Leveraging Metrics to Take Southwest Airlines to a Higher Plane

Case Study

Your Speaker: Jeff Rumburg
The One Year Path to World-Class Performance

months from project kickoff

2 4 6 8 10 12

Initial Benchmark and ROI Calculation
Implement Project Recommendations from Initial Benchmark
Annual Benchmark and ROI Calculation

World-Class Performance

Metrics Training and Report Development

The Benchmarking Methodology

Southwest's Service Desk Performance

Performance of Benchmarking Peer Group

COMPARE

Determine How Best in Class Achieve Superiority

Adopt Selected Practices of Best in Class

Build a Sustainable Competitive Advantage

The ultimate objective of benchmarking

#HDIConf
Southwest Service Desk Overview

<table>
<thead>
<tr>
<th>Service Desk Locations</th>
<th>Dallas, TX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Operation</td>
<td>24 X 7</td>
</tr>
<tr>
<td>Annual Operating Expense*</td>
<td>$5,154,828</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Inbound Contact Volume</th>
<th>Voice</th>
<th>Email</th>
<th>Web Portal</th>
<th>Chat</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technician Level 1</td>
<td>47.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead Tech</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor/Team Lead</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QA/QC</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>57.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Monthly Outbound Contact Volume | 4,324 |
| FTE Personnel Headcount         |       |
| Technology Profile              |       |
| Technician Level 1              | 47.0  | Trouble Ticket System | ServiceNow Geneva |
| Lead Tech                       | 3.0   | Automatic Call Distributor (ACD) | Avaya G3 Version 11 |
| Supervisor/Team Lead            | 3.0   | Knowledge Management System | ServiceNow Geneva |
| Manager                         | 2.0   | Remote Control Software | Remotely Anywhere |
| QA/QC                           | 1.0   | Call Quality | Click 2 Coach |
| Training                        | 1.0   |       |            |      |       |       |
| Total                           | 57.0  |       |            |      |       |       |

Initial Benchmark

- Module 1: Southwest Baselining / Data Collection
- Module 2: Benchmarking and Gap Analysis
- Module 3: Balanced Scorecard
- Module 4: Best Practices Process Assessment
- Module 5: Strategies for Improved Performance
- Module 6: Report Development and Presentation of Results
## Data Collection

1. Please report your Service Desk's average performance for each metric specified below.

<table>
<thead>
<tr>
<th>Metric Category</th>
<th>Performance Metric</th>
<th>Average Performance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Customer Satisfaction (0 - 100%)</td>
<td>92.8</td>
</tr>
<tr>
<td></td>
<td>Call Quality (0 - 100%)</td>
<td>83.3</td>
</tr>
<tr>
<td>Technician</td>
<td>New Hire Training Hours (first year)</td>
<td>200.0 weeks</td>
</tr>
<tr>
<td></td>
<td>Veteran Tech Training Hours per year (after first year)</td>
<td>49.0 weeks</td>
</tr>
<tr>
<td></td>
<td>Average Tenure Time on the job in months</td>
<td>65.3</td>
</tr>
<tr>
<td></td>
<td>Service Desk Tech Job Satisfaction Rating (0 - 100%)</td>
<td>71.1</td>
</tr>
<tr>
<td>Service Level</td>
<td>Average Speed of Answer (sec)</td>
<td>99.0 sec</td>
</tr>
<tr>
<td></td>
<td>% of Calls Answered within 30 sec (0 - 100%)</td>
<td>59.5</td>
</tr>
<tr>
<td></td>
<td>Call Abandonment Rate (0 - 100%)</td>
<td>12.0</td>
</tr>
<tr>
<td></td>
<td>Average Inbound Contact Handle Time (min/sec)</td>
<td>13 min 36 sec</td>
</tr>
<tr>
<td></td>
<td>Average Outbound Contact Handle Time (min/sec)</td>
<td>3.25 min 56 sec</td>
</tr>
<tr>
<td>Call</td>
<td>First Level Resolution Rate (0 - 100%)</td>
<td>76.2</td>
</tr>
</tbody>
</table>

