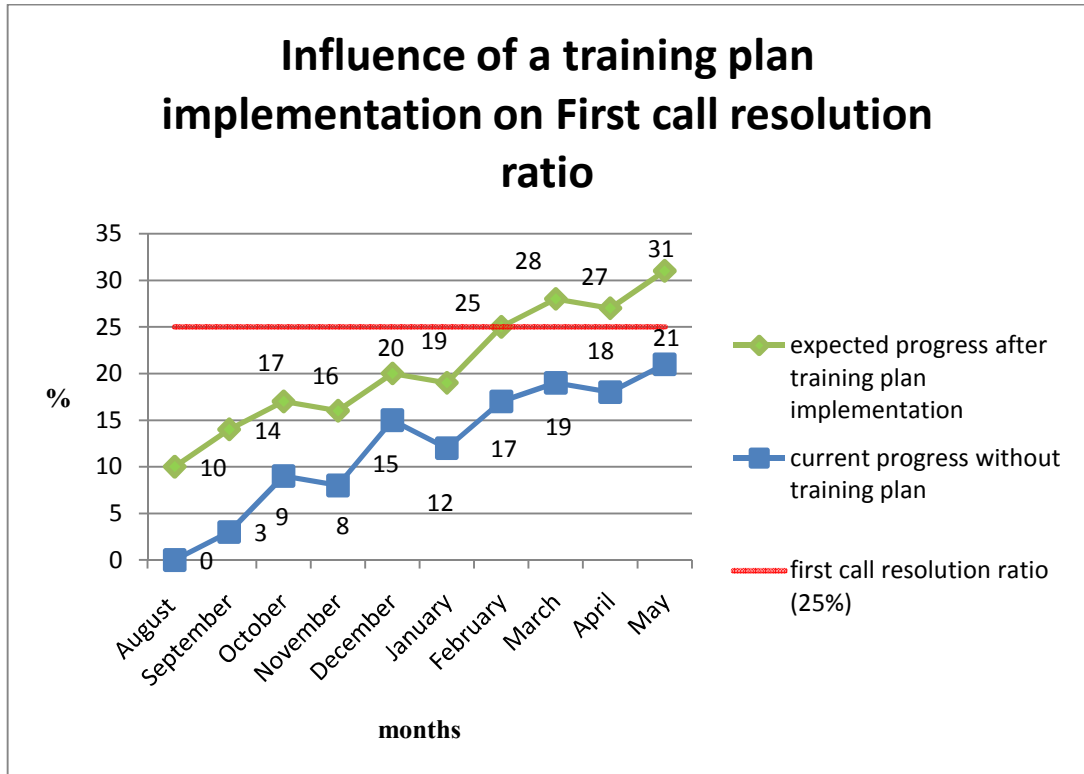
Source: Author

The chart above describes the impact of a training plan implementation on First call resolution ratio results compared to the results without any training. If the training plan was implemented from the beginning, the level of 25% First call resolution ratio could be reached in February already.

The main purpose of training plan is to increase the qualification level of the agents so they can more efficient in solving the customer issues, to increase the motivation of agents and clarify job roles and responsibilities of each member in the account and mainly increase the results in Solution provided ratio, First call resolution ratio and Customer surveys indicator.

### 5.2.3 Contractor processes restructuring

One of the main reasons why Email service level of Exception team has not been reached yet could be caused by the current concept of HP processes, especially by the system of current service process. In order to reach better results in this indicator the change of the process is necessary.

If a customer buys a product and he has got any hardware issue with the unit he can contact retailer, authorized service partner or directly customer support. When he leaves the unit at basic retailer or service partner's office the repair period starts to count. According HP processes, within 30 days a customer has to get back his unit repaired otherwise he can ask for the new unit or money back and the complaint ticket is created. But retailer and service partner have to contact the customer support and call center launches the repair. This process is less time effective and customer support does not communicate directly with the customer but through the third party (retailer). Then unit is sent to repair center abroad and usual repair period is from 20 to 26 days. When unit is repaired, it is sent back to retailer or service partner and then customer can pick up the unit. So in many cases this one month period is exceeded caused by time delays or communication spume. In this moment, customer support (Exception team) needs to solve this case as customer's complaint and return money back or purchase the new unit for the customer.

