

From Meaningless to Measurable in 90 Days

*The story of how Herbalife achieved its
“Total Distributor Experience” through
BenchmarkPortal’s “Best Practice Certification”*

by

Dr. Jon Anton
Director of Research
Purdue University Center for Customer-Driven Quality

and

Dru Phelps
Vice President of Consultant Relations/Certification
BenchmarkPortal, Inc.

Introduction

Although answering more than two million calls a year sounds impressive, such a statistic in isolation is almost meaningless. For sure, plenty of calls are being logged but it says little about the level of customer service that’s actually being provided.

How good is it really?

This was the question facing Herbalife. In fact, with nearly 75 percent of the company’s \$1.8 billion revenue coming through the two million calls to its call center, it was a truly multi-million dollar question. It wanted answers and turned to benchmarking to get them.

The Los Angeles-based company—a provider of weight loss and nutrition management expertise in 58 countries worldwide—signed up for BenchmarkPortal’s Best Practice Certification in its search to deliver what it called the ‘Total Distributor Experience.’

The result was that, in just 90 days, the performance of its call center went from meaningless to measurable.

“We decided to look for ways to improve by benchmarking the entire marketplace, not just our own defined category of business,” said Michele Crocker, Herbalife’s VP of Distributor Services. “We figured that we might find our next best ideas from investment banks, airlines and insurance companies.”

The Principal and Process of Certification

Herbalife's journey to improving the health of its call center began with a benchmarking audit of current performance metrics. Co-author, Dru Phelps trained the Herbalife team and conducted the on-site audit. The training created an urgency to begin the 'journey to excellence,' with clear dedication to data validation and accuracy.

Best Practice Certification is a comprehensive process that measures how well an operation matches up against its peers in key performance areas, identifies areas for improvement, and recognizes the highest performance standards. It is based on objective, quantitative data and a center's performance is assessed against a number of 'best practice' metrics drawn from BenchmarkPortal's database—the most extensive in the world.

If, and only if, strict criteria are met, does a center earn the designation of "Certified Center of Excellence".

As you can see, overall, the benchmarking results were impressive, reinforcing what Herbalife thought—the company was already running an impressive operation.

Benchmark Data from Q3-Q4 2002	Herbalife	Best Practice
Average inbound calls per 8-hour shift	74.0	54.5
Percent adherence to schedule	95.0	87.3
Inbound cost per call in dollars	\$3.62	\$4.75
Percent of calls handled on first call	79.1	53.3
Percent perfect score on caller satisfaction	71.0	30.0

However, effective benchmarking doesn't begin and end there. The pats on the back were quickly replaced with a steely resolve to take the process through to its conclusion—raising the bar even higher.

The review allowed the company to subsequently identify where improvements could be made in productivity, service quality and cost savings—all of which contributed towards achieving a competitive ROI. These changes included:

- quality scorecard metrics
- weekly agent performance analysis (WAPA)
- skill-set performance and trend analysis

Taking one of these, the WAPA, this has introduced one document for managers to use for assessing agent performance and gathering data from various technologies.

“The Certification process has a unique advantage of referencing our performance goals to their best practice database which includes thousands of worldwide call centers,” explained Crocker.

“Our performance standards were refined as a result of the standards to peer group best practices. In addition, BenchmarkPortal provided us with objective information from a huge database of best practices.”

The Results and ROI

The whole exercise led Herbalife to established teams for workforce management, quality and process improvement, database, and Intranet from existing staff—meaning costs savings of \$330,000. The utilization of home-grown technologies resulted in a further \$200,000 savings in IT costs.

The company has also reorganized the operating structure to allow for greater employee development opportunities through training and coaching, improving call quality improved as well as agent retention. A new position—training and development manager for the call center—was established, along with three coach trainers and three quality assurance representatives—all from within existing staff resources.

In the final analysis, as a result of improving some of its core operational processes and refining KPIs, Herbalife has saved more than \$1 million in operating expenses during 2003.

