

The Undervalued Drivers of Loyalty and Profit

*Contact Centers and Key
Customer Touchpoints*

Elaine Squittieri-Black

e-black.biz

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Presentation Contents

- Contact Center Performance vs. Potential
- Compelling Research
- Listening To Customers Saves Money!
[Telecomm Case Examples]
- Hard vs. Soft Metrics
- “Return-on-Service”
- New Success Measures: Software & Banking Examples
- Aligning Business & Customer Priorities

A Context for e-Black.biz

(this is not a resume)

- Corporate Research AT&T >> SBC/Pac Bell >> AT&T *(telecomm “full circle”)*
- Private Practice:
 - The Holding Group *(customer advocacy)*
 - Intervox Group *(contact center performance)*
 - Mcorp *(market research, branding, strategy)*
 - Touchpoint Metrics *(customer touchpoint management)*
- *Customer facts & data driving Business performance improvement*

Customer Contact Center Touchpoint: Performance vs. Potential

COST CENTER

- Workforce Management
- Technology
- Right-sizing
- Offshore Outsourcing

$f_1(CC) = \text{Best "What"}$

PROFIT DRIVER

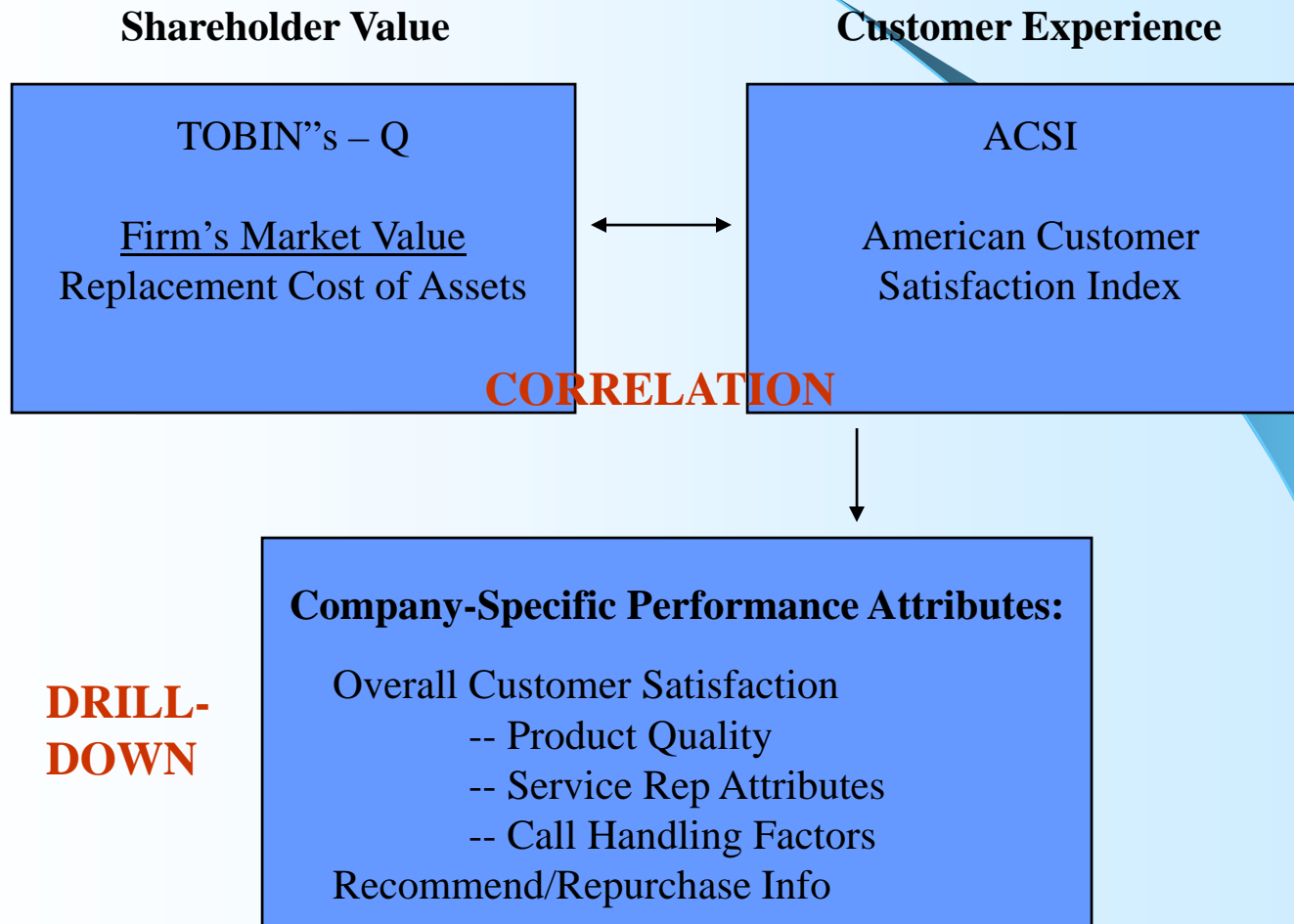
- Acquisition
- Retention
- Referrals
- Quality & Process