In the scheme bellow is it explained the current process of the repair. All the service orders need to be launched by customer support. But if the repair is launched though service partner or basic retailer, the whole period of the repair process is getting longer. Other bad aspect of this process is the location of the repair center. There are two repair centers, one in Poland and the other one in Hungary. The transport of the unit to the service center and back to Czech Republic also prolongs the period of the service process.

Even thought, the customer support has information about the delay of the repair; they are not able to contact the customer and try to negotiate about any compensation to the customer if he would be willing to wait for the unit even the 30 days will be exceeded. Because the service was launched based on retailers or service partners identification information there are no data about the customer.

Chart no.16: Current HP service processes
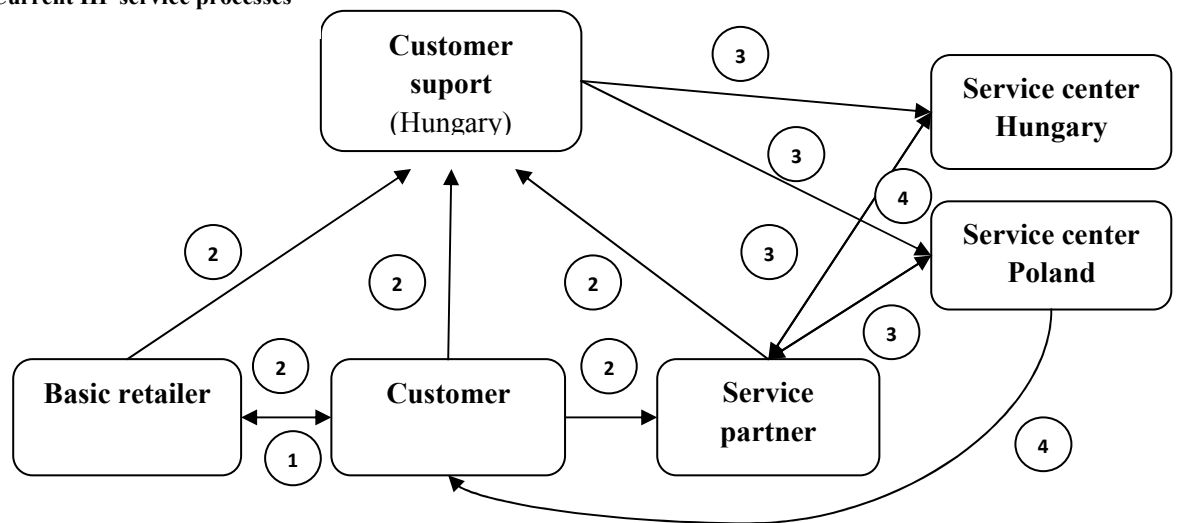
Source: Author

Glossary:

1 – Retailer sells HP product to customer

2 – Customer has an issue with the unit

3 – Unit is sent to service center (if unit is PC mini – Hungary, other products – Poland)

4 – Unit is sent back from service center

Czech customers find it easier to return the unit to basic retailer or to service partner in case of any problem, then to contact customer support directly.

All 72% of customers who needs the repair of the unit prefer to contact retailer or authorized partner. Only 28% of customers call directly the customer support. As it was mentioned above, thanks to the long indirect repair process, there is also higher possibility (41%) that unit will not be delivered back to the customer in time and service ticket becomes complaint ticket. In case of direct service (customer – customer support) there is only 18% of cases that exceed the repair period. It is mainly caused by time efficiency; customer has the unit until courier will pick it up by the customer's house (and no 30 day repair period starts to count). If there is any repair delay, customer support can contact directly the customer and inform him with the current situation and negotiate about the possible compensation.

