

FOR THE INDUSTRY – BY THE INDUSTRY
CONNECTING WITH YOUR CUSTOMERS

*The future of the UK contact centre industry is in our hands.
Are we ready for change?*

It is this key question that formed the basis of the CCA Industry Symposium in London on May 6th, 2004. This unique event was designed to get to the heart of the customer experience, and to provide delegates with an opportunity to learn how their customer contact centre could be used as a mechanism to deliver excellent customer service. This white paper draws together the collective speaker and delegate findings of the symposium, and gleans from the expertise and knowledge of the following industry experts, both from individual speeches and the discussions that followed:

Speakers

- Right Hon. Patricia Hewitt MP, Secretary of State for Industry
- Professor Richard Scase, Futurologist & Socio-Economic Forecaster
- Mike Havard, Managing Director, CM Insight
- Ros Taylor, Leading UK Psychologist

Keynote Debate Panel

- Carol Borghesi, BT (Chair)
- Anne Marie Forsyth, CCA
- Chris Harris, Vertex
- Mike Havard, CM Insight
- Richard Scase
- Mike Shute, DTI

This paper begins with an outline of the major challenges faced within our industry, both those that we experience in the present and those we can anticipate in the future. Following this, we will turn to industry-wide solutions, as we look to engender real and lasting change for both our staff and customers.

PROBLEMS and CHALLENGES

The UK customer contact profession faces many challenges today – the challenge of offshore competition, of customer satisfaction, of balancing the cost and the customer. As contact centre operators, we are torn in many different directions, aiming to turn our talk of excellence into practice within the realistic parameters that our environment allows. Before we can see real change though, we must understand the challenges we face.

The Challenge of Being Truly Customer-Centric

The Customer is King ... This is our ethos, our reason for being, and this is what we aim for. Or is it? Is it truly the case that the customer is always king? The reality in many of our contact centres is that other factors are very often prioritised over the needs of customers. So what prevents us from genuinely putting the customer first?

This question was addressed within the Symposium Keynote Debate, and in the round table discussion that followed. Panel members concluded that the customer is not king when ...

- ... a business process is in place that drives the services and options the

- customer **wants** rather than what the customer **needs**
- ... we fail to thoroughly inform and **educate** the customer
- ... we view customers as **costs**
- ... the **systems** in place are not flexible enough to cope with customer demand
- ... there is lack of **integration** and consistency between products/services and our approach to customers – when people in the front line do not live, breath and understand the brand
- ... the focus is entirely on the management of **internal processes** rather than outputs, resulting in impersonal, standardised communication with customers
- ... **cost** comes first, and the balance is not met between affordability and excellent service
- ... **management** do not demonstrate through their own actions and attitudes the importance of customers to the organisation
- ... our **policies** and processes are not focused around the customer
- ... our **data** is inaccurate or incomplete
- ... the resource needed to deal with more **difficult customers** negatively impacts the resource invested in improving service for all customers
- ... there is no sense of “**partnership**,” or two-way interaction, with customers

The Gap Between Rhetoric and Reality

What we are reminded of, therefore, is that there is still an enormous gap between our rhetoric regarding customer-centricity and the reality expressed in our attitudes and actions. This is a challenge that is faced by all contact centre operators – but why is it so persistent and so problematic for us?

- **Unrealistic Expectations:** Richard Scase believes that while companies are genuinely committed to customer service, the reality is often unattainable because inflated expectations are created. The key, he contends, to matching the reality with the promise is focusing upon our staff and developing a customer focused culture, both of which are achieved through inspirational leadership. In recent years, contact centres across the UK have gone through many process and system changes, but often this has been done without consideration for culture change. Principles such as customer-centricity seem straightforward and good in principle, but can be more difficult to deliver than we realise – and therefore a new mindset needs to come before new systems.
- **Leadership:** The other keynote panellists agreed that leadership is indeed key in this area. The vision and mission of a company says a lot about the priority and value placed on customers, and so for the customer to be king in the day to day operations of a contact centre, the customer must be at the very centre of the boardroom agenda. However, it is not always the case that the commitment of management necessarily filters down to the rest of the organisation. The right signals must be sent out, and they must be communicated well. On a positive note, Anne Marie Forsyth believes that the offshore debate has in fact brought the contact centre to the attention of senior management, and that the issue of customer contact can no longer be ignored at board level. However, this ongoing challenge is heightened by the fact that it is difficult to quantify the cost and benefits of customer centricity, and to put forward its value to those at boardroom level.
- **Mass Production Model:** Recent research conducted by Aston University and CM Insight found that 85% of contact centres in the UK are operating within a mass production model, the characteristics of which are strong management control, reduced variation, uniformity, high-speed production

and often unskilled monotonous tasks. The problem for the organisations using the mass production model is that they cannot compete effectively in terms of quality, customer experience, distinctiveness and brand alignment, and therefore will be forced to compete on a commoditised arena on the basis of price/cost alone. An alternative management model will be proposed at a later stage in this paper. For now, it is notable that while we speak of our investment in staff and focus on the customer, such a large proportion of centres are working to this model.

