

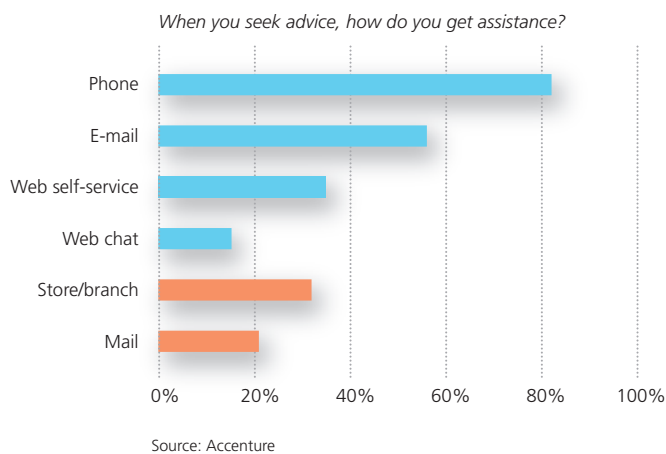
# Transforming the Face of Customer Service

By J. Heinen, K. Bell, D. Radoff

More than a decade ago, Ken Blanchard, author of *The One Minute Manager*, outlined ways to turn customers into “Raving Fans”<sup>1</sup> by focusing on great customer service. However, the customer service challenge has since intensified as the number of customer interactions and the number of service touch points increase simultaneously (Figure 1).

Blanchard did not write about a marketplace where a product is purchased on a mobile device, modified via the Web, queried in a phone call and escalated to an outsourced agent in another country. Yet, that is the path for a purchase that incorporates prepaid airtime, custom ringtones and billing concerns. How can companies ensure that they consistently deliver exceptional service across this maze of customer service channels?

Figure 1: Customers seek service via multiple touch points<sup>2</sup>



We propose a decision framework that focuses on practices and technologies to incrementally and cumulatively transform the face of customer service.

## The Direct Link between Customer Service and Shareholder Value

Better customer service and interactions generate increased loyalty and satisfaction, which in turn, ensure better business results and industry-leading growth.

For example, new academic evidence shows that customer satisfaction generates greater shareholder returns – more than 50% above a market index. A recent article examines the impact on firm valuation over a 10-year period by employing multiples and models borrowed directly from the practice of finance. The results indicate that a stock portfolio consisting of firms with high levels of customer satisfaction outperforms the Standard & Poor’s 500 index in cumulative returns – \$312 USD (€242) versus \$205 USD (€159).<sup>3</sup>

1 ©1993, *Raving Fans: A Revolutionary Approach to Customer Service*, Ken Blanchard & Sheldon Bowles

2 ©2006, *The Customer Service Challenge: Creating the “Perfect” Customer Call*, Accenture

3 ©2008, *The Long-Term Stock Market Valuation of Customer Satisfaction*, Journal of Marketing (vol. 72), Lerzan Aksoy, Bruce Cool, Christopher Groening, Timothy L. Keiningham, & Atakan Yalçın

Bain & Company's research into customer satisfaction measurements through "Net Promoter Scores" shows that NPS leaders outgrow their peers by more than 2.5 times.<sup>4</sup> At the micro-level, the growth comes from increased purchases, openness to cross- and up-sell offers, greater wallet share, reduced defections and complaints, and customer-to-customer endorsements.

How might executives prioritize opportunities to transform customer service across touch points as diverse as storefronts to mobile phones in ways that produce raving fans or net promoters?

In the Accenture study, when consumers were asked to prioritize the single channel they prefer to use when short on time, they overwhelmingly chose the phone (56%) when they want to negotiate or discuss a transaction, followed by e-mail (35%) when they have a specific question or request and want to review the answers and options on their own.

Integrating these two channels (and others) into a virtual service center will link all the customer interactions into a single conversation that is sustained over time and place, creating a rich customer service experience.

### **Building a Digital Bridge to Customers**

Historically, the systems and processes for each type of customer interaction were deployed separately – with poor results. The physical site where customer service people sat really mattered, because its dedicated communication system often determined the extent of rich communication. PBXs didn't "talk" to one another, nor did customer service professionals in different contact centers. Often they had different training and business processes to serve different products or lines of business.

However, the technical barriers to consolidating systems and processes have dropped with emerging technical standards. For example:

- Converged IP networks and standards such as SIP break down barriers between sites, and even companies, to help create a virtual resource pool.
- vXML provides a voice interface to leverage existing Web applications and infrastructure to help share answers and resources.
- Knowledge and context is becoming more explicit and searchable to help drive consistent outcomes.

Nevertheless, management practices have not progressed as rapidly to allow companies to take advantage of this brave new world.

Bain & Company surveyed executives of 362 firms. 80% of the executives believed their companies provide superior customer experiences, yet only 8% of customers agreed.<sup>5</sup>

<sup>4</sup> ©2006, *The Ultimate Question: Driving Good Profits and True Growth*, Fred Reichheld

<sup>5</sup> ©2006, *Seven Things You Need to Know About Marketing in the 21st Century*, World Business, James Allen and Rob Markey, Bain & Company

## Developing a Meaningful and Integrated Framework for Customer Service

At Genesys, we propose a framework for improving customer service incrementally and cumulatively by looking at the criteria for customer service success across resources, interactions and processes (Table 1).

