Customer Service Excellence Goals & KPIs

EHL

Advisory Services

How to Measure Customer Service Excellence?

Setting the right goals and associating them with key performance indicators (KPIs) offers an effective path for better customer service.

Customer service goals are an essential part of delivering excellence. Setting them provides a path for the company and the teams to follow. Having set goals makes it easier to know what to do and when changes are needed.

Goals provide important benefits. They bring the entire team together and can motivate individuals within a team. In addition, they allow for a certain level of autonomy, so team members can take initiative, make decisions and carry out actions that positively impact customers.

Measurable goals are especially effective, as they allow management to keep track of customer service goals. Tracking shows whether the priorities are being met, where there are gaps, and how customer service may be improved. It offers an opportunity for clear and helpful feedback, as well as showing results and achievements.

The Problem: Consistently Delivering Excellent Customer Service

It is a challenge to deliver the highest level of customer service to each customer during each encounter.

This requires consistency of service.

There are many aspects of a business that impact customer service and customer satisfaction. That makes this a complex issue to understand and measure.

Even knowing the level of customer satisfaction brings up issues about which aspects of service are impacting the customer.

In addition, the team may provide excellent service but fail to do so consistently. They may also be unsure about expectations without having a clear path to follow.

Asking customers for feedback may not provide enough information or the right kind of information to consistently provide better service to everyone.

A better method is needed to show the team how to provide top-notch service on an ongoing basis and to measure efforts.

The Solution: Setting effective goals and track performance

The way to create consistency regarding great customer service is to set effective goals.

The following framework can help to develop goals that are specific and measurable.

Further, key performance indicators (KPIs) provide an effective way to track and measure the success of these goals, which gives clear direction for identifying problems and creating improvements.

EXPERT TIP

Include in your management process the definition of a yearly performance improvement plan.

Framework for Developing Effective Goals

The SMART method provides a roadmap for developing effective customer service goals that help a company achieve the right results. This framework creates goals that can go along with KPIs, so they are trackable. This way, it's possible to know when the goals are accomplished or when there is room for improvement.

SMART goals stand for:

- Specific: Goals need to be specific enough for people to easily know how to follow them and feel motivated to do so. They should guide a team member's efforts by clearly showing the desired result, why it matters, and how to impact them. The goal can offer additional relevant information as well.

Rather than making a vague goal to improve customer service, create a goal that clearly states a specific way to improve it related to the industry, business, audience and/or other aspects.

- Measurable: Goals should be made from the start in a form that can be measured for results. A measurable goal is one that can be tracked for progress and accomplishment. As part of the goal, consider KPIs that could be attached to it, such as a numerical rating.

- Achievable: Goals need to have endpoints that team members are actually able to achieve. Goals must be possible and attainable in real life situations. Making a goal achievable considers realistic factors, such as financial constraints. Also, goals need to be achievable for the people who are responsible for carrying them out, so it's important to consider whether team

members have the power, resources and otherwise abilities to do so.

- Relevant: The goal should be relevant to the situation, and in this case, to the ultimate goal of providing better customer service. It should fit other aspects of the company, such as the brand and mission. It should fit with the current period of time.

- Time-bound: Effective goals come with a deadline for achieving them. It's also possible and often helpful to break down a larger goal into smaller milestones to achieve along the way.

SMART Goals Worksheet

WHEN SETTING GOALS, MAKE SURE IT FOLLOWS THE SMART STRUCTURE. USE THE QUESTIONS BELOW TO CREATE YOUR GOALS.

S	**SPECIFIC** WHAT DO I WANT TO ACCOMPLISH?	
M	**MEASURABLE** HOW WILL I KNOW WHEN IT IS ACCOMPLISHED?	
A	**ACHIEVABLE** HOW CAN THE GOAL BE ACCOMPLISHED?	
R	**RELEVANT** DOES THIS SEEM WORTHWHILE?	
T	**TIME BOUND** WHEN CAN I ACCOMPLISH THIS GOAL?	

TAILOR MADE

KPIs to Measure Effectiveness

Once a company has SMART service excellence goals in place, it is able to track and measure the progress towards these goals. This happens by measuring key performance indicators, or KPIs.

