

MEASURING WHAT MATTERS

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Overview

Discussion document and considerations – key performance measures that would form the core of a unique, simplified method of measurement called a ‘VALUE Indicator Score’. It will need to be refined and adapted to your organization, as key performance stakeholders are consulted and current performance gaps are identified and confirmed.

MEASURING WHAT MATTERS

OVERVIEW

INTRODUCTION

ThinkITSM and ITSM Coach provide a value centric approach to Service Management reporting designed to help the Service Desk evolve from being a cost centre to being 'visibly valuable'.

PURPOSE OF MEASURING

- Record and measure performance over time
- Benchmark performance against industry peers and self
- Identify strengths and areas for improvement in the Service Desk & Incident Management Practice
- Diagnose and understand the underlying drivers of performance gaps
- Prescribe actions to improve performance
- Establish performance goals for individuals and the Service Desk & Incident Management Practice overall
- Communicating and demonstrating the value of the investment
- Cultivate a culture of improvement and "pro-activity"

FOCUS ON A FEW MEASURES THAT REALLY MATTER

Service Desk tools and processes often generate massive amounts of data and reports BUT 80% of the value of measuring the Service Desk can actually be found in a very small set of simple measures. One very effective way to zero in on measures that matter is to follow an overall "VALUE Indicator Score Method" that results in a single measure that reflects the value of your Service Desk & Incident Management Practice.

The Establishment of this single, overall score for the Service Desk & Incident Management Practice creates a mechanism to communicate performance in a balanced way that helps the performance stakeholder to quickly see how Key Performance Indicators combine to an overall VALUE Indicator Score and avoid overreaction to specific results.

The VALUE Indicator Score Method (see below), allows for aggregation and normalization of an important series of measures to create a single, all-encompassing indicator of Service Desk & Incident Management Performance for the month that can be trended. Better yet, weighting of these measures becomes a handy way to engage senior management in helping to set the strategic value of your desk and engages them in your service improvement activities.

SAMPLE OF THE VALUE INDICATOR SCORE METHOD – MONTHLY TRACKING

CSI “Silver Bullet” - VALUE Indicator

Used to focus Improvements & compel corrective actions to achieve targets.
 Results in a single VALUE score that can be used to trend improvements

KPI Dimension	KPI Champion	Performance Metric (KPI)	Weight	Confidence Rating (H,M,L)	Baseline	Target	Actual Performance	VALUE Indicator	Tactical Ref#'s
Quality		1. Customer Satisfaction	30%						
Quality		2. First Contact Resolution Rate	12%						
Quality		3. Compliance to Restoration Service Levels	10%						
Cost		4. Cost Per SD Contact	15%						
Quality & Cost		5. Service Desk & Incident Process Maturity	8%						
Cost		6. Resolution Cost per Incident	5%						
Cost		7. Agent Utilization	10%						
Quality & Cost		8. Agent Satisfaction	10%						
Total			100%	N/A	N/A	N/A	N/A	72%	



The VALUE Indicator Score for one Service Desk over a twelve month period is shown in the chart above. Notice how you can see at a glance which months had improving performance, (the VALUE Indicator Score goes up), and which months had declining performance (the VALUE Indicator Score goes down). The good news for this Service Desk is that the overall trend is in a positive direction.

Service Desk & Incident Management - Overall VALUE Indicator Score is determined through measurement of actual performance against existing & targeted performance which then is normalized by weighting the importance of the measure.

COLUMN EXPLANATIONS

1. KPI Dimension – The Service Desk value proposition is highest client satisfaction for lowest possible cost, the KPI Dimension column highlights whether the KPI demonstrates performance as a cost or quality measurement (or both)
2. KPI Champion – executive sponsors who champion the performance item including support of related improvement initiatives (communication & clearing roadblocks) and accountability for the accuracy of the measure (calculation/weighting/confidence rating/baseline) & reasonableness of the improvement targets.
3. Performance Metric (KPI) – carefully selected measures that provide best indicator of Service performance, in this case Service Desk & Incident Management
3. Weight – used to normalize metric results in calculating the over “value-score”. Cost and Quality are the main measures of support value so these should be weighted heaviest. Remaining measures are significant influencers and should be weighted according to their importance in ISB.
4. Confidence Rating (H, M, L) – used to help communicate the level of confidence that can be applied to the metric baseline. Ratings are 1-High, 2-Med, 3-Low and are based on the accuracy of source information. In some cases estimates and assumptions may be required to derive the measure while in others the information may be collected directly from existing processes and mined with accuracy.
5. Baseline – shows the starting point or current performance for a specific measure be sure to note the baseline date, data sources and confidence rating rationale).
6. Target – is where the measure is intended to improve to for the measurement period.
7. Actual Performance – records the actual performance for the measurement period
8. VALUE Indicator – weighted result of the difference between the baseline and the target which is then aggregated to the overall Value Score. $\text{Balanced Score} = \text{sum of each metric score} \times \text{metric weighting}$.

