

# CCA FACT SHEET

## CUSTOMER RETENTION

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### What customer retention rates say about your business - and how you can increase them?

Steve Shellabear, Principal Consultant at dancing lion training & consultancy Ltd explores an issue that many call/contact centre managers find themselves dealing with: how to provide a consistent caring service to customers and staff whilst maintaining a task and cost focused environment. He outlines common challenges and gives practical advice on how to increase staff and customer's experience of satisfaction and subsequent loyalty.

#### The Customer Service Challenge:

The majority of call/contact centre managers have to perform a balancing act of major proportions. It is probable that their organisation espouses values regarding service and valuing their customers and their staff. Yet they and their staff are likely to be predominantly measured on statistics relating to efficiency and productivity.

In most call/contact centres there is usually a trade off between service and efficiency. Put simply, the higher the level of service provided to the customer the greater the cost. A similar parallel exists with input given to staff. Emotional support, training and development don't come cheap.

To counter this some call/contact centres pursue a strategy of recruiting staff with a high intrinsic service motivation, provide a basic induction training and then rely on technology and basic call monitoring to ensure quality standards are achieved. Those that take this route usually count on a large source of labour from which to recruit new staff. They could also be working on the assumptions that staff may only stay in a customer facing position for a short period and that new technology can replace much of the skill held within the agent. These assumptions may be commercially justifiable in a single purchase, low value- high transaction environment, and even then I would argue that they are questionable. They are usually inoperable when acted upon by an organisation seeking to build or maintain multiple purchase, high-value, long-term customer relationships or organisational brand values. Why? Because often in the customers' experience the standard of service they receive is synonymous with their perception of the organisation.

Customer satisfaction surveys repeatedly show that perceived poor customer service is one of the most common reasons customers are not willing to repurchase and seek other suppliers. Even if the customer does discern between your products and services and the person who dealt with them, if the service was poor it reflects negatively upon the organisation and management who are assumed to be only looking after shareholders' values and interests.

Recent research into call/contact centres has identified strong links between how people feel about themselves and their jobs, and ultimately the service that customers receive. Given this, an appropriate HR strategy for the call/contact centre mirrors many sales processes: to find, win, develop and retain their people. Call/contact centres that do not invest in building an HR infrastructure and develop their staff typically suffer higher levels of staff turnover, absenteeism and reduced productivity.


Most call/centres have identified key drivers for customer satisfaction/loyalty, as well as service level agreements for internal and external customers. Even so, the challenge for many is how to integrate increasingly complex people requirements, processes and technology to provide a seamless service that customers are delighted with

#### Universal principles and practices:

Whilst it's beyond the scope of this article to provide a definitive list below are some principles and practices, which many call/contact centres have found helpful.

#### Be customer satisfaction driven:

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Develop a system that gives regular customer feedback to help you identify where you're succeeding and where there are problems. By triangulating the feedback from a variety of sources you will increase its reliability and accuracy. You should seek to differentiate between satisfaction with the organisation's products and services and their contact with the organisation. Don't rely on a customer satisfaction survey carried out through a questionnaire twice a year. It's insufficient. By the time you've become aware of a problem your customers may have had to suffer it for up to six months. Also be wary of using your own staff to carry out random satisfaction surveys over the phone. Unless you take adequate precautions you're likely to find bias (intentional or otherwise) creeping in to 'massage the figures' and give management the news staff think they want to hear.

**Approach sales and service as two sides of the same coin:**

We've all probably heard the phrase 'without customers you have no business' before and it's still true. Statistics like 'it costs six times more to sell to a new customer rather than an existing one' are equally well known. If you've carried out detailed research into sales costs for your business you may have figures that make this look conservative. 'The Ladder of Loyalty' is a useful marketing tool that shows the progression of a possible customer, a 'suspect', through to a 'prospect', someone who could potentially be a customer, to a one time or infrequent customer, to a regular customer and then, the marketers dream the 'advocate', someone who recommends your company to others. It can be a useful exercise to ask your staff to categorise their customers into the model and explore attitudes to sales and service. For example, consider asking: at what stage do our customers receive higher levels of service? Are we complacent about our regular customers? How many customers continue to do business with us because they are apathetic about moving suppliers or it's expedient to do so? (The danger being they could easily move elsewhere if they get a better offer).

**The formal and psychological contract:**

Review your organisation's job descriptions and employment contracts. Ask: are they still representative of the roles people are performing and the demands of the job? In the call/contact centre environment people often move positions and take on new responsibilities, yet their contracts and job descriptions may stay the same. It's dangerous to assume that someone recruited for a customer service position will slot into a role involving sales, just because the organisation now requires them to do so.

Many customer facing staff may continue to do a job because they're being paid but harbour resentment towards their employers because the context and conditions of their employment have been changed without adequate discussion. Both formal and psychological contracts require revision and reselection if the organisation and individual are to benefit.

**Define the staff competencies required:**


Drill down beneath existing job descriptions, to the skills, know-how and experience required to perform tasks and activities to satisfactory and exceptional standards. Evaluate new and existing staff's competencies against the new framework. Ensure that from a skills, attitude and behavioural perspective staff know where they are strong and need to develop. (This information feeds directly into personal and professional development planning, which should dovetail with both a performance management system and regular appraisals).

**Assess the situation internally:**

Find out how staff feel about working in the call/contact centre, what are the issues? Where are the blockages? How well is the organisation perceived to live out its espoused vision and values? How closely does staff feel aligned to the vision and values of the organisation? What role does management play in maintaining the status quo and moving things forward? What are the implications of what you've found? What might be done to address shortfalls?

**Design and implement a change programme:**

Invariable there will be obstacles to be overcome in bringing about an optimised working environment. Anyone who has tried implementing organisational change of any sort can testify that it usually takes longer than originally conceived and usually doesn't follow a straight route.



Bringing about attitudinal change should be done sensitively, allowing sufficient time and attention for discussion and decision-making. This area can be a challenge for organisations that are unused to authentic individual participation or where commercial imperatives usually determine a fast pace of life. Organisational change, whether incremental or transformational, requires board support.

**Design and implement a staff training programme:**

Provide staff with the necessary support and input to address skill and know-how gaps. Evaluation, coaching and reinforcement are all necessary parts of the programme.

**Summary**

The call/contact centre industry continues to grow, it currently employs up to 2% of the UK population, more than the combined workforce of coal mining, steel and vehicle production combined. It's probable that new people joining the industry have developed skills other than those traditionally valued and will require input to take on new roles.

Call/contact centres are uniquely intensive and increasingly demanding environments in which to work. Staff and customer expectations continue to rise.

By taking a realistic and commercial view of the operation that addresses task and people requirements it is possible for managers to significantly increase levels of staff and customer satisfaction.

Those organisations that invest in best practice methodology will be best positioned to attract and retain their staff and customers.

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