

From passive to proactive

How can customer service evolve to add value at every interaction – for the customer and for the client?



Innovation Breakfast

From passive to proactive customer management

On Tuesday June 27th, Capita's fourth Innovation Breakfast saw a table of experts convened to explore the opportunities for generating more value – and extra revenue - from the customer experience.

What can sales through service offer, and is it even the best model for the future? How can customer service truly add value while it remains the prisoner of a cost-out mentality? Where do outbound sales teams fit in? What does the agent of the future look like?

Tackling these questions and more were **Phil Hoggarth**, MD Divisional Trading at Capita; **James Hinchliffe**, MD the Voice Group; **Steve Bent**, Client Services Director, Blue Sky Performance Improvement; and **Simon Hunt**, Director of Products and Solutions, Capita Customer Management.

The session and the workshop that followed were facilitated by Ember Services director **Mike Havard** and introduced by Capita's Executive Director of Customer Management and International, **Mike Barnard**.



Innovation Breakfasts...

... are regular Capita events that give clients a chance to listen to industry experts on some of the hottest topics in customer management. They include question sessions and workshops where smaller groups can explore solutions and ways forward for their own organisations. Oh, and a handy bit of networking too.

They take place in London's 'Walkie Talkie' tower, kindly hosted by DWF Law and are by invitation only.

If you'd like to attend a forthcoming event, or even suggest a subject we could place under the Innovation Breakfast microscope, please contact:

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From passive to proactive

How can customer service evolve to add value at every interaction – for the customer and for the client?

Phil Hoggarth began by teasing apart the traditional shape of an organisation's approach to customers - acquiring them, servicing them and retaining them – and noting that service often languished as the poor relation in terms of spend. Businesses will invest to gain customers and keep customers, but in the middle of that sandwich it's inevitably about driving down cost to serve.

This, said Hoggarth, had hampered service's ability to add value. We're missing the opportunities to cross sell, up sell and build the deeper relationships that come with advisors having more time to talk to customers.

"We've seen over recent years a move to sales through service, though it's a term I dislike. In reality what we're essentially doing is asking a cost sensitive area to handle sales while still being measured on efficiencies, cost out, cost reduction, average handling times and service levels.

"And because we're trying to fit sales into that cost sensitive area, we're leaving a lot on the table."

Applying the right lens

Viewing service through a different lens, less fixated on cost, better reveals the long term value and revenue that can come from conversations not harried by average handling time targets.

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Hoggarth cited an example where a client had tried to assess the benefits of rolling out welcome calls via a service centre. Through the service lens it was about improving predictability and driving CSAT and resolution rates, which it did. But contrary to expectations it actually drove

up rather than reduced propensity to call, so costs rose and the trial was deemed a failure. The project was pulled.

Yet subsequently, when the data was analysed through a sales lens, the project had in fact been a success. Over two years the stronger relationships those calls had fostered led to customers spending more in general and with a wider product penetration. Loyalty was greater so customers stayed longer and spent more, and NPS was substantially higher.

Traditionally organisations view service as a cost, but more and more are seeing it as a growth opportunity. This is prompting a change in the way organisations and contact centres are shaping themselves around the customer, concluded Hoggarth "We should be looking to drive value interactions at every stage. Whether that be through the voice channel, online, social media, or offline, the approach and the service should be the same."



Or, as Mike Havard observed, perhaps we're finally moving away from the irony of service spending all its time getting people off the phone, while sales spends all its time getting people on the phone.

Who are we doing this for?

So what prevents today's customer conversations from generating the extra value that they might? Partly it's about whose interests they serve, argued Simon Hunt. "Where it's in the interest of the business to have a conversation with a customer, we'll set up a channel and it will be very easy to get to. Where

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the customer wants to have a conversation with the business, we can make that very difficult. I think customers feel that, so I'm worried about the imbalance between sales and service, and the fact that, over time, the customer will punish us for it."

Essentially organisations are teaching customers that while they're happy to talk to them person-to-person in the early stages of a relationship, the longer that relationship goes on, the more likely they are to be pushed to automation and self serve.