Table no.10: Current ratio of channels used for launching the repair

Channel used by the customer	%	Launched repairs (per month)	%	Complaint tickets (per month)
Customer support	28%	84	18%	15
Basic retailer	42%	126	41%	52
Service partner	30%	90	41%	27
Σ	100%	300	100%	**94**

Source: Author

The transformation of the process can cause time reduction of the repair, higher customer satisfaction, because his unit will be back in shorter period and lower number of cases in Exception team will be created.

There are several steps for changing the situation. More effective way would be transferring the repair center to the location in Czech Republic and join both repair centers in one.

All customers should directly contact only customer support for launching the repair because until the courier will not pick up the unit at customer's place. In case of any delay of the repair, Exception team can contact the customer directly, inform him about the situation and suggest some compensation (mouse, cartridges) if customer will agree. Also HP can save a lot of money for many buybacks which are caused by the exceeding of the repair period.

All retailers and authorized service partners should refer all customers back to the customer support line where the customer can ask to launch the unit repair.

Maybe there can raise a question, what is the purpose of the authorized service partners? Their main purpose is not to service the unit but it can be the place, where the customer can physically bring the unit and ask for some testing before he sends the unit for the repair to be sure that issue he has it not only software problem which can be solved immediately.

In the chart bellow, it is suggested change of the current process which can bring more time effective service process, growth of the customer satisfaction and cost reduction to the contractor. The change of the process could reduce the period of the service from current 20 – 26 days to 14 - 19 days.

Chart no.17: New concept of the repair processes
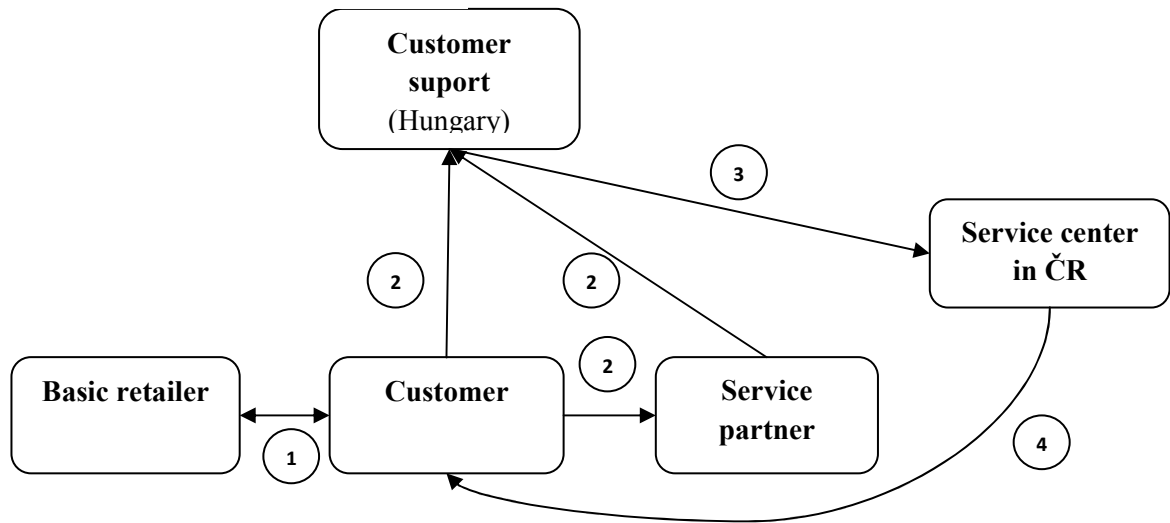
Source: Author

Glossary:

1 – Retailer sells HP product to end user

2– Customer has an issue with the unit

3– Unit is sent to service center (in ČR)

4– Unit is sent back from the service center directly to customer

The core change of this repair process is in simplification of the whole system. If all the services were launched through the customer support directly, the number of cases would be reduced significantly. In the current situation, Exception team solves about 94 cases a month but with the new concept of the service process the number of cases could decrease to 54 cases a month with is almost 60% decrease in total as it is mentioned in the table bellow.