Note – this VALUE Indicator Score Sheet is intended for senior IT management. Consideration of a similar Service Desk & Incident Management Operations Score Sheet should be undertaken to underpin the Value Score Sheet and to allow for a more detailed analysis and selection of relevant improvement items.

MEASURE DESCRIPTIONS

1. Customer Satisfaction
 - One of the most effective measures of Quality
 - Important to collect
2. First Contact Resolution (FCR)
 - The single most important driver of Customer Satisfaction. This refers to calls only and does not include transfers to other sources of support or escalated to managers
 - Primary tactics to improve FCR centre on agent training, knowledge basis and agent incentives for improvements in FCR

3. Compliance to Restoration Service Level Objectives (SLO/SLA)
 - Important measure of customer satisfaction and efficiencies
 - Ensures attention to appropriate resourcing, stability of the infrastructure/solutions to meet business needs
4. Cost per SD Contact
 - The business goal of the Service Desk (SD) is to achieve the highest quality for lowest cost. Customer Satisfaction and Cost per Contact are the single most effective measures for Service Desk quality and cost.
5. Service Desk & Incident Process Maturity
 - Helps to monitor efficiency and effectiveness of the overall practice (roles, processes, procedures and tools)
 - Helps to prioritize improvements and links to other key performance indicator shortfalls
6. Resolution Cost per Incident
 - Takes the fully burdened cost of resolving an incident
 - Includes salaries, benefits etc.. of personnel involved in Incident Resolution (% of their time if not dedicated)
7. Agent Utilization
 - Labor cost represents the biggest expense in Service Desk. Agent Utilization provides a key measure influencing Cost per Contact.
 - The higher the agent utilization the lower the cost per contact; conversely the lower the agent utilization the higher the cost per contact
8. Agent Satisfaction
 - High level of satisfaction leads to lower turnover, lower absenteeism, and improved productivity
 - Tactics include Training, career-pathing and coaching

WEIGHTING CONSIDERATIONS

- Weighting should reflect the result of analyzing customer satisfaction and cost per call (% anchors should = 50% or greater of the overall Balanced Score weighting)
- Focus on analysis of greatest pain points that are negatively affecting overall value.
- Weightings should be revisited as part of a cyclical improvement and priority setting activity.

CREATING YOUR MEASUREMENT DICTIONARY

The next important step is to define and confirm the way that you will calculate your KPIs and the source(s) of data for each measure. A “Measure Dictionary” is a good way to record information for each KPI to ensure it is clear how it will be calculated for your organization, what the source of data is and to provide a repository of the specific information elements that should be maintained for quick reference. The following is an example of the type of information that should be considered for each entry. Remember that what you measure will have a significant influence on performance.

MASTER MEASUREMENT DICTIONARY (SAMPLE TEMPLATE)

Measure #/Name: IM005 – First Level Resolution (FLR) - Incidents resolved by First Level support		Process Owner: Calvin	Metric Sponsor(s): John Smith
Goal: To minimize service disruptions to the business & manage down the total cost of support through effective management of incidents		Objective: To optimize the volume of incidents resolved within the first level of support	
Description – How many incidents do NOT require assignment to second level support?			
Frequency: Monthly	Unit Type: Percentage	Polarity: High values are good	Target Value: >85%
Formula: # of incidents that are not assigned outside of level one as a percentage of all incidents.			
Data Source: Incident Management System			
Data Quality: High – large % of incidents are logged and the system accurately tracks resolution team		Data Collector: ??, Compliance Analyst	

Baseline Date: Dec 2010	Baseline: Currently 60 % of recorded incidents have FLR; NOTE: estimated that only 65% of incidents are formally recorded	Target: Q1-70%; Q2 -75% ; Q3-80%; Q4-85%
Target Rationale: This measure provides insight into the adequacy of analyst knowledge; focus of support models to expedite FCR capability. Current incident trends show a large volume of inquiries are related to password resets and client “how-to” requests for the 3 main applications. (20% of overall inquiry volume).		
SIP Initiatives & Owner	1. Targeted Analyst training on 3 main applications Q1	Compliance Manager
	1. Update KBI, simplify naming conventions and orient first level resources Q2	Compliance Manager
	2. Provide password reset permissions to L1 Analysts Q3	Integration Manager
Comments/Notes:	FLR should not be confused with First Call Resolution (FCR). An inquiry may be logged and assigned further within the Service Desk structure where it is resolved. This would NOT be FCR but would qualify as FLR and reported accordingly.	

For more information or assistance in creating a VALUE Indicator Score Sheet for your organization, please contact Charles Cyna (ccyna@thinkitsm.com) or download the CSI Toolkit which includes a workbook with the scorecard pre-built ready for data input at www.thinkitsm.com/csi

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