James Hinchliffe suggested we're also putting an increasing number of obstacles in the way of agents having high quality sales conversations. "We're asking so much more of these guys on the phone. They're sometimes toggling between 10 different systems on their screen, and that's a lot of training." At the same time they can be selling in heavily regulated environments that require additional knowledge and compliance, yet be doing it for salaries not even matching those of an IKEA shelf-stacker. "And that we need to readdress."

Taking the customer's view

The attitude of customers towards service, and their expectations of it, is changing faster than at any time in the past, said Steve Bent. In the industry we recognise that 'super-agents' able to handle every type of enquiry are a near impossible dream, but customers don't see why that should be the case. "The lines are blurring around what advisors are required to do. Customers just expect to be served by one person, whatever their need."

Tackling this called for a far clearer differentiation between instruction and conversation, countered Simon Hunt. If a customer knows exactly what they need to do – buying something on Amazon being a perfect example – there's absolutely no need for an advisor to be part of that equation; it would just feel awkward. But right now, in the average contact centre, instructions and conversation are too frequently mixed in together. That means the conversations that customers actually want, and which could genuinely add value, go missing.

This will only rise in importance as consumers adopt more subscription services in place of their one-off purchases of the past – a sentiment echoed by many in the audience. With so many products now offered as a subscription rather than a 'buy-and-forget' experience, customers are coming to expect a lot of additional value from that deal. If they're being asked to commit to a relationship for 12, 18 or 24 months, there sure better be some continual value along the way for them to remain satisfied.

The problem with data

Meanwhile consumers are telling organisations more and more vocally that 'it has to be about me'. The call for personalisation is constantly growing louder, noted Phil Hoggarth, yet next year's introduction of GDPR (the General Data Protection Regulations) can only make this harder for organisations to deliver. [See our separate feature on GDPR elsewhere in this issue of Intelligence.]

The question of when customers are happy to have their data used as part of a relationship and when it feels like Big Brother remains a knotty one that, in truth, no member of

the panel or audience had an answer for. It continues to be a confused area, with timing, relevance, medium, age, and demographics all factoring into the equation. And no one really knows what the answer to that sum is. [Look out for us returning to this subject in later Innovation Breakfasts.]

What happens next?

The expert session ended with one final, pertinent question. How, after all this, can you actually define and measure value, and how do we make better use of it? The answer fell to Phil Hoggarth.

"It's not always about selling another product, or coming away with a little more revenue, which is why we've been careful here to talk about value rather than revenue.

