

## Overview

The need to quantify the impact of support whether directed externally to customers or internally to employees through a help desk is more critical than ever. As budgets are trimmed and cost efficiencies emphasized, support must actively quantify and promote the benefits it brings to the business. Since its inception support has been accountable to the business it is a part of, but generally support has done little to measure and justify its existence. There is an implicit assumption that support whether internal or external is required, yet this is seldom quantified. Like any investment, a business expects a return from each dollar spent to fund support operations. This return may be derived from increased or sustained customer satisfaction and loyalty, income from the sale of services, increased productivity, and/or reduction of lost productivity.

Support organizations have made considerable strides in developing operational metrics that describe how they perform their business, but little effort and attention has been given to developing metrics that measure the impact of support. Business performance metrics for support operations (both internal and external) are essential to justify support's existence in the eyes of the customer and the business.

By measuring and reporting the business impact of support operations, support management will develop the justification they need to quantify the strategic importance of support. Measuring the impact of support is fundamental to assuring that support is properly funded, staffed and skilled to maximize the impact of support operations.

### **Establishing Indicators and Metrics**

The first step in choosing the right metrics is to establish what is going to be measured. What should be measured are the indicators that most accurately reflect the efficiency, effectiveness, and impact from support operations. Properly selected indicators will provide a summary level view of how support is performing. These indicators are based on what is important to your organization at that point in time. In other words, these indicators may change over time as the business needs change.

Indicators define what is being measured and metrics describe how they will be measured. Once the target indicators have been determined then the metrics that support these indicators can be established. Metrics combine input variables and assumptions into a formula that produces a result. How you arrive at a result can be as or more important than the result itself. The credibility of the result is based on the inputs and assumptions used. The key to successfully measuring the business impact of support requires that appropriate business indicators be selected and that the ways in which these indicators are calculated must be credible.

It should be noted that frequent changes in the indicators and therefore the metrics is not a good thing. It prevents any trending analysis and is disruptive to the organization. Choosing the right metrics will enable senior management to have an understanding of how support is doing. It will also allow the support organization to know what is important and make better decisions on providing quality support in the most efficient manner.

## **Applying the Right Indicators and Metrics to Your Business**

The right set of support business performance indicators and metrics must be able to show the extent to which support performance is contributing to overall business goals and objectives. Before the proper indicators and metrics can be defined support's goals and objectives must be clearly understood. Consider the following guidelines when evaluating and defining support business performance indicators and metrics:

## **Align support indicators and metrics with overall business objectives**

- The answer to the question “What does the business expect from support” must be established.
- Establish an understanding of the possible correlation between support performance and business goals.

## **Obtain executive buy-in**

- Executive management must be willing to accept what is measured and how key indicators are derived.
- Be prepared to describe and defend the methodologies used to generate performance metrics.

## **Establish data collection and analysis techniques**

- Metrics are often more easily defined than measured.
- Make sure that the inputs for generating performance metrics can be obtained cost effectively and reliably.

## **Set realistic targets**

- Once performance indicators, metrics and methodologies are defined performance targets must be set to establish the expected level of performance.

## **Align performance appraisal and incentive programs**

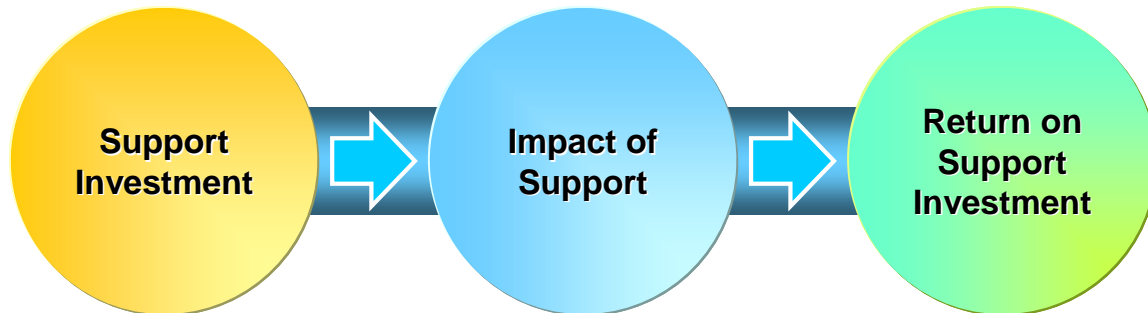
- Seek correlations between management and staff performance and support business performance.
- Make certain that performance management evaluation criteria and incentives are consistent with stated business performance metrics.