- **Customer Expectations:** The expectations of those we serve change and rise constantly, and it is an ongoing challenge to remain up to date. Our ability to meet these expectations through the implementation of new technology is also hindered by the problem of time lags in this implementation, and the perception that we are always “behind.”
- **Industry Image:** It is clear that one of the greatest challenges we face is that of the image and perception of the customer contact profession among the general public – a challenge which is owed much to negative media attention. While our industry continues to grow in the area of professionalism, this is not a message conveyed to the public, which impacts the type of potential employees we can attract. This has an effect on the level of performance within our centres, which in turn creates pressure on us as contact centre operators, and leads to the very negative media coverage that is so problematic to our profession.
- **Skills:** A recent report completed for the DTI found that in the UK there is a significant issue with appropriate skills, something which the government is taking seriously. The report found that 95% of employers (all businesses, not only call centres) across the country wanted communication skills as a key requirement, and yet only 41% of potential candidates had these skills. This is a critical issue for contact centres. The excellent customer service that we strive to provide relies heavily on staff who are skilled in the areas of communication and conversation, but the truth is that these people are not available in the quantities we require.

INDUSTRY-WIDE SOLUTIONS

“There is an agenda here for all of us to rally around: it’s about raising value and skills and quality right across the whole of this sector.”
Patricia Hewitt MP

Having understood some of the key challenges we face, how then can we narrow the gap between rhetoric and reality? How do we connect effectively with our customers? What changes are necessary over the next five years? The following section outlines some of the conclusions of speakers, panellists and delegates at the Industry Symposium, in response to these questions.

Approach to Staff: Exercise Creative Leadership

Motivation of Staff: UK psychologist Ros Taylor highlights the need to treat staff well, and by this she means that we are to focus on individuals, encourage fun in the workplace, embrace emotions, and aim to reward. “It’s being rewarding as a person that becomes important, catching someone doing something a little special.” Richard Scase concurs when he states that, “leadership is about inspiration, not about having an MBA, it is about developing the emotional and social skills of employees, getting them enthused and motivated to deliver to customers.” When this type of inspirational leadership is practised, trust and commitment between management and

front-line staff need not be an unattainable goal. Rather, higher levels of efficiency and service will be achieved when these principles are put into practice.

Develop Trusted Advisor Status: For real change to be experienced, we must also resist the tendency to consider staff as costs. If we think of staff in this way, why try to keep jobs in the UK when cheaper options are available elsewhere? Why train our staff or aim for professional standards? In addition, if we take this attitude, we are in turn commoditising our relationship with customers, losing competitive advantage, and contributing to the negative image against which our industry is constantly battling. Instead, we ought to think of staff as capital assets. Investing creatively in the emotional and social intelligence of staff, paired with the adoption of professional standards such as the CCA Standard Framework for Best Practice ©, will turn our staff into the kinds of “Trusted Advisors” that today’s customers seek. When this Trusted Advisor Status (a concept introduced by Richard Scase) is developed and the shift moves from a transactional, product-focused, short-term relationship model to a long-term, individualised, personalised relationship model, the UK contact centre industry will be much better equipped to respond to the challenges it faces, both at home and overseas.

Listen to Staff: Rather than internal communication being one-way, namely from senior management to the agent, we must understand that our agents are the people who best understand their expectations and needs. We ought to draw on the insight of our staff, as they may be the very ones to suggest how we might close the gap between our ambitions and the reality of the service we provide. As leaders, we need to draw on their knowledge and ideas in order that we can deliver more effectively to our customers.

Focus on Skills: The key to raising value will be raising skills, Patricia Hewitt believes. The higher up the skills ladder we can move our people, the higher value our business will generate. This issue is high on the government’s agenda, as they seek to raise standards in the educational system while also working with employers and trade associations to promote workplace training. At the same time, skills must also be high on our agenda in our own contact centres. Our vision should also be the vision of the CCA Standard Framework for Best Practice ©, namely “happy and fulfilled staff dealing with satisfied customers,” and we must be willing to invest in the development of our staff for this job satisfaction to be attained.