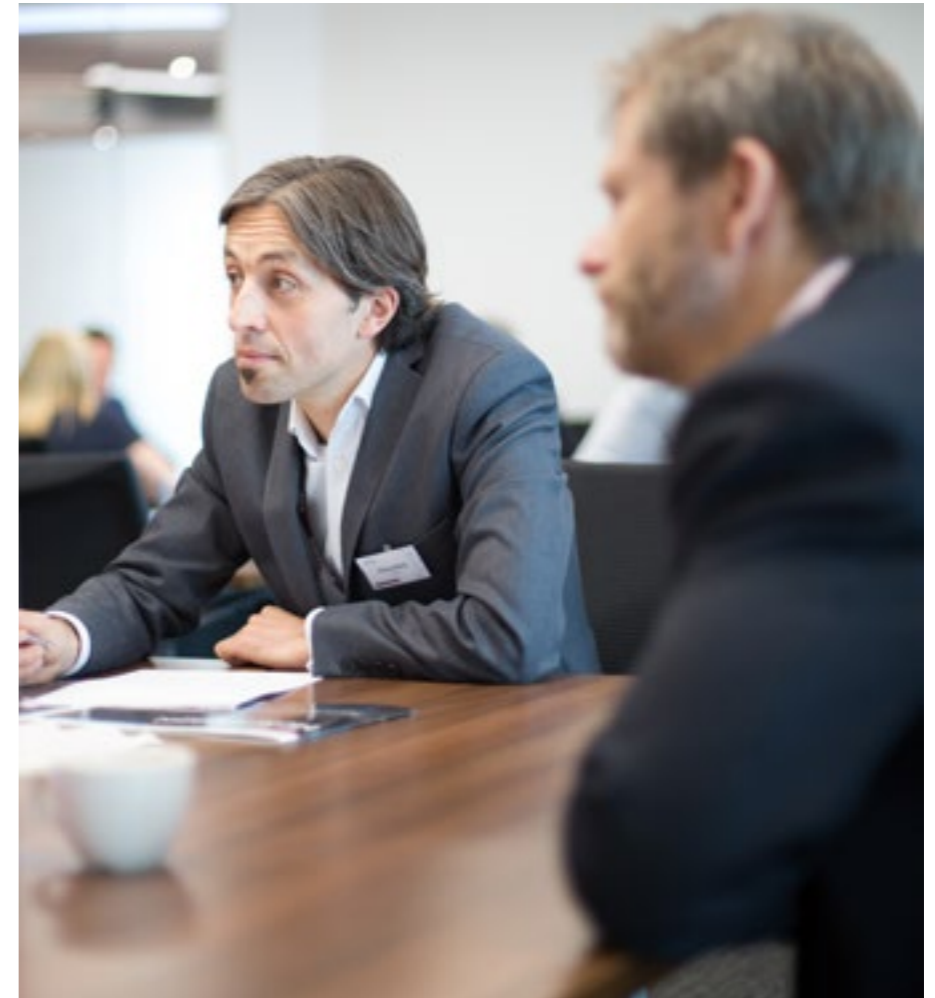
"Value can be loyalty; it can be NPS or brand advocacy; it can be the ability to retain a customer. Those things are difficult to put metrics around.

"Ultimately, if you start to talk about revenue and margin, and you target agents on those metrics, the value erodes for the customer. You're keeping them on the phone longer than they want, and you're bombarding them with products that aren't relevant."

The answer is relatively simple; deploying it is the hard part. In reality the industry, contact centres and businesses have become used to structuring service as a cost of failure. The pressure has been on to move everything to self serve and online, "and we've grown comfortable in a world of average handling times, PCA, average speed of answer and so on. It's the common language of the sector." Will we be ready to spend more time and money to create value when the tendency is to retreat to the safe place behind these comforting terminologies?

"The true value comes when we delight the customer, when we impart some knowledge that they weren't expecting. And if they leave believing we've added value, then the pound signs will come later."

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Up next...

We've devoted the rest of this issue of Intelligence to the questions raised at the breakfast and the answers of the panel – both on the day and from separate interviews conducted around their own fields of expertise.

Read on to discover why customer service could be more like account management, the importance of first contact, how to incentivise sales teams in a regulatory environment and what the advent of GDPR could mean to the customer data so many businesses rely on.

How can the traditional customer service environment be developed to aid sales?



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PHIL HOGGARTH
MD Divisional Trading at Capita

Phil

"There's this old view that we have sales teams and services teams, and they are distinctly different. It's how we've arrived at this mish-mash of terminology Sales Through Service."

Steve

"I actually hate that term. It's got too much baggage attached to it, mostly because people believe they've been doing it for a long time, but actually as an industry we haven't always been acting in the customer's best interests, and therefore not always been selling on their terms."

"Too often in the past Sales Through Service has been an exercise where you train people to play the game of asking all the right questions of a customer in order to sell them a product that most fits their needs. And it just so happens that today that product is the X3000 because we've got shelf loads of them that we need to shift.... Tomorrow it will be something else."

"It wears the face of Sales Through Service, but it's actually non-service because it's serving my agenda, not the customer's."

Phil

"In reality, the way the future is going is that every interaction needs to be a sales interaction. Those that currently sell need to service more, and those that currently service need to sell more. Right from the point of acquisition through to someone eventually leaving, every interaction should be about providing value for the customer and gaining value for the client. If you're not selling, then you're enabling someone else to sell."

Steve

"Couldn't agree more Phil, and we have a term for that. We call it the Value Experience. What the customer wants today is a single point of contact, of their choice, in a multi channel world. It's moving away from that siloed mentality where you come through on this line, and on this line they only do

one job. If that's not what you want, you get shunted elsewhere.