## The Support Value Proposition

The indicators and metrics selected for your business will provide a perspective of the value support provides to the company. Understand that it is possible that when indicators are initially rolled out the net benefit of support may be far less than expected or required by the business. Indicators and metrics are selected to provide an accurate picture of support operations not necessarily the picture you want. The indicators selected will form the basis of the value proposition of support operations. This value proposition will provide the means to establish a Support ROI to describe what the business gets from its investment in support.

Support value has two components. The first is the value of support to the business. The other is the value to the user or customer of support. Understanding the impact of support to the business is critical in managing the organization effectively. The value proposition is based on the investment to fund support and the return derived from support operations. For external support providers such as technology vendors this may include elements such as customer loyalty and revenue. For internal support such as help desks this may include elements such as business productivity and user satisfaction. Each organization needs to determine the correct elements in the value proposition equation. The primary role of support business metrics is to provide a means to measure the return from the investment made to provide support services. Whether internal or external, the impact of support must be measured. Core metrics must include a measure of inputs (investment) and benefits (satisfaction and/or profitability) to determine the return on the support investment. Key support metrics must be applied to this model to provide a balanced perspective of support's business performance.

**Figure 1: The Return on Support Investment**



Source: ServiceXRG

Support business performance metrics must be aligned with the philosophy and business goals of support. Metrics must provide a reasonable indicator of how support is performing and most importantly what can be done to enhance performance. There is wide acceptance that customer satisfaction is a key indicator. Although satisfaction is not a direct business metric it provides insight into the quality of the support provided.

Customer satisfaction paired with other key business indicators provides a balanced perspective of the common trade-offs that are required to manage the business of support. Key support metrics must fall within a basic balanced equation: What is invested in support – what is the return to the business from that investment – is there a reasonable return from this investment.

For external providers, support contract attach rate, renewal rate and overall contract penetration are critical indicators for companies that sell support. Low attach rates suggest that offerings are not aligned with customer needs. Low renewal rates indicate that the customer does not perceive value from the relationship. When overall support contract penetration is low the opportunity to maximize support revenue is diminished. Other critical indicators such as the level of support funding and support margin provide a holistic view of support financial performance. When top level indicators do not track favorably it is necessary to conduct root cause analysis to understand what factors are adversely affecting them.

For internal support providers, satisfaction scores and operational metrics are important core metrics. Although not a hard metric, funding levels and organizational acceptance are other

indicators. In other words, how difficult is the funding process. Is the value of the support organization understood by the users? Do they sing your praises and accept your budget requests or are they constantly complaining, seeking support alternatives and even telling you how to run your business?

If the value proposition is correctly structured, well understood by all stakeholders and clearly articulated, support whether internal or external has achieved a major milestone in running support as a key contributor to the business.

## **Performance Benchmarking**

In addition to choosing the right business performance metrics, it is also imperative to know what the current industry benchmarks are. Industry-wide benchmarks provide indicators of key trends and target performance levels. For example if your customer satisfaction level is below the industry average you need to pay close attention to the factors that are affecting satisfaction and determine if this level of performance is acceptable to support overall business goals and objectives.

While industry-wide performance benchmarks provide an important guide to suggest target performance levels, benchmarking should be done at a peer group level to enable a more appropriate “apples-to-apples” comparison. However, industry-wide benchmarks do offer a valuable point of reference.

## **Summary**

Support has many ways that it can affect the business. Support can be used as a means to drive revenue, sustain customer loyalty through satisfaction and increase productivity. The models and metrics used to measure support’s business performance must be based on the underlying philosophy and support the overall business goals. Choosing the right metrics will not only support the business objectives but will serve the customers and users better as well.



## About ServiceXRG

ServiceXRG specializes in helping companies develop and execute service and support strategies that strengthen customer relationships and optimize financial performance from service operations. ServiceXRG's research provides a balanced perspective of the IT services industry with views from users, service professionals and suppliers. ServiceXRG combines years of real-world service industry expertise with a unique ability to collect, analyze and present high quality industry data. ServiceXRG provides custom benchmarking, competitive analysis, customer satisfaction assessment, and a series of reports on industry trends and best practices.

### **For More Information**

ServiceXRG works with companies to help develop and execute service and support strategies that strengthen customer relationships and optimize financial performance from service operations. If you have questions about this topic or other service industry issues contact ServiceXRG by email at [research@servicexrg.com](mailto:research@servicexrg.com) or call 800-475-0089. To find information about this and other topics please visit [www.ServiceXRG.com](http://www.ServiceXRG.com) and click on "Publications" or search the publications library.