- Based on Dash CST - 5.57 out of 6.0
- Based on Click 2 Coach Scores
- Based on year of 2015 - 18 Techs left (2 employees)
- Based on Pilot Tech Satisfaction Survey conducted
- Based on Jan. '16 - Apr. '16
- Based on Jan. '16 - Apr. '16
- Based on Jan. '16 - Apr. '16

## Personnel Interviews

- Technicians, team leads, supervisors
- QA/QC, workforce schedulers, trainers

![Map of Interview Locations]
Bencharking Peer Group Selection

Summary of Included Benchmarking Metrics

**Cost**
- Cost per Inbound Contact
- Cost per Minute of Inbound Handle Time
- Net First Level Resolution Rate

**Productivity**
- Inbound Contacts per Technician per Month
- Outbound Contacts per Technician per Month
- Technician Utilization
- Technicians as a % of Total Headcount

**Service Level**
- Average Speed of Answer (ASA)
- % of Calls Answered in 30 Seconds
- Call Abandonment Rate

**Quality**
- Call Quality
- Net First Contact Resolution Rate
- Customer Satisfaction

**Technician**
- Annual Technician Turnover
- Daily Technician Absenteeism
- Technician Occupancy
- Schedule Adherence
- New Technician Training Hours
- Annual Technician Training Hours
- Technician Tenure (months)
- Technician Job Satisfaction

**Contact Handling**
- Inbound Contact Handle Time (minutes)
- Outbound Contact Handle Time (minutes)
- Inbound Contacts as a % of Total Contacts
- User Self-Service Completion Rate
Process Maturity Assessment

<table>
<thead>
<tr>
<th>Model Component</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Defining Your Charter and Mission</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Proactive, Life-Cycle Management of Personnel</td>
</tr>
<tr>
<td>Process</td>
<td>Expeditious Delivery of Customer Service</td>
</tr>
<tr>
<td>Technology</td>
<td>Leveraging People and Processes</td>
</tr>
<tr>
<td>Performance Measurement</td>
<td>A Holistic Approach to Performance Measurement</td>
</tr>
<tr>
<td>Stakeholder Communication</td>
<td>Proactively Managing Stakeholder Expectations</td>
</tr>
</tbody>
</table>

Results of the First Benchmark
Cost vs. Quality for Southwest Service Desk

- **Lower Cost**
- **Lower Quality**
  - Lower Quartile
  - Middle Quartiles
    - Efficient but not Effective
  - Top Quartile
    - Efficient and Effective

- **Higher Cost**
- **Higher Quality**
  - Middle Quartiles
  - Top Quartile
  - Southwest Service Desk
  - Global Database

Initial Southwest Airlines Service Desk Balanced Scorecard

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Metric Weighting</th>
<th>Performance Range</th>
<th>Your Actual Performance</th>
<th>Metric Score</th>
<th>Balanced Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per Inbound Contact</td>
<td>25.0%</td>
<td>$26.66 $10.81</td>
<td>$23.25</td>
<td>21.5%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>25.0%</td>
<td>62.8% 96.8%</td>
<td>92.8%</td>
<td>88.2%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Technician Utilization</td>
<td>15.0%</td>
<td>37.9% 63.8%</td>
<td>61.7%</td>
<td>91.9%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Net First Contact Resolution Rate</td>
<td>15.0%</td>
<td>60.3% 94.1%</td>
<td>76.6%</td>
<td>48.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Technician Job Satisfaction</td>
<td>10.0%</td>
<td>62.5% 93.9%</td>
<td>80.0%</td>
<td>55.7%</td>
<td>5.6%</td>
</tr>
<tr>
<td>% of Calls Answered in 30 Seconds</td>
<td>10.0%</td>
<td>15.1% 77.6%</td>
<td>59.5%</td>
<td>71.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>61.1%</td>
</tr>
</tbody>
</table>

**Step 1**
- Six critical performance metrics have been selected for the scorecard.

**Step 2**
- Each metric has been weighted according to its relative importance.

**Step 3**
- For each performance metric, the highest and lowest performance levels in the benchmark are recorded.

**Step 4**
- Your actual performance for each metric is recorded in this column.

**Step 5**
- Your score for each metric is then calculated: (worst case - actual performance) ÷ (worst case - best case) × 100

**Step 6**
- Your balanced score for each metric is calculated: metric score × weighting
Balanced Scorecard Summary

Six-Part Model for Service Desk Best

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<td>Proactively Managing Stakeholder Expectations</td>
</tr>
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</table>
Process Maturity vs. Scorecard Performance

The Southwest Service Desk has a number of notable strengths.