Table no.11: Suggested change of the channel used for launching repairs

Channel used by the customer	%	Launched repairs (per month)	%	Complaint tickets (per month)
Customer support	100%	300	18%	54

Source: Author

If this 60% reduction of cases a month will be added to the current progress of Email service level of Exception team, the level of 98% (which is desired level of the indicator) would be reached in December already.

Chart no.18: Influence of the repair process restructuring on Email Service Level

Influence of the repair process restructuring on Email Service Level (in Exception team)
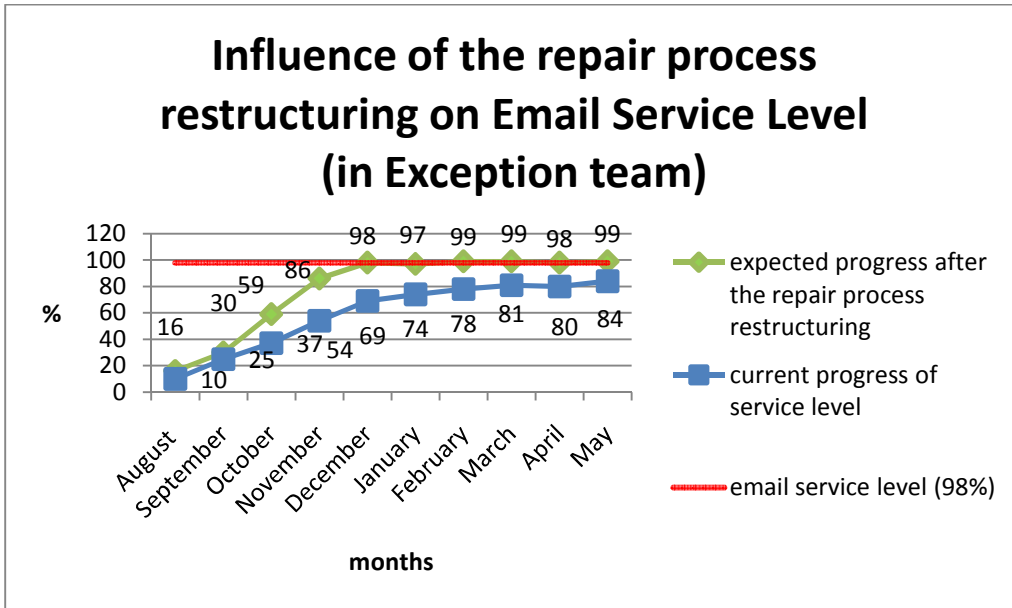
Source: Author

Currently, there are big differences in results of Emails Service Level in Qualification team and Exception team. According suggested changes the Exception team could reach its limit in December already and could have comparable the results as Qualification team by now.

5.3   Processes restructuring summary

In the previous sections, there were suggested possible changes which could have a positive impact on the budget income. If all these individual changes will be summarized, it would be possible to calculate the total progress of income compared to the current one. In the chart bellow it is mentioned the bilateral difference in company income with process restructuring and with current processes.

5.3.1   Agent's fluctuation

Decrease of the employee fluctuation could have a very positive impact on several indicators such as Solution provided ratio and first call resolution ratio. Usually it takes approximately one month before an agent reaches his optimal performance. According current results every 2 months one agent leaves the team and new one comes. This cause instability in results, its low decreases every two month and improvement it is very difficult.

Summary of suggested steps for improvement:

- Training and career plan creation,
- Training and career plan implementation,
- System of employee benefits (language courses, etc.),
- Team work environment,
- Good employee relationships.

Benefits of low fluctuation:
- Growth of Solution provided ratio up to 50%,
- Income growth,
- No gap in results,
- Agent's loyalty to the company.

Implementation obstacles:
- Business competition,
- Notice period,
- High demands on administrative work.

