

Building a Strong Champion-Challenger Framework

The purpose of this Executive Summary is to share best practices and present recommendations for Vendor Management professionals to take into consideration when structuring performance-driven Champion-Challenger models in a way that will deliver optimal business outcomes.



SELECT THE RIGHT OUTSOURCING CX PARTNER

Selecting the right outsourcing CX partner involves identifying CX providers that not only deliver on cost and efficiency drivers, but also strategically align themselves to the CX organization's strategic goals, which must be future-ready and future-proof. This creates the need to establish a framework for assessing strategic partners. The Champion-Challenger framework allows CX organizations to align their goals to the benefits of the partnership. These goals may vary from the simple objective of achieving greater cost efficiencies to more comprehensive goals such as transforming the way CX is delivered.

In the market, every BPO partner claims a unique approach towards performance and delivery. They focus on traditional contact center metrics (e.g., quality, CSAT, AHT, etc.). However, with the changes in the CX ecosystem – influenced by technology and consumer behavior – CX organizations must now look at the 360-degree synergy between their organizations and BPO partners, such as customer experience across the engagement lifecycle and the unique operating models that reflect ROI goals.

ESTABLISH A “CHAMPION” AND BRING THE “CHALLENGERS”

The Champion-Challenger is a performance-driven operating model that allows organizations to assess topperforming partners to further the partner's contribution to the organization's strategic goals. This framework also helps an organization optimize cost, selection of the best providers and other strategic considerations in operating the contact centers.

BUILD YOUR FRAMEWORK

Based on our 22+ years of experience in contact center operations, we recommend that CX partner management teams consider three key components for assessing the right partner through a Champion-Challenger model.

These three key components are:

- **Cost Effectiveness:** Balancing your incentive structure to award and penalize partners, based on performance delivered. For example, establishing tollgates and incremental incentives for cost-centric metrics such as AHT, transfers and repeats.
- **Outperformance on CX Metrics:** Defining CX metric goals which allow the partners to have complete control on delivering against targets. For example, segregating and incentivizing experience delivered by agents from overall satisfaction measurement system.
- **Value-Based Delivery:** Establishing aspirational goals beyond metrics translating to desired business outcomes. For example, process improvements with qualifiable impact, fixing friction points and improving customer and agent experience.

ESTABLISH SUCCESS CRITERIA

Strategic business goals need to be identified while establishing success criteria within the Champion-Challenger framework. Performing a bridge analysis that compares the current-state vs. the future-state allows organizations to identify the time, resource and effort required to achieve desired goals. For example, when you have an increased contact rate, and you have to manage to the existing budget framework, a bridge exercise would allow you to establish smart efficiency goals (e.g., reduced handled time, increased concurrency), driving the objective of increase contact handling capacity. Timing the project across 90, 120 and 180 day periods allows the organization to establish key milestones.

Taking business goals into consideration, success criteria should include the following:

- **Outperformance and Consistency in Delivery:** Delivering across all components of KPIs (i.e., productivity, efficiency and effectiveness).
- **Return on Investment:** Measuring cost per contact by looking at optimization initiatives around metrics such as repeat rate, transfer rate and AHT.
- **Business Insights and Innovation:** Evaluation of the partner's ability to identify friction points that impact Customer Experience (CX) and Agent Experience (AX).
- **Ease of Doing Business:** Partnership governance and performance management.

To create the most effective measurement framework, it would involve the following steps:

- **Target Setting:** Pick the metrics that matter to you. Decide your goals by benchmarking industry best practices.
- **Balancing Performance Expectations:** Assign weighting factors to your metrics based on their importance and impact on business and customer service objectives.
- **Review Target Attainment:** Create a performance management cadence to review individual metrics and overall score attainment.
- **Stack Ranking:** Evaluate your partner network with a strategic outlook

An example of an effective Sample Evaluation Scorecard is provided below:

Rank	Partner	40%			30%			30%			Overall Score
		Efficiency Based Metrics			Voice of Customer based metrics			Resolution Rate based Metrics			
		Actual	Target	Attain	Actual	Target	Attain	Actual	Target	Attain	
1	A	400	600	149.9%	80.7%	78.0%	103.4%	85.7%	85.0%	100.9%	121.3%
2	B	507	600	118.3%	84.6%	78.0%	108.4%	87.5%	85.0%	103.0%	110.7%
3	C	535	600	112.1%	83.5%	78.0%	107.1%	79.3%	85.0%	93.3%	105.0%
4	D	611	600	98.2%	78.6%	78.0%	100.8%	78.3%	85.0%	92.1%	97.1%
5	E	732	600	82.0%	79.5%	78.0%	101.9%	86.5%	85.0%	101.7%	93.9%

Exhibit 1: Sample Evaluation Scorecard

The metric buckets called out in the Sample Evaluation Scorecard above could consist of the metric clusters as below:

