

## **How can the DNA of Customer Service be put into UK Boardrooms?**

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In a world where supply exceeds demand, where customers are far more knowledgeable about their choices and are increasingly disillusioned with Contact Centre service, we believe that organisations are now at a crossroads – is this about low cost operations, or about excellent service?

It is time that Contact Centres, and customer services in general, are elevated to be a fundamental part of the DNA of an organisation to enable a customer-focused culture to take hold. In commoditised and competitive markets, service is the only lasting differentiator, given that product features and pricing approaches can easily be copied.

Impact Plus recently held an Executive Dinner for senior executives on “The Cost vs Service Dilemma”. One of the attendees said: “Our customers don’t like us, and probably never will; I doubt if we would sell them more if we gave them better service, so we might as well just squeeze our costs and maximise our profits”. This rather depressing view, for me, demonstrates low-ambition thinking. BA, Aer Lingus and British Midland did not think about the low-cost airline model – it took new players, who could imagine new approaches, to invent it – players like Ryanair and easyjet.

Try a simple question, which we call “The parachute test”. Imagine if the only two “givens” in your business are your brand/reputation and your business volumes, and you could parachute in a new business model, what would it look like? How would you treat your customers? Would it be different? Surely...yes??!!

Let’s consider retail consumers. They are different, so different, to 10 years ago, and most Contact Centres are at least that old.

Consumers – otherwise known as people – have hopes and fears, dreams and doubts. They are, in general, more individualistic, knowledgeable and demanding regarding service. They have the internet at home, one or more mobile phones, a car, and travel far more. And, let’s be sure they don’t like most Contact Centres. My love of Vivaldi has been destroyed by Contact Centres...

Let me give just one example, from my own experience. I needed to call one of my credit card providers regarding a problem with my PIN. I’m busy, so I phoned whilst driving, using hands-free. An IVR recorded message asked me to key in my 16 digit card number. Whilst driving? Nuts! I eventually...very eventually...spoke to some livewire, an uninterested lady. I then spoke to her boss; he was helpful, until I asked for his direct dial number so I could call him direct to avoid the aggravation of Vivaldi, IVR, lots of keystrokes, handoffs and delays. He informed me: “We have a policy of not giving out direct dial numbers”. “Ah”, I replied, “I have a policy of cancelling my relationship with organisations who treat me like this.”

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Amazing. Another lost customer. Surely there can be different customer entry points depending on circumstance? If my house burnt down in a fire (it did), am I expected to join a 20-minute queue listening to Vivaldi to notify the claim? Does all this feel 21st century? Surely not.

Why are Contact Centres seen as a cost centre? Because, for most businesses, the terms Customer Service and Operations have become synonymous – and you should surely try to minimise the cost of Operations! The Operations Director is the Customer Service Director in job title terms, but is categorically not in control of his / her organisation's end-to-end service to its customers, which is precisely how the customers want it to be considered.

Customer Service and Operations mean uninspiring words like "Back Office", conjuring up Dickensian images of dark Satanic mills. The "Call Centre Agents" are measured on minimising call duration! In the case of one of our clients, if an agent makes one mistake in a month, they lose that month's bonus! I bet they're positive!

A shopkeeper cares if his shop window is scratched or dirty; organisations must recognise that Contact Centres are their shop window – the epicentre of their Customer Experience. So, does the shopkeeper tell his / her assistants to minimise customer interaction time? This is surely the heart of the problem – executives complain that cross / up-selling is low, and yet encourage minimised customer interaction time and measure and push for cost reduction, rather than an improved Customer Experience. To repeat, a good shopkeeper – from a corner shop to John Lewis – wouldn't behave like that to customers.

Changing this mindset requires a change in the definition of Operations from "back office" to "everything we do for our customers regularly". A Customer Experience Director is required. This mindset involves re-thinking the relationship with the customer, crucially looking at the currently separated budgets for Market Research, Marketing, Sales and Service, leading to a consolidated view of the customer relationship, customer value, and, crucially, the rewards for an excellent Customer Experience.

Remember how that customer has changed in attitudes and behaviour in the last 10 years. Have you fundamentally reinvented your business model, as if it is opening for business tomorrow? Have you visualised "The parachute test"?

Let's do it. Let's start with this new definition of Operations. If it is to be "everything we do for our customers regularly", then, by definition, it has to consider the entire customer experience.

Thinking this way takes us to some fundamentals, the "Biggies", if you like:

- what does our brand stand for?
  - what are we good at?
  - what do our customers value about us?
  - do we have the customers we want and need?
  - are we getting them?
  - are we making them happy?
  - are we making them so happy that they recommend us to their friends?
  - are we cross / upselling to them?
  - are they staying with us?
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One of the fundamental problems is that Market Research, Marketing, Sales and Customer Service are separated, with separate budgets and separate management structures. Whilst having separation may be practical, it inhibits free thinking and action. Just imagine all those budgets under one person's control for a start, revenue increase, profitability and cost reduction can all be considered holistically (posh word for "together").

