

Seeing the Value in Customer Service

Dr Marco Busi

Centre Manager, Centre for Business Process Outsourcing
Glasgow, Scotland

Marisa Smith

Research Assistant, Centre for Business Process Outsourcing
Glasgow, Scotland

Seeing the Value in Customer Service

Every day we make the more or less conscious choice of buying from those producers that treat us best. Recent media campaigns prove us that companies have started to acknowledge this trend. First of all, newer and better deals are constantly being offered to both existing and new customers. Second, a customer contact centre number is offered with every product – or service – being brought to customers, so that they can call at any time to receive support of any type.

One would say that executives have finally got it: customer satisfaction is paramount for business success! The customer must be in focus!

That's great!

So, can anybody explain us why whenever we have a problem with a product or service we are using, we rather learn to live without that particular product or service than calling the customer contact centre? Our perception of customer service is generally low...extremely low! Though, It is not as if we woke up one day and decided that customer service was a bad thing per se. We have been made to feel this way, by producers that historically have seen customer service as the catch behind winning the competition, i.e. something they had to do, and not something they wanted to do. No wonder why, nowadays companies are striving to translate that "customer must be in focus" message into reality and increase their service level.

If we look at the inherent nature of customer service though, we cannot blame executives too much. First and most important, the ROI of customer service initiatives are practically impossible to measure. How can you possibly measure the impact on the bottom line of an extremely successful customer interaction? Costs associated with customer service, on the other hand, are much easier to measure.

Since at the end of the day all corporate strategies do –unfortunately- come down to cutting costs and increasing profits, it is much easier for management to minimise the costs involved in customer service than it is to invest in it. Furthermore, while cutting costs is an action with immediate effects, the effects of good service are visible only over a long period of time, and only if during that period the organisation is consistently committed to support it. Since short-termism still dominates the industry, limiting efforts in customer service seems to be the most logical conclusion.

The problem is that while the language used in boardrooms is that of financial results, the one used in customer management is that of customer satisfaction. To change the course of history, we need to define a common language between the two levels. Performance measures should be defined so that not only will it be possible to monitor the overall performance of an organisation's customer service, but also it will be possible to show to executives the impact on the bottom line of bad customer service. The question is: how can we do this?

To manage something you first have to measure it, and before you can measure it, you have to understand it. Which means that we should map the customer service value stream and highlight those activities that represent waste and those that add value. Understanding this difference will enable two major actions: eliminate waste, hence improving the overall process performance; and enable us to measure 'customer service value' for the parent organisation.

Luckily, we don't need to reinvent the wheel to do this. We can learn from experience and use theories and tools developed in other industries. A few years back, the Western manufacturing industry faced fierce competition from lower-production-cost countries. At first the industry looked at how to optimise the value of their operations. The marked cost disadvantage, however, made it impossible to compete on costs alone. Does this sound familiar?

Western manufacturers eventually understood that they needed to understand how to eliminate waste. The end result was the application of lean manufacturing, a Japanese method to design and manage the company's processes based on eliminating waste and focusing primarily on activities that create value to the end customer. According to the preachers of lean thinking 'the external customer is the starting and end point. Seek to maximise value to the customer. Optimise around the customer, not around internal operations. Understand the customer's true demand, what they would really like, not what can be supplied'. Again, does this sound familiar?

Lean thinking in manufacturing has led to: dramatic operating costs reduction, enhanced employees satisfaction, and higher levels of customer satisfaction. Hence: why don't we apply lean thinking to call and contact centres?

Lean customer service: higher quality at lower costs.

The five key principles in lean are:

- Specify value from the point of view of the customer – give them what they want, not what is easy for the company to supply. Customers buy results, not products so focus on what is important to them. Understand who your customer is.
- Identify the value stream – track the sequences of processes all the way from raw material to final customer identifying what is value-creating, non-value creating but unavoidable with present methods and pure waste. Once the waste is identified eliminate it, so that only value-creating processes are left.
- Make the value flow – never have a non-value adding activity hold up a value-adding one. Try to undertake non-value-adding activities in parallel with value-adding ones
- Pull according to customer demand – only make what is needed to the customer requirements.
- Perfection – produce what the customer wants with no delay at a fair price with minimum waste.