Approach to Customers: Personal Experience & Trust

Dynamic Life-Style Clusters: Turning now to our customers, Professor Richard Scase believes that our relationship with customers has to be decommoditised. Today’s consumers are looking for an experience, they are looking to connect personally with someone that they can trust, and who will provide them with value and quality of service. Traditional marketing categories (such as targeting by postcode, age or gender categories), therefore, ought to be replaced with “dynamic life-style clusters” which recognise the complexity and variety of customers’ needs and demands.

Understanding Conversation: Mike Havard called on contact centre operators to be aware of the efficiency drive, and of the inclination to fall into the trap of focusing on function rather than on feeling. If we view conversations as linear and straight forward processes, then the argument for full automation becomes clear. However, as he states, “conversations are not straightforward, they are a set of adaptations and flexible encounters with much complexity behind them.” As we train staff in essential communication skills, a focus on the importance of conversation will increase the partnership or two-way interaction between agent and customer that is so often lacking and yet so beneficial to our relationships with customers.

The Challenging Customer: Throughout this paper we have emphasised the need

to put the customer first at all times, and to close the gap between our discussions and our customers' actual experience. However, this is not always a straightforward pursuit. Why should we have this passion for customers when they, for example, default on payments, complain continuously, or make unreasonable, unethical or illegal demands? Mike Havard suggests that two issues must be kept in mind as we try to maintain excellent service even in these circumstances:

- First, we need to understand what we can do to deliver a **positive and deliberate** experience, characterised by great brand expression and identification
- Second, we must ensure that the process underpinning this attitude is one of **appropriateness and adaptability**, in order that the response of our agents to more difficult or challenging customers can result in a positive outcome for both parties.

Approach to Operations: Balancing Cost & Customer Focus

In relation to the provision of excellent customer service, one additional difficulty in bridging the gap between rhetoric and reality stems from the need to balance the concept of customer-centricity with the costs involved in serving "low-value segments" of our customer base. So, how do we achieve this balance? Three points were agreed upon in the course of discussions on this topic:

1. We need to understand, set and manage **expectations** – in other words, we must understand that parts of our customer base need to be managed differently, and set/manage expectations accordingly.
2. A **long-term view** of a customer's value ought to be taken. Although not immediately obvious, there may be significant value locked up in a customer, and therefore we should invest in each customer – in spite of how difficult this may be in a cost-centred environment. Alternatively, there may be value attached to a particular transaction that is highly significant to the customer but a cost to the business, and serious business decisions have to be made about this type of transaction.
3. **Practical realities** must be considered. In some situations, using technologies rather than a live agent may be the solution, but in these situations we ought to be sensitive in setting expectations, and ensuring that we are accurately gauging customer feedback. If using technologies, consider the use of technology such as natural language recognition if appropriate rather than IVR and let customers know why you have made this decision. At all times, technology needs to be used wisely, appropriately, and sensitively.

However, related to the points above is the observation that we should in fact avoid regarding any segment of our business as "low value". All customers share their experiences with friends, and therefore can influence people's attitudes and the reputation of our brand. Segmentation itself can also be dangerous since contact centres are often working with data that is out of date. If we do continue to segment our databases according to high and low value, this should only be done where sophisticated databases are in place that allow us to build up profiles of low value customers. Without such databases, we cannot assume that our categorisations are based on accurate and reliable data.

It is worth noting too that while we are warned against designating customers or transactions as low value, it must be recognised that many organisations spend a great deal of time and resources dealing with unnecessary calls. In the majority of cases, this results from a breakdown of processes in the organisation itself. If these back-end processes can be sorted out, customer value will in turn be enhanced as

we will be serving the people we want to serve. Anne Marie Forsyth of CCA believes that we ought not to talk about “low value customer”, but rather “appropriate communication and appropriate expectation.”

Approach to Developing Value and Advantage: “Mass Customisation”

Finally, as we look to balance the needs of our customers with the demands of the wider organisation, it is important not to neglect the latter aspect. Providing real value for customers must go hand-in-hand with delivering real value and advantage to the organisations of which we are a part. One particular model introduced at the Symposium has been developed with this in mind. For the first time, the findings of recent research completed by Aston University and CM Insight empirically prove the benefits and payback to organisations of adopting the model known as “**mass customisation.**” This approach demands a different managerial approach, and results in different managerial activities and behaviours.