And the cost benefit to the company? 20 percent of the overall gross savings was achieved in just the first quarter of 2003—or 0.02 percent overall to the cost of certification.

Should You Consider Best Practice Certification?

For Herbalife, the call center is the most important interface to its distributors and customers and, therefore, it is critical that the call handling process is conducted both effectively and efficiently. The Best Practice Certification process conducted a thorough audit of how well it was performing, both from the perspective of traditional hard call center metrics, as well as customer service quality.

Going through the benchmarking process gave the company quantitative insight into the center’s operation, allowing comparison to other leading peer groups—it could do the same for you.

“Benchmarking enabled us to take the necessary steps to truly differentiate ourselves from the competition beyond our own industry,” explained Crocker. “Our distributors compare us to Federal Express which delivers on time and the car dealer’s service department that sent them a ‘thank you’ note.”

Interestingly, Certification has also helped in the war of words currently raging in and around the issue of offshore outsourcing. The hard facts the process provides have presented the company with a compelling cost versus benefit analysis to maintain services in-house and enabled managers to fully justify why they should not outsource to offshore third parties.

“By reducing our average cost per call and providing world class customer service we are better able to close the pure cost gap between off-shore third party providers,” said Crocker.

Clearly, in today’s cost-cutting world, managers must be able to demonstrate that a contact center is operating with maximum efficiency and effectiveness.

Just imagine if you had a certificate hanging on your wall. Yes, it would definitely something to be proud of but, more importantly than that, it would say something about your company and its contact center. It would say it’s world class and you can prove it.

“Not only has Best Practice Certification validated that we run a tight and effective ship,” added Crocker, “but it has been a key element in helping transform the call center from a cost to a profit center.”

Your Next Step

The easiest way to gain valuable insight into the current operations of your call center is take the RealityCheck™. **It’s absolutely FREE!** After completing an 11 question survey we compare your call center's performance to those in your industry and rank your center in both efficiency and effectiveness - you get results immediately after submitting your data online. So what are you waiting for? It’s fast, easy and free! Get started today at www.BenchmarkPortal.com!

Author Biographies and Company Info:

Dr. Jon Anton is the Director of Benchmark Research at Purdue University's *Center for Customer-Driven Quality*. He has published 22 books and 96 papers on customer service and call center methods. His education includes a Doctorate of Science and a Masters of Science from Harvard University, a Masters of Science from the University of Connecticut, and a Bachelor of Science from the University of Notre Dame. Dr. Jon can be reached at: DrJonAnton@BenchmarkPortal.com.

Dru Phelps, Vice President of Consultant Relations/Certification with BenchmarkPortal's validation of *Centers of Excellence* shares pragmatic expertise in customer service and quality performance management. Featuring quantifiable assessments with expertise in sales, finance, utility, and hospitality, she co-authored *How to Conduct a Call Center Performance Audit: A to Z*. Ms. Phelps earned her Master of Science at USC and Bachelor of Science at Purdue University and on faculty at University of Phoenix. As consultant, director, client partner, and speaker, Dru personally trained over 1500 managers and actively engaged in 125 Call Centers worldwide. Dru can be reached at: DruPhelps@BenchmarkPortal.com.

About BenchmarkPortal, Inc.

BenchmarkPortal, Inc. manages the largest database of key performance indicators (KPIs) collected from thousands of customer service contact centers in 43 different industries, and from 28 countries worldwide. Detailed reports of this data are available to call center professionals, enabling them to make intelligent, fact-based management decisions regarding best practices, and to compare their contact center's performance to a peer group of similar call centers.

Benchmarking was founded by Dr. Jon Anton at the Center for Customer-Driven Quality at Purdue University in West Lafayette, Indiana in 1995. The database is recognized as the largest, most comprehensive database of contact center performance metrics worldwide. For more information about BenchmarkPortal, call 805.614.0123 or visit our Web site at: www.BenchmarkPortal.com.