In the real company environment it is almost impossible to reach zero level of agent's fluctuation, but with the suggested steps and their implementation is feasible to decrease the current fluctuation to minimum level.

In the Chart no.13: Influence of a fluctuation on Solution provided ratio results, author shows the possible growth in result of Solution provided ratio after creation and implementation of the training plan in the company. These changes could be also expresses on the growth of income, what it is expressed in the Table no.12: Income growth of Solution provided ratio.

Table no. 12: Income growth of Solution provided ratio

Month/ Kč	VIII.	IX.	X.	XI.	XII.	I.	II.	III.	IV.	V.
Current trend	55 000	55 000	55 000	55 000	55 000	55 000	55 000	55 000	55 000	55 000
New trend	55 000	55 000	55 000	55 000	55 000	55 000	60 000	65 000	70 000	80 000
Total income growth	**0**	**0**	**0**	**0**	**0**	**0**	**5 000**	**10 000**	**15 000**	**25 000**

Source: Author

If the suggested steps were implemented in the company, the income growth will not be seen immediately, but the relevance of this change starts to be obvious from February and continues the following months. In May the income growth is around 25 000Kč, means that account would reach the maximum amount from this indicator to the company budget.

5.3.2 Training plan implementation

General training plan can be created with cooperation of account manager and supervisors. There is also possibility to create a new position in the account, the position of process specialist who should be responsible for creating and updating this plan. This person should be selected from experienced agents from the account who knows the process very well.

Training plan implementation steps:

- Creation the list of skills and competences that should be delivered by training,
- Creation the list of the trainings (content, time duration),
- Responsible person for training plan creation,
- Responsible person for training delivery creation,
- Training timeline,
- Creation of the final test, agent's feedback.

Benefits of the implementation:

- Increase of First call resolution ratio about 50%,

- Income growth,

- Agent's personal and professional development,

- Higher qualification of an agent.

Implementation obstacles:

- New human resource required.

Basically, the concept of the training plan should be divided into two parts. There should be a common part for all agents and some specific part, which would contain trainings based on needs of an each team.

Table no. 13: Income growth of First call resolution ratio

Month/ Kč	VIII.	IX.	X.	XI.	XII.	I.	II.	III.	IV.	V.
Current trend	20 000	20 000	20 000	20 000	28 000	24 000	32 000	36 000	32 000	36 000
New trend	20 400	28 000	32 000	32 000	36 000	36 000	44 000	44 000	44 000	44 000
Total income growth	**4 000**	**8 000**	**12 000**	**12 000**	**8 000**	**12 000**	**12 000**	**8 000**	**12 000**	**8 000**

Source: Author

A successful implementation of a training plan in the account could have an impact to the income from the first month. The income growth it is quite continual and moves around 8 000Kč to 12 000Kč. The continual trend is caused also by growing tendency of the indicator in the company, but the income limit is still not reached yet with the current processes.

5.3.3 Service process restructuring

The core change of this repair process is in simplification of the whole system. If all the services were launched through the customer support directly, the number of cases would be reduced significantly. In the current situation, Exception team solves about 94 cases a month but with the new concept of the service process the number of cases could decrease to 54 cases a month with is almost 60% decrease in total as it is mentioned in the table bellow.

New service process implementation steps:

- Joining both service centers in one,
- Relocation of the service center to ČR,
- Direct launching of the service through customer support,
- Inform retailers and service partners about new system.

Benefits of the implementation:

- Number of complaint tickers reduction about 60%,
- Email service level (in Exception team) achieving,
- Income growth,
- Cost reduction for HP contractor (unit transferring, money backs),
- Direct contact with the customer,
- Service process period reduction,
- Customer satisfaction growth,

Implementation obstacles:

- New service center creation,
- Process changes (logistics, CRM),
- Expenses related to service center relocation,
- Decision made by HP contractor.