Although there are considerable variations in the way that contact centres are organised and managed, there is clear empirical evidence that identifies the links between management practices in contact centres and the performance of those contact centres showing that:

- **Job design makes a difference ...** Organisations that encourage and facilitate employee participation, involvement and autonomy will deliver highest quality in call handling
- **Management approach affects quality ...** Organisations operating in a climate that is supportive of service quality and facilitated by appropriate managerial behaviour will see a strong reflection of this in actual call quality
- **CTI technology will be negatively associated with call quality ...** The way in which CTI is deployed in 85% of contact centres is inappropriate, and counter-productive in terms of improving interactions with customers
- **The more employees managed by a team leader the lower the call quality ...** The size of teams is what matters here, as opposed to the absolute size of the operation

The advice to those organisations that currently adopt the mass production model mentioned earlier in the paper would therefore be:

- Review you contact centre’s **performance** in terms of its impact on customers
- Consider the **consequences and limitations** of the management model currently being deployed and examine the alternatives, such as the mass customisation model
- Make every effort to maintain and increase the **quality** of the customers’ experience within the limitations of the current model
- Decrease the **size of teams**, increasing the emphasis on quality
- Review the way **CTI** is used
- Give greater **discretion and autonomy** to agents.

FUTURE CHALLENGES and DEVELOPMENTS

The challenges and solutions outlined above are by no means comprehensive, but highlight the ongoing pressures that are faced within our profession, and how we might seek to tackle these in the pursuit of excellent customer service. These challenges and solutions will very likely change and develop, as we are operating in a dynamic marketplace. With this in mind, it is therefore vital that we look ahead to what the coming years may hold, in order that we can propose changes that not only address today’s challenges but that will guide us through

the changes to come. What challenges can we expect over the next five years? How will our industry have changed towards the end of this decade? These questions were addressed in the Symposium Keynote Debate, and the following section outlines some of the key findings:

Customer Focus

Over the coming years, this key challenge will continue to dominate discussion, as it has in previous years. It may be that consumer discontent will always be ahead of organisations' ability to deliver, and that the focus on cost within contact centres will continue. At the same time though, there will be an effort to better understand value as contact centre operators wake up to the need to demonstrate value to customers. Linked to this will be the need to better quantify and demonstrate the value of customer-centricity to the larger organisation, in order that the commitment to and investment in the customer comes directly from the top.

Professionalism

An area in which positive change is predicted is that of professionalism. Anne Marie Forsyth, Chief Executive of CCA, sees the enthusiasm that exists for professionalism and feels extremely positive about the next five years. This enthusiasm is clearly demonstrated in the growth of the CCA Standard Framework for Best Practice ©, and the increasing interest in professional qualifications – both of which also indicate real investment in both staff and customers. Related to this, as Chris Harris of Vertex has highlighted, we must ensure that the actual pace of any change over the coming years is in keeping with the professionalism of our change management expertise and the motivation of our staff.

Offshore Challenge

This particularly topical issue will continue to raise a great deal of interest and debate, and is always before us as a challenge – particularly as we work towards improving competitiveness in the UK customer contact profession. Whether for the right or wrong reasons, companies will continue to outsource their call handling, some overseas and some within the UK. The challenge to us is how we differentiate ourselves from offshore competition. As Patricia Hewitt summarised in her speech, “we are not going to be competing with low wage countries for low wage work, we want to be persuading other high value economies and companies to come to us for the high quality skills and services that we can offer.” If we move towards the Trusted Advisor Model mentioned earlier in this paper, we will begin to distinguish ourselves as the leaders in customer service.

Public Perception

There can be no questioning that one of the greatest challenges faced on an ongoing basis is that of public perception. However, Mike Shute of the Department of Trade and Industry has observed that there is such a gap between the reality of the commitment and enthusiasm of those people involved in the industry and the often negative reputation that the industry receives. The contact centre profession can and does bring real value to UK industry, and this is the message that we must continue to convey.

Other Developments

UK call and contact centres will continue to harness the increasing power of technology, to expand in the use of new channels, and will increasingly converge online and offline services – but should be aware that these process changes must also be accompanied by culture change, and must be focused on the needs of the customer.

Legislation will also be key in the coming years, particularly as the means by which rogue elements within the industry can be removed, and the image of the industry be improved.

On a practical note, customer focus will also be enhanced as the quality of our

databases improves, enabling us to deliver products and services in a more personalised and effective way. Better data, better CRM, and better integration will be essential.

CONCLUSION

While the media may paint the picture of an industry in turmoil, an industry facing overwhelming challenge from both home and abroad, the truth is that the future of the UK customer contact profession presents not just challenge, but great opportunity. If we are willing once again to turn our focus to our customers, creatively facing the challenges that this focus presents, the UK contact centre industry can continue to experience the growth that has been its hallmark for many years.

We therefore close with the words of Patricia Hewitt, MP, who encourages us to take what we have learned and apply it in our ongoing pursuit of excellence.

“Having understood our strengths, having understood the competitive challenges we face, let’s now move on together and ensure that the British Contact Centre Industry and all the people working in it go from strength to strength.”