MetricNet ®

Metric of the Month: Agent Utilization

By Jeff Rumburg

Every month, in the Industry Insider, I highlight one key performance indicator (KPI) for the service desk or desktop support. I define the KPI, provide recent benchmarking data for the metric, and discuss key correlations and cause/effect relationships for the metric. The purpose of the column is to familiarize you with the KPIs that really matter to your support organization, and to provide actionable insight on how to leverage these KPIs to improve your performance.
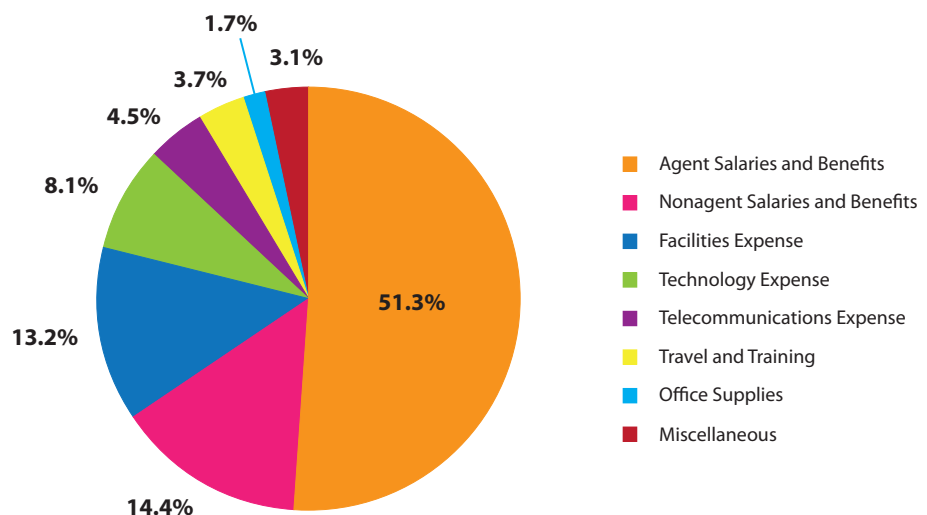
Agent Utilization

One goal of every business is to achieve the highest possible quality at the lowest possible cost. It stands to reason, therefore, that cost and quality should be measured on an ongoing basis. In fact, many would argue that cost and quality are the only two things that really matter in a service desk.

In past articles, I have discussed the importance of using metrics as a diagnostic tool to improve performance. So we have to ask ourselves, if cost per contact is one of the foundation metrics for the service desk, how can we affect it? How can we improve it? What are the primary levers we have to manage cost?

The service desk is a labor-intensive function. Agent salaries and benefits make up more than half of all costs for the average service desk. And when you consider the salaries and benefits for nonagents (e.g. supervisors, team leads, QA/QC, trainers, and workforce schedulers, etc.), approximately two-thirds of all service desk costs are related to personnel, as shown in Figure 1. Labor productivity, then, is the biggest lever we have to manage and control service desk costs.

Figure 1: Expense Breakdown for Global Service Desks

Legend:
- Agent Salaries and Benefits — 51.3%
- Nonagent Salaries and Benefits — 14.4%
- Facilities Expense — 13.2%
- Technology Expense — 8.1%
- Telecommunications Expense — 4.5%
- Travel and Training — 3.7%
- Office Supplies — 1.7%
- Miscellaneous — 3.1%