- Customer Satisfaction is in the top quartile
  - Customer Satisfaction is the most important measure of quality
- Productivity metrics are outstanding
  - All productivity metrics are in the top quartile
- Most technician metrics are strong
  - All but two technician metrics are in the top quartile
- Growth in the chat and portal channels is excellent!
- Southwest scored very well on the process maturity assessment
- The Southwest Service Desk scored above average on the balanced scorecard
  - Second quartile performance overall
Opportunities for Improvement

- Southwest’s costs are above average
  - Cost per Inbound Contact and Cost per Minute of Inbound Handle Time are in the bottom quartile
  - This is most likely due to the high tenure and wage rates of the technicians
- Some key service level metrics are weak
  - Average Speed of Answer is in the third quartile, and Call Abandonment Rate is in the bottom quartile
  - This may be the result of high technician utilization levels
- Interviewees expressed concern in the following additional areas:
  - The inability to retain new technicians long-term
  - A perceived lack of opportunities for career advancement

Recommendations were Made

1. Develop a formal career path for service desk personnel
2. Take steps to increase contact volume in lower cost channels – e.g., chat, and user self help
3. Adopt the MetricNet Service Desk Balanced Scorecard
4. Establish stretch goals in key areas to improve performance
5. Improve process maturity in compliance with industry best practices
The Continuous Improvement Phase

The One Year Path to World-Class Performance

- Initial Benchmark and ROI Calculation
- Implement Project Recommendations from Initial Benchmark
- Annual Benchmark and ROI Calculation
- Metrics Training and Report Development

World-Class Performance
Key Initiatives

1. The Balanced Scorecard was Adopted
2. A Technician Career Path was Established
3. Chat Volume Increased Dramatically
4. Technician Scorecards were Implemented
5. Processes Matured Significantly
6. Metrics Matured Significantly

Processes Matured Significantly

<table>
<thead>
<tr>
<th>Category</th>
<th>Southwest 2016</th>
<th>Southwest 2017</th>
<th>Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>4.00</td>
<td>4.65</td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td>3.11</td>
<td>3.54</td>
<td></td>
</tr>
<tr>
<td>Processes</td>
<td>2.94</td>
<td>3.60</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>4.31</td>
<td>4.26</td>
<td></td>
</tr>
<tr>
<td>Performance Score</td>
<td>2.36</td>
<td>3.43</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>2.92</td>
<td>2.49</td>
<td>3.08</td>
</tr>
</tbody>
</table>

Average Score

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5 5.0 5.5
Overall Process Assessment Scores

Key Statistics

<table>
<thead>
<tr>
<th>Total Process Assessment Score</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>93.0%</td>
</tr>
<tr>
<td>Average</td>
<td>43.0%</td>
</tr>
<tr>
<td>Median</td>
<td>44.2%</td>
</tr>
<tr>
<td>Low</td>
<td>1.7%</td>
</tr>
<tr>
<td>Southwest 2016</td>
<td>63.2%</td>
</tr>
<tr>
<td>Southwest 2017</td>
<td>80.1%</td>
</tr>
<tr>
<td>World-Class</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

Maturing the Metrics

METRICS

- TECH
- PROCESS
- PEOPLE
- METRICS

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Metrics: The Linchpin of Success

The Second Benchmark: One Year Later
The One Year Path to World-Class Performance

- Initial Benchmark and ROI Calculation
- Implement Project Recommendations from Initial Benchmark
- Annual Benchmark and ROI Calculation

Months from Project Kickoff

Key Statistics

- **Cost per Inbound Contact**
  - High: $42.56
  - Average: $26.44
  - Median: $25.52
  - Low: $18.35
  - SWA 2017: $20.27
  - SWA 2016: $23.28