Resources – defined as sources of appropriate knowledge – include product experts, account managers or others who are involved in resolving customer issues. But resources also extend beyond human employees, with the adoption of sophisticated technology such as speech recognition, text-to-speech, knowledge management and even animated customer service avatars. In a Web 2.0 world, resources can also include user communities where experts share their tips, tricks and feedback.

Table 1: Framework for customer service success

Customer service elements defined	Primary success criteria in customer service	Example of success metrics
Resources – people, Web and voice self-service, “avatars,” community (other customers)	COMPETENT	<ul style="list-style-type: none"> <li>• First call resolution</li> <li>• Customer survey feedback scores</li> <li>• Resource cost aligned to customer value</li> </ul>
Interactions – calls, e-mails, chat, outbound calls, SMS messages	CONVENIENT	<ul style="list-style-type: none"> <li>• Multiple channels available (any place/any device)</li> <li>• Multi-modal (for example, map sent to mobile based on voice request)</li> </ul>
Processes – how interactions are handled and by whom	PROACTIVE	<ul style="list-style-type: none"> <li>• Based on work-in-progress</li> <li>• Updates proactively sent to show progress/status change</li> </ul>
Customer intelligence – CRM, lead management, offer engines	PERSONALIZED	<ul style="list-style-type: none"> <li>• Based on customer segment or products used</li> <li>• Defining the best next action based on desired outcome</li> </ul>

## Key Steps to Transforming Customer Service

The most important element in developing a comprehensive strategy is to transform customer service from the perspective of the customer. Define key steps by outlining how a customer can interact with your business in ways that are:

- Competent in leading to the desired result, with an easy escalation path to skilled resources
- Convenient and proactive, such as offering a single phone number for any purpose (rather than multiple numbers) and proactively notifying customers on events they might otherwise query
- Personalized and aware of work-in-progress while creating a customer interaction history

For instance, Accenture uses “customer intention” to analyze company operations from an outside point of view. This perspective uncovered weaknesses in an organization that used two different departments to handle product exchanges.

- The first department handled the “return” and then blindly transferred the customer to a second department that conducted a new “sale.
- With a blind transfer and no transactional continuity, the customer had to repeat information, and the transaction took too long.

From the customer’s perspective, the experience was frustrating. Meanwhile, both departments reported good success metrics – and the organization paid redundant sales commissions. Changing the process saved \$4 million USD (€2.9 million) in streamlined operations and commissions.<sup>6</sup>

<sup>6</sup> ©2007, *Understanding Customer Intentions: Delivering a Satisfying Customer Experience*, CRMproject.com, Accenture, Terry L. Walls

Similarly, a Genesys customer implemented proactive business management systems to gain insights across the enterprise and determine the best levers for change. This wireless provider examined the end-to-end process associated with activating accounts and found that many service centers unnecessarily transferred customer calls. While this sustained their individual service level goals, it also generated excess costs and greatly reduced customer satisfaction. By focusing on the unnecessary transfers, the company was able to eliminate 40,000 call segments per month and save more than \$1 million USD (€0.7 million) in annual operating costs per center.

## Conclusion

Creating great customer service experiences certainly involves transforming company culture and investing in training people – as people are the literal faces of customer service. Technology leverages their skills and abilities to transform customer service:

- Converged networks and presence technology can simplify connections so that every resource – agents, branch employees and experts – can be accessed and leveraged to deliver great customer service.
- Software can manage customer interactions with consistent business rules across every touch point – phone, Web, work item, video and mobile – and collect interaction details into a unified view.
- Proactive business management software can create insights into operational performance, react to problems in real time and build a rich database to manage and optimize operations over time.

Companies that take incremental steps to deploy the right combination of resources, technology and processes to provide exceptional customer experiences will have a competitive edge. With the right strategy and a complete end-to-end solution, customers will be able to interact with the enterprise across all of today's multiple channels – when and how they want.

Executives should care about proactively meeting customers' needs and having a means to measure customer satisfaction because, simply put, this is the key to overall success. In fact, companies that view service objectives from the perspective of the customer will not only bolster customer retention, strengthen brand identity and increase productivity, but also, ultimately, enjoy higher revenues, shareholder value and a healthier bottom line.

Joseph Heinen is Vice President, Corporate Marketing, Genesys Labs, an Alcatel-Lucent Company, Daly City, California, United States.

Karen Bell is Marketing Communications Manager, Genesys Labs, an Alcatel-Lucent Company, Daly City, California, United States.

David Radoff is Director, Public Relations, Genesys Labs, an Alcatel-Lucent Company, Daly City, California, United States.

To contact the authors or request additional information, please send e-mail to [enrich.editor@alcatel-lucent.com](mailto:enrich.editor@alcatel-lucent.com).