The best measure of labor productivity is agent utilization. Because agent salaries and benefits represent more than half of all service desk costs, if agent utilization is high, the cost per contact will be correspondingly low. Conversely, when agent utilization is low, agent costs, and hence cost per contact, will be high. This is illustrated in Figure 2.
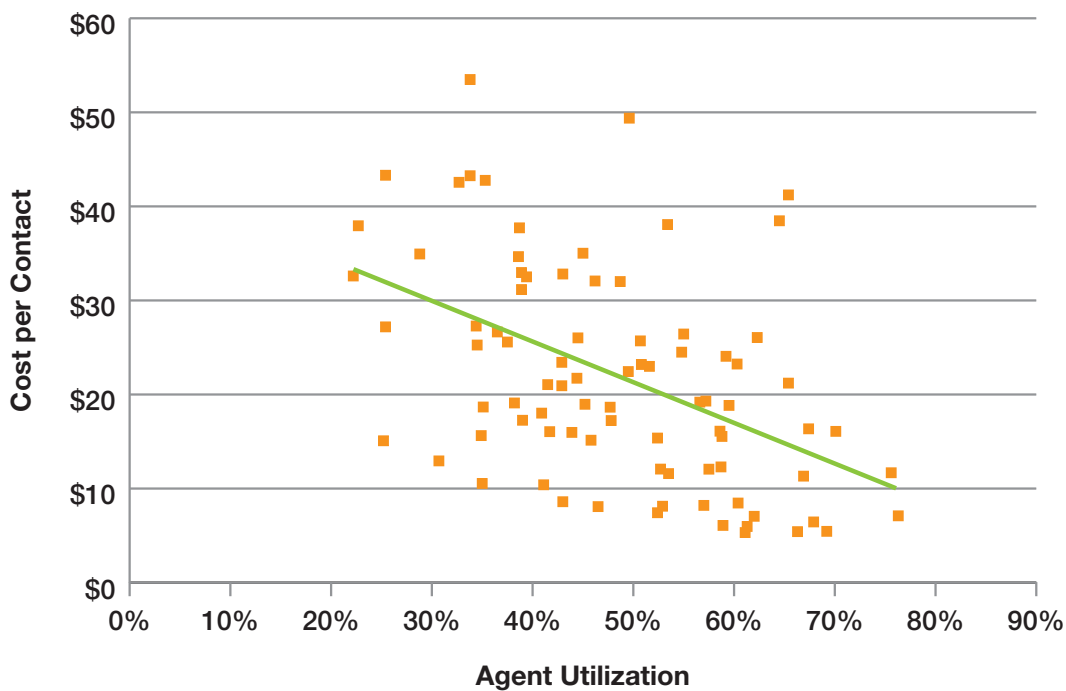

Figure 2: Agent Utilization vs. Cost per Contact

Just as world-class service desks are obsessed with maintaining high customer satisfaction levels, they are equally committed to keeping their costs in check. They do this primarily by maintaining tight control over agent utilization. This has the effect of minimizing cost per contact as illustrated above. That said, extremely high agent utilization rates can actually increase your costs by driving up agent turnover rates. Whenever agent utilization rates approach 60–70 percent, a service desk will experience relatively high agent turnover because they are pushing the agents too hard, leading to burnout and low morale.

The formula for determining agent utilization is somewhat complicated. It factors in the hours in a work day, break times, vacation and sick days, training time, and a number of other variables. But there is an easy way to approximate agent utilization without going to so much trouble:

$$\text{Agent Utilization} = \frac{\text{(Average number of calls handled by an agent in a month)} \times \text{(Average call handle time in minutes)}}{\text{(Average number of days worked in a month)} \times \text{(Number of hours worked in a day)} \times \text{(60 min/hr)}}$$

Let's say, for example, that the agents in a particular service desk handle an average of 500 contacts per month at an average handle time of ten minutes per contact. Additionally, these agents work an average of twenty-one days per month, and their work day is 7.5 hours after subtracting lunch and break times. The simplified utilization formula above would work out to the following:

$$\frac{\text{(500 contacts per month)} \times \text{(10 minutes per contact)}}{\text{(21 working days per month)} \times \text{(7.5 work hours per day)} \times \text{(60 min/hr)}} = 52.9\%$$

Once again, this is not a perfect measure of agent utilization, but it is quick and easy, and it gets you within five percent of the true agent utilization figure.