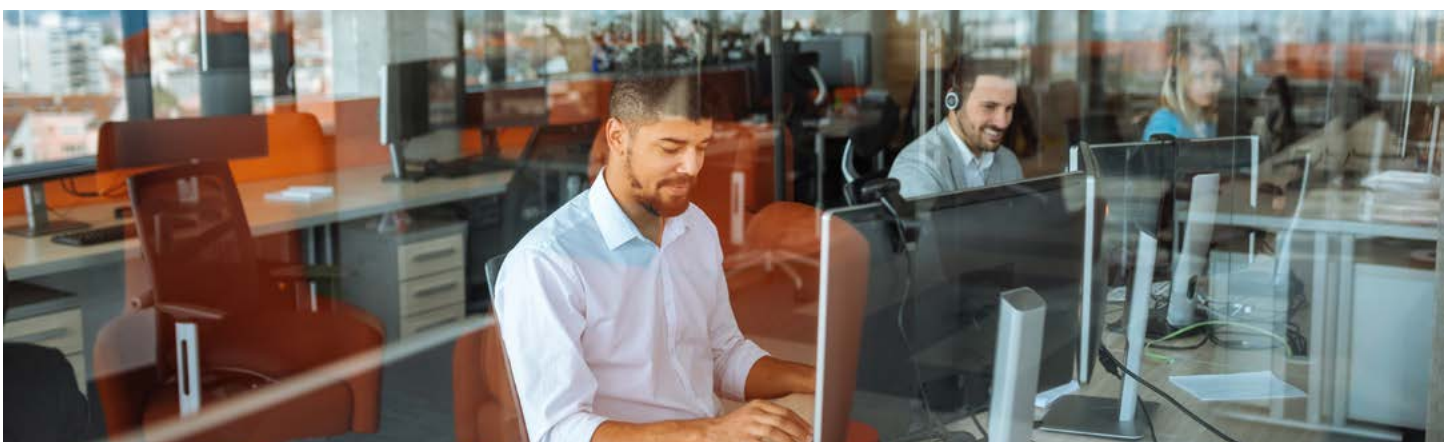
- **Efficiency Based Metrics:** AHT, ASA, service level, abandon rate, concurrency, etc.
- **Voice of the Customer Based Metrics:** CSAT, NPS, Agent SAT, etc.
- **Resolution Rate Based Metrics:** FCR, R-SAT, transfers, repeats, etc.

From the example of the above sample evaluation scorecard, while individual partners are able to attain targets across metrics, the balanced scoring system of the Champion-Challenger framework allows you to pick your true champion. The above scorecard allows you to look at the entire playing field, enabling you to assess top performers based on the priority and importance you have said for the metrics that matter to you.

The Champion-Challenger evaluation model enables the organization to further strategize and incentivize outperformance by creating volume allocation plans based on your partner stack rank. As an example, follow through from the above Evaluation Scorecard could result in the following Volume Reallocation Plan. This provides the actionable insights to guide decision making regarding changes to partner volume share.

Rank	Partner	Volume Share	
		Current	Future
1	A	20%	30%
2	B	15%	20%
3	C	25%	25%
4	D	25%	15%
5	E	15%	10%

Exhibit 2: Sample Volume Reallocation Plan



CONSIDER THESE ADDITIONAL FACTORS

We recommend that the partner management team considers the following variables while evaluating the “champion” partners in their network:

- **Hours of Operation:** Do the partners provide similar coverage throughout hours of operation?
- **Call Mix:** Do the partners handle a similar contact mix (i.e., caller intents)?
- **Channel Mix:** Do the partners handle similar volume share by channel (e.g., phone, chat, messaging, social media, etc.)?
- **Frontline Empowerment (Role-Based Access):** Do the partners have consistent access to the tools and applications?
- **Knowledge Transfer:** Are the partners given the same learning opportunity and access to the same knowledge repositories?
- **Voice of Customer (VOC):** Is the customer survey capture mechanism consistent across partners?

GAIN ENTERPRISE-WIDE VALUE

Promoting your “champion” while empowering your “challenger” creates an enterprise partner network that promotes Centers of Excellence (COE). It also enables the organization to establish best practices by channel and by business segment. This allows the organization to scale such practices across the enterprise, while the “champion” partner wins wallet share.

GOING THE EXTRA MILE

Engage in activities across all your partners that drive the collaboration and competition you desire, while achieving the higher performance and business outcomes your require.

Best practices include the following:

- **Strategic Partner Meetings (Annual and Bi-Annual):** Host a summit annually or twice a year that allows each partner to share operational best practices embraced by their organization for other partners to consider adopting in order to drive consistency and continuous improvement across the board.
- **Rewards and Recognition (Annual):** Bring partners together once a year to recognize them with awards for innovation and performance by metric. Celebrate the new, creative approaches and positive contributions they’ve made, while encouraging the other partners to step up their game and earn their spot in the winner’s circle.



Contact us

www.247.ai

info@247.ai

United States +1-855-692-9247

Canada +1-866-273-1195

United Kingdom +44 0 207 836 9203

Australia +61 2 90025780

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