The first step is to determine the KPIs to measure.

Since SMART goals are inherently measurable as one of their attributes, it may be part of the process of creating the goals to also determine how to track the progress towards their achievement. If not, this part can be carried out separately.

EXPERT TIP

At the time you define your KPIs, schedule periodic meetings with your team to review progress.

KPI #1: Customer Satisfaction Score

The customer satisfaction (CSAT) score shows how customers felt after an interaction with the customer service department or another type of interaction with your company.

This is measured through surveys.

After an experience, survey the customer by email, phone or online. Provide a short survey of questions that fit the aspects your company wants to evaluate. For example, a question could be asked about how satisfied the customer was with a complaint response by the customer service team.

The customer should be guided to answer survey questions in a quantifiable way.

In general, these surveys use a scale ranging from 1 to 5 or 1 to 10, with the numbers indicating a scale of being very dissatisfied, somewhat dissatisfied, somewhat satisfied to very satisfied.

Determine the CSAT score by taking the total of very and somewhat satisfied responses and dividing that number by the total number of responses received to the survey. Then, multiply that number by 100 to gain a percentage.

This score offers an idea of previous satisfaction. It's also possible to include open-ended questions in the survey to gain feedback for improvement.

SMART GOAL:

An associated SMART goal could be to determine or improve the CSAT score. This can be made more specific and relevant to various needs, such as improving the CSAT score related to certain types of interactions, improving overall CSAT scores by certain amounts or seeing an improvement within a designated time frame.

KPI #2: Net Promoter Score

The net promoter score (NPS) gives an indication of the likelihood of receiving recommendations and referrals.

The quantifiable score is measured through a quick one-question survey.

It helps to show potential future actions by customers and highlights whether customers were satisfied enough and loyal enough to want to recommend your company to other people.

Ask customers that have interacted with the brand how likely they are to recommend your company.

This survey uses a scale of 0 to 10, which ranges from not likely at all to very likely.

To gain the NPS from these answers, determine the number of detractors, which are customers who responded to the question with a 0 to 6 answer, and the number of promoters, which are those who responded with a 9 or 10 answers. Then, take the percentage of detractors and subtract it from the percentage of promoters. The answer is the NPS.

On the scale of -100 to 100 that is part of this KPI, hospitality score between 5 and 15 is considered average, while a score of 30 or higher is seen as strong.

In addition to providing a score, this question identifies people who are promoters and detractors. This allows you to focus on improving the experience for detractors while encouraging promoters to become brand ambassadors.

SMART GOAL:

A relevant SMART goal could focus on improving the NPS. To make it more specific and relevant, you may want to set a score increase as a goal, or to better identify customers who are promoters or detractors.

KPI #3: Customer Retention Rate

The customer retention rate (CRR), or its opposite, the churn rate, indicates whether customers are likely to return after an experience with the brand.

This is a good indicator of customer service excellence, as it helps to show whether a customer had a positive or negative experience with your company.

Determining this number requires using a more complex formula than the other KPIs.

However, CRM software tends to help track this rate to simplify the process.

This metric focuses on a specific period of time, seeing how many customers returned.

To determine the CRR, take the number of customers at the end of the time frame and subtract the number of customers acquired during it. Then divide that total by the number at the start of the time frame. Take this number and multiply it by 100 to gain the CRR.

The final number is the percentage of customers retained.

SMART GOAL:

Create a goal based on improving the retention rate. The goal could be focused on specific ways to reduce the number of customers leaving and increase the number who return.

KPI #4: Average Resolution Time

The average resolution time (ART) shows the length of time for a customer issue to be resolved. A prerequisite for tracking the ART is having some kind of ticketing system that enable your customer facing teams to log customer issues.

This number is helpful for gaining an understanding of the customer experience when they encounter problems with your services.

**It helps to show how responsive the customer service team.**

To compute the Average Resolution Time, take the total amount of time used to resolve support tickets and divide it by the number of resolved tickets.

Make sure the measurement focuses on business hours or days and does not calculate off-the-clock time.