Perhaps Market Research, directed better, will cause us to segment customers differently, so we sell different products in different ways, service them differently, price differently. People are different.

Operationally, maybe we would multi-skill around customer groups rather than service types. Maybe, in a world structured differently, Marketing wouldn't create a demand which Sales knows nothing about, where Sales don't sell so badly that not only do they sell too little, but what little they do sell is often keyed with errors, causing Customer Service to have to pick up the pieces. Impact Plus experience shows that around 30% of telephone calls to Customer Service are unnecessary – caused by the organisation's own mistakes elsewhere.

With our definition of Operations, which, by analogy, is just as broad as the Japanese definition of Manufacturing...from end to end...we can use Electronic Modelling, Six Sigma and Lean Manufacturing techniques to make sure that the end-to-end Customer Experience is fast, efficient, good for service and...wait for it!...lower cost.

Making it happen requires:

- a single view of the customer and their relationship with the organisation
- re-thinking organisational structures and job roles
- developing a supporting culture - a balance between productivity and business development
- flexible performance and reward systems.

How do we create a breakthrough in thinking about all this in UK Boardrooms? Partly, dare I suggest, by using arguments like these!

However, let's go further. We have almost completed the creation of a new approach towards customers. We call it the Customer Experience Value Model, inevitably abbreviated to CEVM. With CEVM, we facilitate our clients through a drains-up radical rethink of what we mean to our customers, how they value us – answering the "Biggies" above.

We start from the fundamental requirements for profit, revenues, shareholder value etc. – or the Public Sector equivalents - then move through the Customer Experience, defining when the customer wants value and how we are going to deliver it.

This is an astonishing and rewarding experience for all participants. We look at the new model we are creating, and look back at what is in place now...it generally makes you cringe with embarrassment.

If we create this model electronically, we can prove value inter-relationships, prove that the new model works and delivers excellent service, prove that it eliminates errors...and prove that it is lower cost. In a multi-distribution world – where, from the customer's perspective – they consider the use of face-to-face, telephone, internet, kiosk (or ATM), email and text messaging interchangeably, we need to look at the entire environment from end to end. By looking at the whole subject this way, it is easy to see where the customer would rather do the work, by using self-service facilities on the web, provided they are an integrated part of the Customer Experience.

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It is interesting to note that self-service is a form of outsourcing – outsourcing to a willing customer; that's one way to improve the Customer Experience and decrease costs simultaneously!

At the heart of this is the consideration of the Customer Experience – we need to think like the Customer Experience Director...If we think this way we might incentivise our staff based on the number of customers they manage end-to-end, their revenues and overall satisfaction. Our staff then have a completely different mindset – to maximise the number of happy customers they manage, they might encourage the use of web self-service where appropriate – and surely these staff have a far more rewarding job. Happy staff make happy customers.

This Customer Experience must also include the correct and efficient interpretation of legislation and regulations – such as the Freedom of Information Act and Data Protection Act in the Public Sector and Treating Customers Fairly in Financial Services. Note that efficiency matters – we have found, in Insurance, for example, that an over-burdensome interpretation of new regulations has caused some Insurance companies to lengthen call scripts so much that they have decreased productivity by 40%, unnecessarily.

Let's be sure that the answers can be very different. For example:

- Public Sector has no shortage of customers
- Retail Banking customers rarely switch, yet are rarely happy; even though they are in contact regularly, there is very limited cross-selling
- Insurance, where the arrangement encourages shopping around every year, and where customers are driven to be price conscious and disloyal.

It is also the case that, although the arguments expressed here centre around the retail environment, these points apply just as powerfully in business-to-business relationships...businesses are staffed by people... the same people who are retail customers, with the same attitudes and behaviours. As an example, one of our business-to-business clients had changed their Contact Centre from a relationship model to one where calls were handled by teams – a lower cost model. We have changed them back to individual relationships – because, whilst staff were answering questions, they had less ownership of the issues behind the questions, and no relationship. Our new model may be less efficient at one level, but it is more effective, and cross-selling revenues and profits have far outweighed the real added costs.

Let's also be sure that whilst this paper encourages radical thinking, in the real world, there are constraints – to do with priorities, budgets and, invariably, legacy IT. But if you dream of climbing Everest, you might manage Kilimanjaro; if you dream of Ben Nevis, you might manage a hill... The only way we can enthuse a Board to change, is to build a model of a new, beautiful mountain, and show them the wonderful view from the top.

Try it – the results will amaze you!

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