Applying these same principles to service based industries such as the customer management industry, will lead to the customer being in focus – for real this time - while maintaining a cost advantage that boardroom executive simply cannot ignore.

The question then becomes: how can we go about building a lean customer service centre?

Specify Value from the Point of View of the Customer

Within contact centre operations specifying the value from the point of view of the customer relates to the nature of the demand i.e. why the customer is contacting the centre, have they been transferred from another part of the organisation, what does the customer need. In general the value for a customer is to have their problem solved with as little inconvenience, time and cost to them as possible. Contact centres have to understand who their customers are and ultimately comprehend what their customers want from them. Only by doing this will contact centres be able to put the customer at the centre of their lean enterprise. Understanding the customers' perception of added value is the first step on the road to lean transformation and will ultimately increase the quality of service as perceived by the customer due to the fact that they are understood.

Identify the Value Stream

The main tool used to identify the value stream within the manufacturing industry is value stream mapping. It is a tool that is used to trace the sequence of the production of goods but can also be used to track the experiences of customers. This tool can be used at many levels from cross organisational to look at the whole demand network to operational looking at one part of an organisation. Figure 1 outlines a framework for mapping contact centre value. This should be carried out by walking around the floor and using information that is witnessed, not assumed. This will identify the types of activity as value-adding, non-value adding but unavoidable with present methods and pure waste. The pure waste from the system will be removed through modification and improvement of the process. The benefit is that customers do not have to undertake activities that are a waste of time to them i.e. waiting on hold. Operations costs will be reduced due to the fact that activities that do not create value to the customer are removed therefore freeing up essential resources or removing unnecessary systems within the operations.