The transformation of the process can cause time reduction of the repair, higher customer satisfaction, because customer's unit will be back in shorter period and lower number of cases in Exception team will be created.

Table no. 14: Income growth of Email Service Level (Exception team)

Month/ Kč	VIII.	IX.	X.	XI.	XII.	I.	II.	III.	IV.	V.
Current trend	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000
New trend	10 000	10 000	10 000	10 000	32 000	28 000	32 000	32 000	32 000	32 000
Total growth	**0**	**0**	**0**	**0**	**22 000**	**18 000**	**22 000**	**22 000**	**22 000**	**22 000**

Source: Author

Table no. 14: Income growth of Email Service Level (Exception team) is connected with Chart no.19: Influence of the repair process restructuring on Email Service Level, where
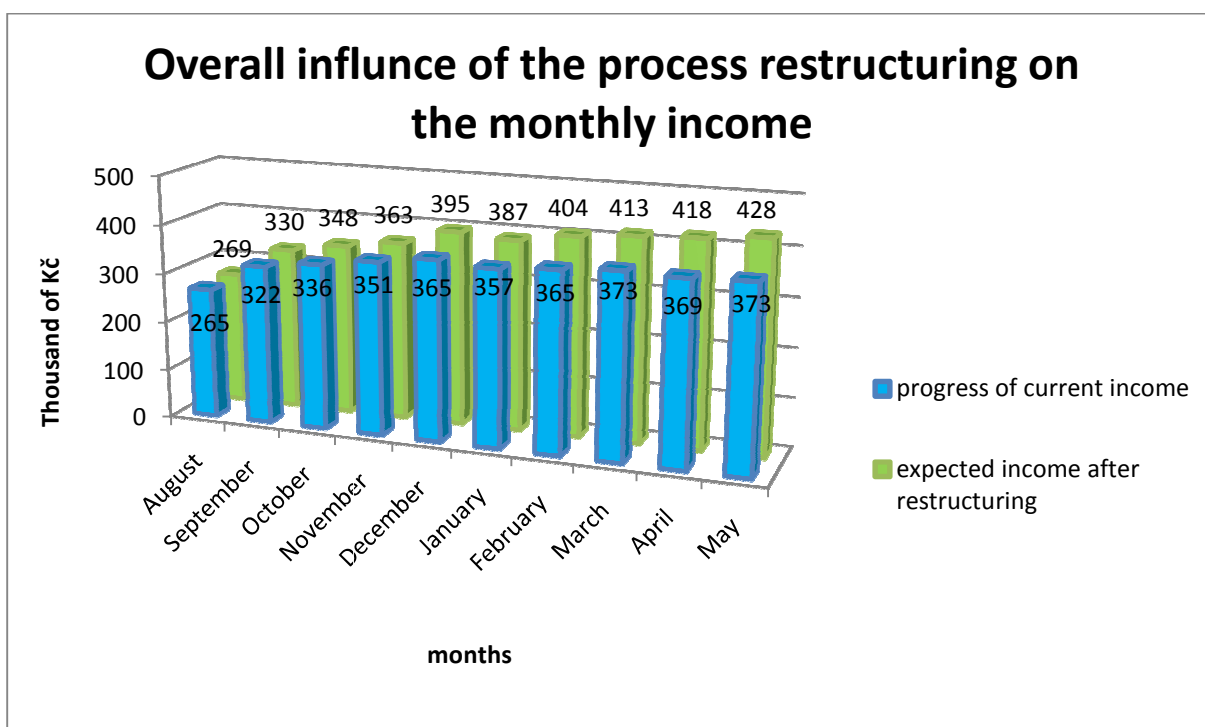
author shows the result growth after new repair process implementation. In the table bellow it is mentioned the impact of the change to income growth in individual months. The original number of Exception cases was 94 cases a month, but after process restructuring the number could decrease to 54 cases a month as it was mentioned in Table no.10: Current ratio of channels used for launching the repair and Table no.11: Suggested change of the channel used for launching repairs. The overall decrease of the cases reaches almost 60%. The growth in results it is measurable from the second month after process change but measurable growth of income it is seen after four months.