Benchmark Ranges for Agent Utilization

MetricNet's benchmarking database shows that the average agent utilization for service desks worldwide is about 48 percent. This number varies widely, from a low of 22 percent to a high of 76 percent. Those at the low end of this range tend to be smaller service desks that are unable to achieve economies of scale, or service desks that are required to staff a back shift when few calls come in. Those at the high end of this range tend to be outsourcers, who typically have good scale economies and have a profit incentive to keep agent utilization rates on the high side.

Figure 3 on the following page shows the distribution of agent utilization statistics for a representative cross-section of service desks worldwide.

Figure 3: Benchmarking Statistics for Agent Utilization
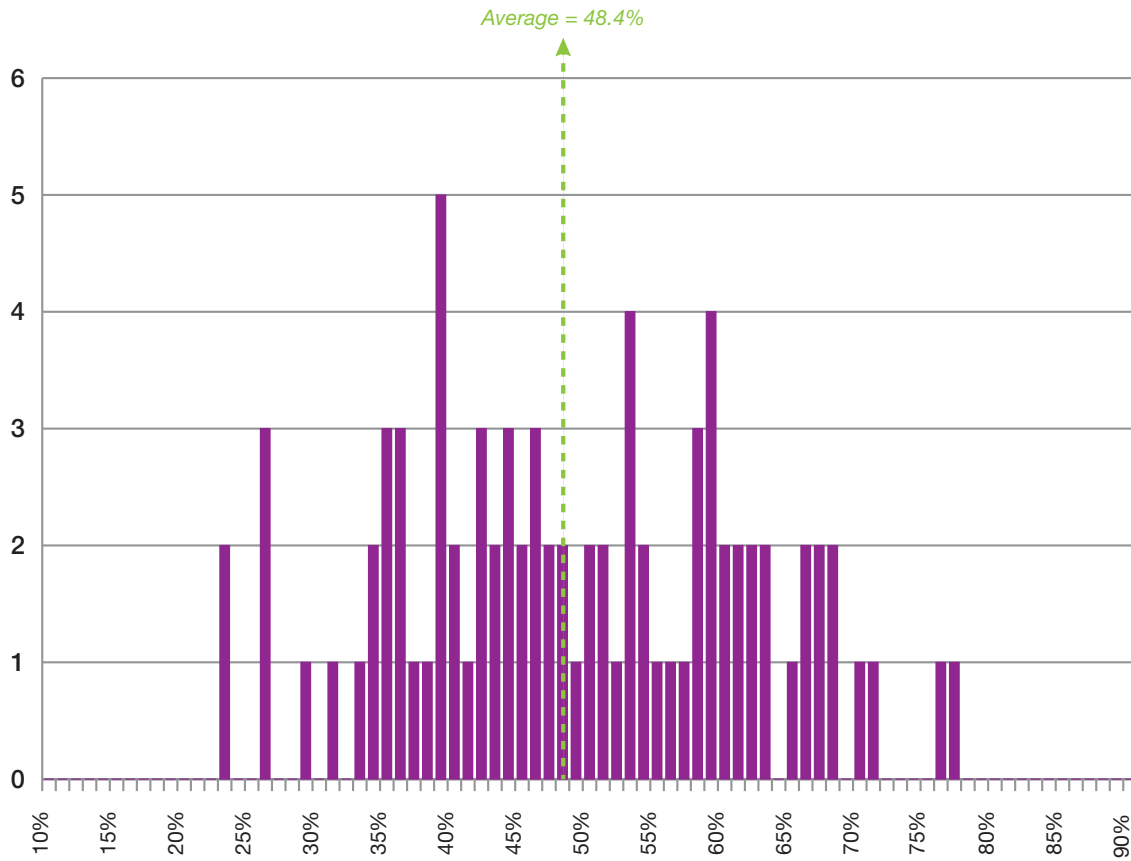
Max = 76.3% | Min = 22.2% | Median = 47.8% | Average = 48.4%

Please join us for next month's Metric of the Month, **incidents per user per month**, an important service desk metric that is often misinterpreted.

Jeff Rumburg is a managing partner and cofounder of MetricNet, LLC, the leading source of service desk and desktop support benchmarks for IT service professionals worldwide.