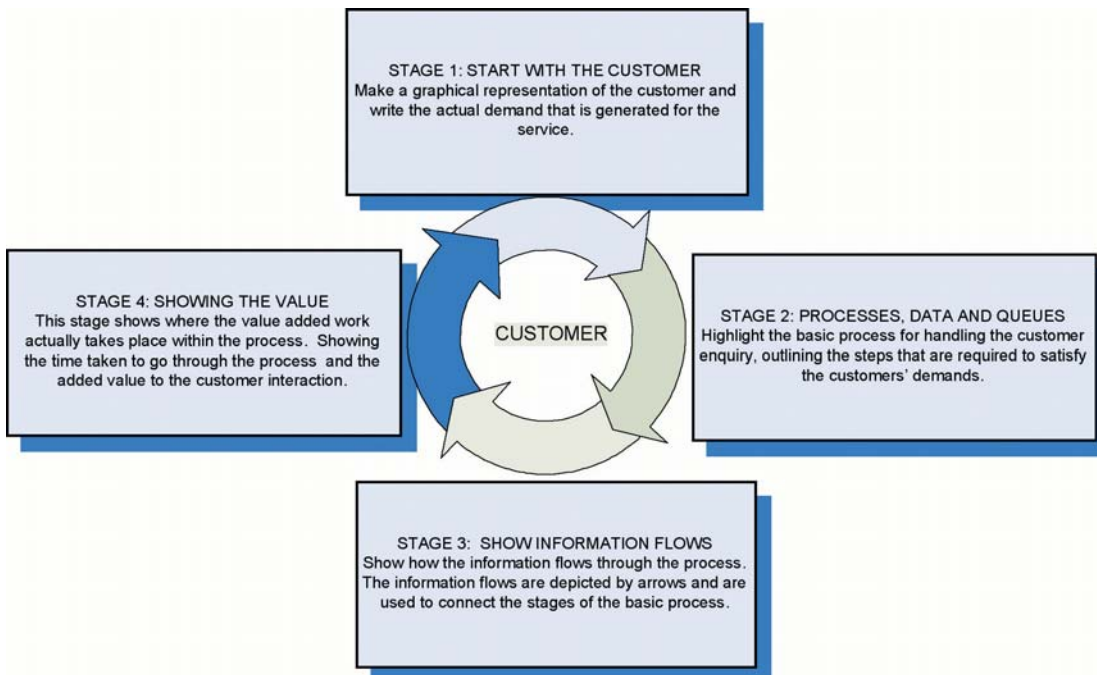


Figure 1: Mapping Contact Centre Value

Make the Value Flow

This principle of lean is concerned with each of the value-adding activities being linked to each other without any delay. This means strive to reduce queue times within the system. Agents should be empowered to understand and satisfy the customer need by themselves during the first contact. Management have to let agents solve any problems, this is a key characteristic of lean thinking and means that information has to be shared with the agents. By having better information flows the customer can enjoy a service that is provided by an agent that has a full knowledge to be able to satisfy the customer the first time they make contact. This will result in customers that feel confident in the information that the agent is giving them and will also mean that the agent is satisfied in carrying out their job as they will feel that they are doing something that has real importance to the customer. On the flip side the parent organisation also has the opportunity to learn more about their customers from the contact centre. If knowledge about customers is managed appropriately, the parent organisation has the opportunity through the contact centre to understand what is value form the perspective of the customer. Therefore driving the first lean principle through not only the contact centre but also the whole organisation.

Pull According to Customer Demand

The principle here is concerned with giving the customer only what they want. Agents might pull information from a variety of sources to as to solve the individual customers problem. This should appear seamless to the customer and will ensure that they have only one point of contact. By having a system that works together in a smooth demand based way will result in customers being served with high quality information in real time, which will increase the customers' service experience. It will also improve the working conditions of the customer service agent, as they will have almost instant access to high quality information and experts that way they can feel more confident in carrying out their tasks to the required level of customer service. Costs can also be reduced, as there is less of a need to carry staff that have individual expertise and just have a core of multiskilled employees, although it should be stressed that the key point to lean thinking is not to cut costs by making people redundant.

Perfection

In lean thinking perfection comes when there is zero waste in the system. This means that the principles of lean thinking are an ongoing process, using continuous improvement initiatives and dramatic innovations to improve the customer experience so that the customer gets a service that they exactly want, when they want it with no delay, at a fair price and with zero waste. This level of perfection might take years to accomplish but each time waste is reduced this is another level of perfection that has been reached. In the journey for perfection everyone in the contact centre should be encouraged in improvement both through passive and enforced improvement initiatives. This should go beyond the reduction of waste within the system to include innovation, and should be carried out with both the internal and external contacts that the contact centre has. By developing this type of continuous improvement, innovative environment then the contact centre can remain competitive by driving down costs while providing innovative services and service delivery methods to its customers.

Conclusions

Since contact centres are for many organisations the only point of contact with their customers then this high value innovative customer experience that customers can obtain through a lean contact centre means that the overall perception of the whole company can be greatly improved, thus resulting in the retention of existing customers and the capture of new customers. This will in turn result in improved profits for the parent organisation.

The implementation of lean thinking does take time and effort to realise within the industrial environment. But the increase in productivity, reduction in costs and increase in level of service means that the transformation of the mass production approach to customer service into the lean contact centre is one that should make senior boardroom executive sit up and take notice of. And perhaps extend to all the organisations processes.

If customer contact centres adopt the lean philosophy, their service level will increase as their operating costs decrease. So why would lean contact centres make boardroom executives take more interest in the customer service function?

By mapping the value stream of a customer experience through the contact centre then the parent organisation will actually see that contact centres are intrinsically linked with the parent organisation through the perceived customer experience, as a service supply chain, and therefore must be treated as the customer focussed interface of the whole organisation This is the first step toward creating a common language between contact centres and boardroom executives. A language that would bridge the apparent gap between customer satisfaction and customer service return on investment.