In the table mentioned above, the new process implementation shows the growth in results after four month, but then the difference of income it is very significant. In the previous sections there were mention results growth after new process implementation and in this section it is mentioned the new process implementation impact on the income. The growth moves from zero up to 22 000Kč a month within December 2009 and May of the following year.

5.3.4 Overall income growth

If all the process changes mentioned above will be implemented in the account, it is possible to estimate the total growth monthly income to the budget. The suggested changes includes: minimizing agent's fluctuation, creating and implementing the training plan and service process restructuring. If all the individual growths are summed up, we can get the overall income growth.

Overall influnce of the process restructuring on the monthly income

Thousand of Kč

progress of current income

expected income after restructuring

Months: August, September, October, November, December, January, February, March, April, May

expected income after restructuring: 269, 330, 348, 363, 395, 387, 404, 413, 418, 428

progress of current income: 265, 322, 336, 351, 365, 357, 365, 373, 369, 373

months

Source: Author

The cyclic variation of the current income it is mainly caused by overall cases growth in January, human process restructuring in January and periodical employees' fluctuation. The expected income growth after processes restructuring it is more permanent, there are no such variations as in the current income progress, which is caused by zero fluctuation, agents' knowledge increase (training plan implementation) and service process change (decrease of exception cases).

At the beginning of a timeline, the difference of incomes moves only from 4 000Kč to 12 000Kč in August, September, October and November but in following months the difference of both incomes escalates much faster. In December and January is expected difference about 30 000Kč. In February, March and April income difference grows up to 39 000Kč and more. In May company income reaches the difference of 55 000Kč, which could be considered as a significant growth.

Table no. 15: The progress of total income growth

Month/Kč	VIII.	IX.	X.	XI.	XII.	I.	II.	III.	IV.	V.
Total growth of income budget	4 000	8 000	12 000	12 000	30 000	30 000	39 000	40 000	49 000	55 000

Source: Author

The main effort to change the current situation does not necessarily have to come from the account management which is a supervisor or account manager even thought they should have the overall picture about all processes. Also thanks to the regular communication with HP contractor, and better understanding of HP needs, management of the account is more aware of the feasibility of individual changes. The effort can raises also from the agents' side because the current processes influence their work on a daily bases and if the processes runs inefficiently, it reflects also their performance and their results.

Unfortunately, the current management is not very opened for process changes and they prefer to pay to agents bonuses for extra working and weekend hours than tries to solve the situation in conceptual pint of view which can lead to the long-term of results compliance.

Conclusion

How important is reaching high results in Key Performance Indicators, expressed on financial situation of the company SYKES, was mentioned in the thesis very in a detailed way. The main focus of this work was to suggest changes in current processes in order to improve those indicators which are constantly under their limits and thanks to that, company looses some part of income. The main areas of focus were: Solution provided ratio, First call resolution ratio and Email service level in Exception team. It is obvious, that if company wants to reach better results, the changes in company structure or company processes are necessary. Changes for improvement suggested by author were: minimizing agents' fluctuation within the HP account, which helps to increase the results of Solution provided ratio, creation and implementing the training plan for new agents could improve results of First call resolution ratio and overall service process restructuring, which significantly increases the Email Service Level in Exception team. All these changes should help the company to reach the indicator limits, which cause the increase of the income and growing contractor satisfaction.

In the thesis was also expressed the individual and overall impact of suggested changes to the income growth of the company budget, which could be one of the main reasons, why company should make a step towards human resource or process restructuring.

But there is other reason, besides the financial one, how the Key Performance Indicators can play an important role in the company planning and its goal reaching.

They can have bigger impact to the company than just to the company budget. As a matter of fact, they can bring higher value in many areas.

If the indicators are achieved sustainably on the high level, it can increase customer satisfaction because good results should signify the high quality of provided services.