SMART GOAL:

The goal can focus on improving the average resolution time. To make it more specific or relevant, it may focus on certain problems and how to respond better to them to improve ART.
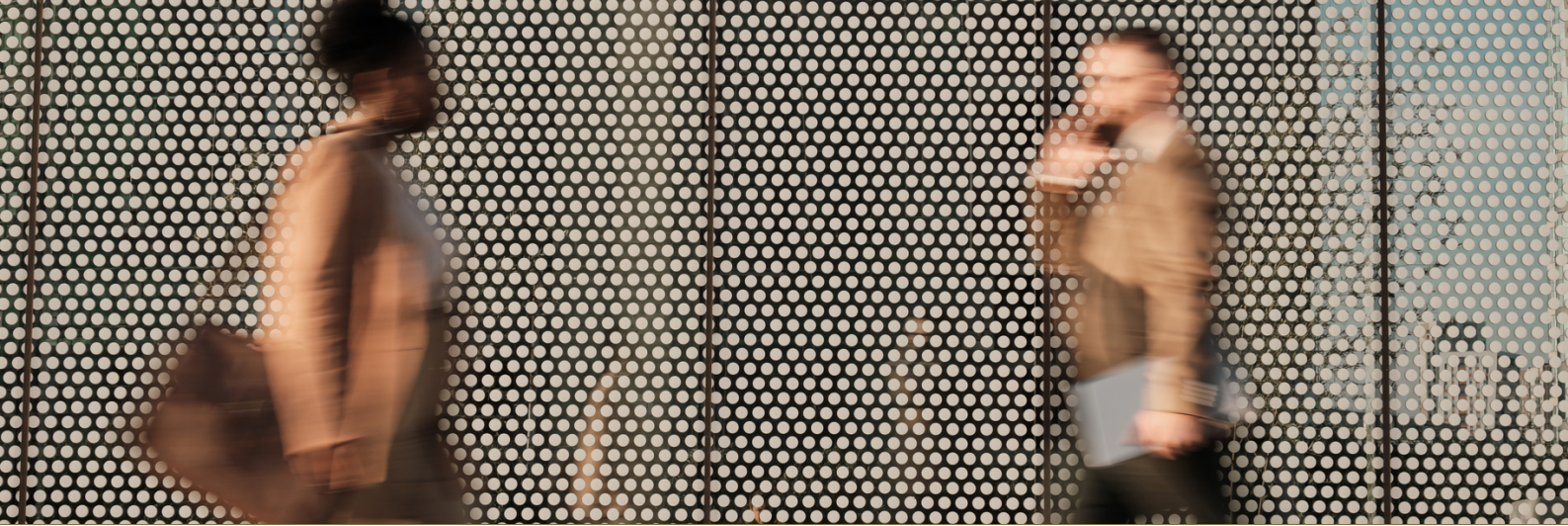
KPI #5: Complaint Escalation Rate

The complaint escalation rate shows how many complaints require the involvement of a 2nd level of support service such as the intervention of an expert or a manager.

This can help identify problems with customer service, whether they are temporary or ongoing.

There will always be complaints that are not resolved at the first interaction with your customer service team. So it's important to measure whether this number is too high or whether there are unusual changes to the number.

Track the number of complaints, as well as details of each complaint.

In addition to the complaint escalation rate, details of complaints can be helpful for providing specific feedback to create improvement.

Details also add to the story of whether complaints are warranted and of how the team responds to them.

It can also show a broader problem if many customers complain about the same aspect of the company or experience.

SMART GOAL:

A goal can at first focus on establishing a base rate, and then on improving it. For example, you may develop a goal based on reducing the number of complaints within a certain time period.

Additional KPIs

- Average Response Time, which shows how long customers are on hold when they call
- First Call Resolution, which shows whether the customer was satisfied during the first call or needed to call back regarding the same concern
- Customer Effort Score, which considers how much effort it takes a customer to receive satisfaction regarding a request
- Customer Happiness Index, which looks at the likelihood a customer will turn to a competitor for the service instead of continuing with your company

COMMITTED
TO | SERVICE
EXCELLENCE

Ready to start implementing Service Excellence Best practices?

We educate and accompany your teams through the process.

Get Personalized Advice

TAILOR MADE

EHL
ADVISORY · SERVICES