"In an ideal world you would have the perfect agent who could do everything. Ok so we know that, in any large scale organisation, that can't work. Also, if you're in a technical second line support team, no one else apart from you is likely to be able to answer that very detailed question, so we get that the ideal world isn't viable."

"However by flipping the mindset from "it's not possible" to "to what extent can we make it happen" we then get to the point where we can understand how much is feasible. What's interesting is that we've found it's less of a jump than you might think. You only need to increase agent knowledge by 30 or 40% and you can start capturing 60, 70 maybe 80% of call volumes based on the major call drivers."

Phil

"Traditionally the service area has been about speed, efficiency and cost out, when in fact it needs to be flipped round to invest in, spend time, add value and therefore create value in that interaction."

"Historically organisations will have a sales group that's about getting more people through the door. Then you have service people who are largely there to deal with failure of demand, ideally doing it as quickly and cheaply as possible. Finally you have another team that's generally linked to stopping customers from leaving."

"But in reality that structure drives more cost into the business rather than reducing it. Because if you could find better customers and understand their needs upfront, then you could service them in a way that drives value for the customer and value for the client, in equal amounts. It reduces the need to proactively or reactively retain the customer because now you're doing it throughout the journey."

Steve

"All of our research and client work backs up that point. To get there for

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yourself you have to be prepared to look at those “difficult to get measures” such as total customer handling time instead of total call handling time. If your average handling time goes up by 10 or 20%, everybody has a heart attack. But if we understand that this increase prevents a second average call, your AHT goes up by 20% per cent but your Total Customer handle time in that instance actually drops, as you haven’t handled that second call. And forgetting about efficiencies for a second, and think with the right mindset – this is also an infinitely better customer, so we’re now entering true VX territory.

“Right now, we all know that there are many environments where the customer is making two calls, which annoys them. ‘Great news, the average call handling time was six minutes’. Er, no it wasn’t because that customer had to call twice, six minutes each time, meaning your total customer handling time was 12 minutes.

Bringing those together, if the first call took 20% longer but you could get everything done, you’d save yourself 40% of your handling time by dropping from 12 minutes to just over 7 mins.”

Phil

“At Capita I think we are starting to challenge – successfully – the current models of sales, service and retention as separate parts.

“We’re already seeing model offices pop up, where we’re releasing the shackles on the idea of one department only does this, another department only does that. It’s about saying as an agent your job - and the requirement from the customer – is to just get things resolved. Make that customer feel listened to; treat them like a human being.

“We’re starting to see those walls breaking down, but at the moment, only within the service environment. We need to move these ideas into the sales environment.”

Steve

“I’ve seen one really interesting example of how a client has built a model that could open that up, and developed agents to work within it. They took a small team – just 40 people – and split

them in two. Twenty would answer calls, the other 20 would effectively be ‘runners’ doing stuff on behalf of the customer.

“Ok, so it’s a heavy resource, but it means there’s a lot happening to add value for the customer. The trick is that after a week the two teams swap roles. It means no one gets into a fixed mindset around what they do, and they don’t pass over calls or actions they don’t want to do, because next week, they’re going to be the runner and it will be their turn to sort them out.

“It drives the intelligence of the group because they define the lines themselves, and they hold themselves to account for what they do.

“Now you get this really accountable team that can handle 80% of the enquiries. They’re massively skilled, and they’re thinking of the bigger picture for the customer – they’re thinking of sales from the perspective of solution for the customer, and they’re thinking of getting it right first time.”

Phil

“Exactly. What we’re trying to do is use the model office we created to break down the walls within the service area and begin to introduce the art of selling. That’s about understanding what the customers’ needs are and when it’s the right time to promote products that are of a benefit to them, either to fix an issue they have now, or one we believe may be coming up.

“Really it’s our role to have conversations with clients to say there is a better way of making this work. If you stop thinking about average call handling or cost of failure and you actually try to create revenue out of these interactions rather than trying to bring them to a close as quickly as possible, that’s where the possibilities are.”

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