Year over Year Improvement in Cost

Service Desk

Following key statistics:
- Cost per Inbound Contact
- SWA 2017
- SWA 2016

Graph showing year over year improvement in cost.
Year over Year Improvement in Quality

- **Customer Satisfaction**
  - High: 97.8%
  - Average: 84.4%
  - Median: 63.5%
  - Low: 66.7%
  - SWA 2017: 93.9%
  - SWA 2016: 92.6%

Year over Year Improvement in FCR

- **Net First Contact Resolution Rate**
  - High: 93.4%
  - Average: 70.8%
  - Median: 70.5%
  - Low: 58.5%
  - SWA 2017: 77.6%
  - SWA 2016: 76.6%
**Cost vs. Quality After One Year**

- **Middle Quartiles**: Efficient but not Effective
- **Top Quartile**: Efficient and Effective
- **Lower Quartile**: Lower Cost
- **Lower Quality**: Lower Cost
- **Middle Quartiles**: Efficient but not Effective
- **Higher Quality**: Higher Cost

### One Year Later: Southwest Service Desk

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Metric Weighting</th>
<th>Performance Range</th>
<th>SWA 2017 Actual</th>
<th>Metric Score</th>
<th>Balanced Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per Inbound Contact</td>
<td>25.0%</td>
<td>$42.56 - $18.35</td>
<td>$21.64</td>
<td>86.4%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>25.0%</td>
<td>66.7% - 97.9%</td>
<td>93.9%</td>
<td>87.4%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Technician Utilization</td>
<td>15.0%</td>
<td>39.5% - 63.3%</td>
<td>53.4%</td>
<td>58.2%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Net First Contact Resolution Rate</td>
<td>15.0%</td>
<td>58.5% - 93.4%</td>
<td>76.8%</td>
<td>52.4%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Technician Job Satisfaction</td>
<td>10.0%</td>
<td>61.0% - 93.5%</td>
<td>80.0%</td>
<td>58.5%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Average Speed of Answer (seconds)</td>
<td>10.0%</td>
<td>125 - 20</td>
<td>119</td>
<td>6.1%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>66.5%</td>
</tr>
</tbody>
</table>

**Steps**

1. **Step 1**: Six critical performance metrics have been selected for the scorecard.
2. **Step 2**: Each metric has been weighted according to its relative importance.
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4. **Step 4**: Your actual performance for each metric is recorded in this column.
5. **Step 5**: Your score for each metric is then calculated: 
   \[(\text{worst case - actual performance}) \times (\text{worst case - best case}) \times 100\]
6. **Step 6**: Your balanced score for each metric is calculated: 
   \[\text{metric score} \times \text{weighting}\]
Year over Year Improvements in Balanced Score

Key Statistics
- Service Desk Scores
  - High: 76.5%
  - Average: 53.1%
  - Median: 54.5%
  - Low: 27.4%
- SWA 2017: 66.5%
- SWA 2016: 61.1%

Process Maturity vs. Scorecard Performance

Southwest Performance
- 2016 Process Assessment Score: 63.2%
- 2016 Balanced Score: 61.1%
- 2017 Process Assessment Score: 80.1%
- 2017 Balanced Score: 66.5%

Average = 52.8%
## SWA Service Desk is Now World-Class!

<table>
<thead>
<tr>
<th>World-Class Performance Criteria</th>
<th>SWA Service Desk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top quartile on Cost per Contact</td>
<td>$21.64 1st</td>
</tr>
<tr>
<td>Top quartile on Customer Satisfaction</td>
<td>93.9% 1st</td>
</tr>
<tr>
<td>Top quartile on the Balanced Scorecard</td>
<td>66.5% 1st</td>
</tr>
<tr>
<td>Overall Process Assessment score of 75% or more</td>
<td>80.1%</td>
</tr>
<tr>
<td>ROI of more than 100%</td>
<td>231%</td>
</tr>
</tbody>
</table>

From Good to Great in One Year!

"Good to Great" by Jim Collins

Why Some Companies Make the Leap...and Others Don't

Written and read by Jim Collins

Coauthor of the bestselling BUILT TO LAST
Thank you for attending this session.

Please complete the session evaluation form www.HDIConference.com/Eval or on the App.

Questions?
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