If customer is satisfied with the brand and its services, there is a high probability that he will buy another product next time with the same brand; so it builds customer's ownership to the contractor's brand. This leads to business profit growth of the contractor, increase his satisfaction and empower the relationship with the outsourcing company.

The increasing profit of the company Hewlett Packard could logically cause the growth of payments to the SYKES outsourcing company. If the incomes of the outsourcing company get raised, they can effort to increase employees' salary, establish current processes

more effectively and this all leads to the overall company growth. With this step all the circle is closed up and links within each aspect are obvious.

Key Performance Indicators are often used by contractors for measuring the performance of an outsourcing company. Defined indicators are usually a part of the contract called Service Level Agreement, which helps both sides to set bilateral expectations and the reward for the outsourcing company. Indicators should be also established in advance and the agreement should also define how indicators will be calculated and whether it is to be measured in Czech crowns, Hungarian forints, US dollars or different units. Indicators are also a motivation tool for the outsourcing company because it encourages the company to reach better results and better performance.

Key Performance Indicators act as a measure of progress towards company goals. Whatever they may be, they must be critical to the success of the organization. The application of Key Performance Indicators provides outsourcing and contractor management with a high level, real time view of the progress of a company. Indicators may consist of any combination of reports, spreadsheets and charts. As it was mentioned in the thesis several times already, Key Performance Indicators should not only reflect the organizational goals but should also be quantifiable.

It is important that after Key Performance Indicators and their relative components have been identified, they should be used as a performance management tool. Best ways to ensure the indicators achievement is to make sure that everyone in the organization is focused towards meeting target levels of the Key Performance Indicators.

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List of pictures

List of charts

List of tables

Abbreviations

KPO – Knowledge Process Outsourcing

BPO – Business Process Outsourcing

SLA – Service Level Agreement

VAR – value added reseller

EMEA – SYKES market region, includes countries in Europe, Middle East and Africa

IPG – Imaging and Printing Group

PSG – Personal Systems Group

CRM – Customer Relationship Management

ASTRO – type of Customer Relationship Management using in company SYKES

KPIs – Key Performance Indicators

Qual – Qualification team

HP – company Hewlett Packard

List of appendices

Appendix no. 1: Company services possible for detaching

Appendix no 2: Company logos

Appendix no. 3: Supported products

Appendix no. 1: Company services possible for detaching

GROUP	SERVICE NAME	SERVICE DESCRIPTION	DETACH?
HW, SW installation and maintenance	HW, SW installation and maintenance - servers	Maintaining server	**YES**
	HW, SW installation and maintenance - PC	PC and work station maintenance and installation at user's work place, warranty repairs	
Operations	Application operation at the computer center	Operations, administration, SW support, on-line access, provide inputs and outputs	**NO**
	LAN and WAN operation and support	Network administration inc. Distributed servers and local applications	
	Document administration	Enter information from documents, archiving, scanning, checking documents	
Support	End user support	Resolve problems at user's workplace	**YES**
	Help Desk for users	Single point of contact for users, records of problems and incidents, problem resolution	
	Help Desk for customers	Operate Call Center	
Application development and maintenance	Application development	Develop new functionalities in exiting applications and develop new applications	**YES**
	Application support	Existing applications maintenance, changes on existing functioning	

Management and administration	IT management	IT management and related activities (costs, quality)	NO
	IT procurement	HW, SW WAN communication capacity procurement	
	IT inventory keeping	SW and HW inventory keeping	
	IT strategy and planning	IT strategy, capacity and resources planning	

Appendix no 2: Company logos

SYKES company logo

Hewlett Packard company logo

Appendix no. 3: Supported products

- HP Pavilion and Compaq Presario Entertainment Notebook PC

- HP Pavilion and Compaq Presario Desktop PCs

- HP Touch Smart Desktop PC

- HP Photosmart printers

- HP Laser Jet printers (1000 series)

HP Office Jet printers

- HP digital cameras