$f_2(CC) = \text{Best "How"}$

Key Research

- **Technical Assistance Research Program (TARP):** publications show recurring correlations between customer satisfaction (CSAT) and brand loyalty, profitability, productivity, employee satisfaction
- **Coopers & Lybrand:** “Revenue Enhancement” model linking high satisfaction to increases Customer retention, reduced Employee turnover & improved productivity (*What Customers Value Most*)
- **University of Michigan/Stony Brook:** correlation of Customer satisfaction & Shareholder value (Fournell & Anderson, et al) >>
- **Gustaffson & Johnson:** key drivers & associated metrics thru the Customer’s “lens” (*Improving Customer Satisfaction, Loyalty & Profit*) >>
- **MBNQ/Baldrige:** correlations of Customer satisfaction & stock performance (Fortune magazine)

The Research Story



Survey Attribute Measurement

Typically Measured:

- Speed-of-Answer
- Rep Knowledge
- Helpfulness
- Courtesy
- First-Call Resolution

[OPERATIONAL]

Typically NOT Measured:

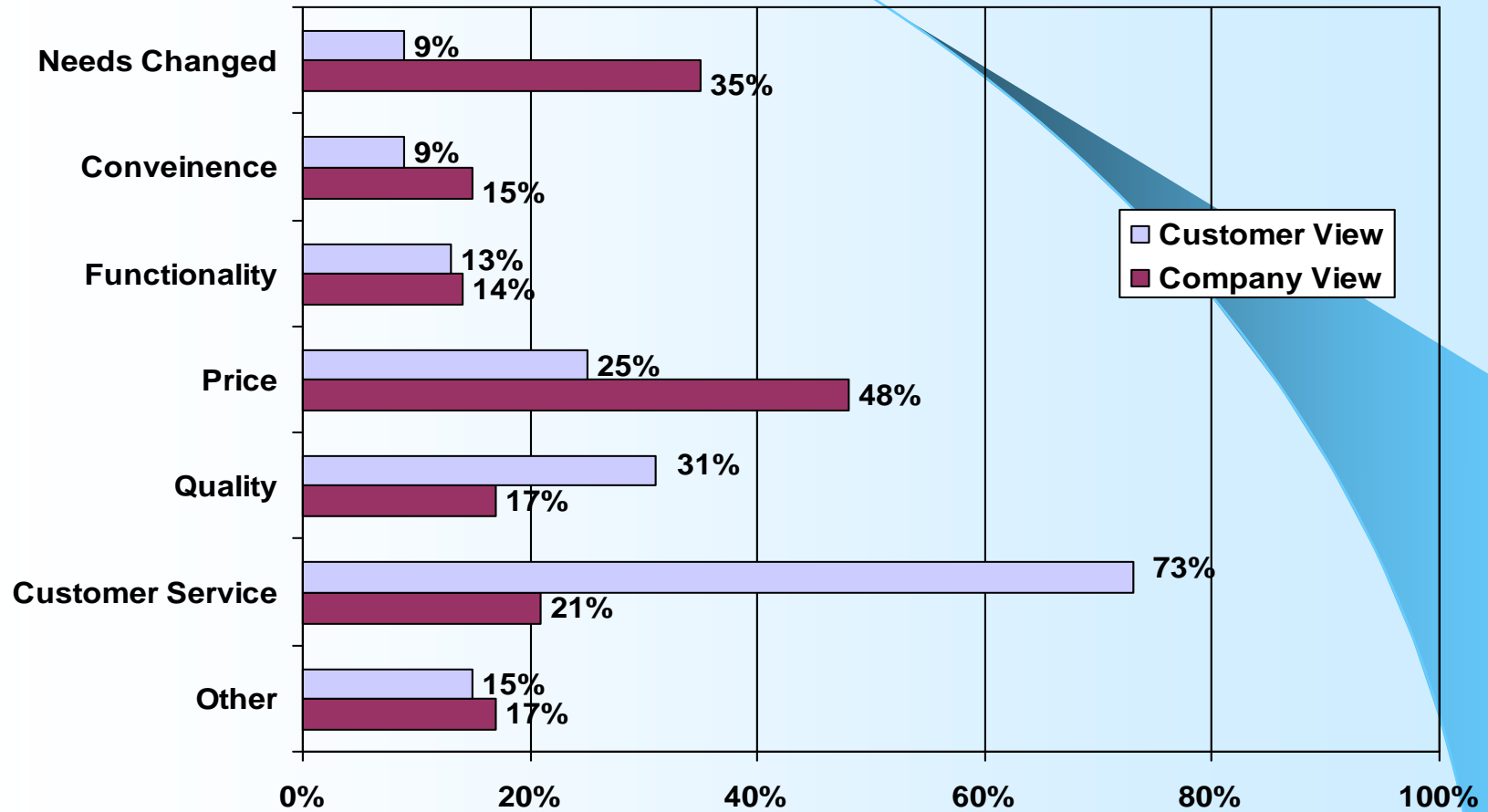
- Access to Information
- Availability of People
- Responsiveness to Requests
- Keeping Commitments
- Follow-through

[CUSTOMER-VALUED]



**Listening To Customers
Saves Money**

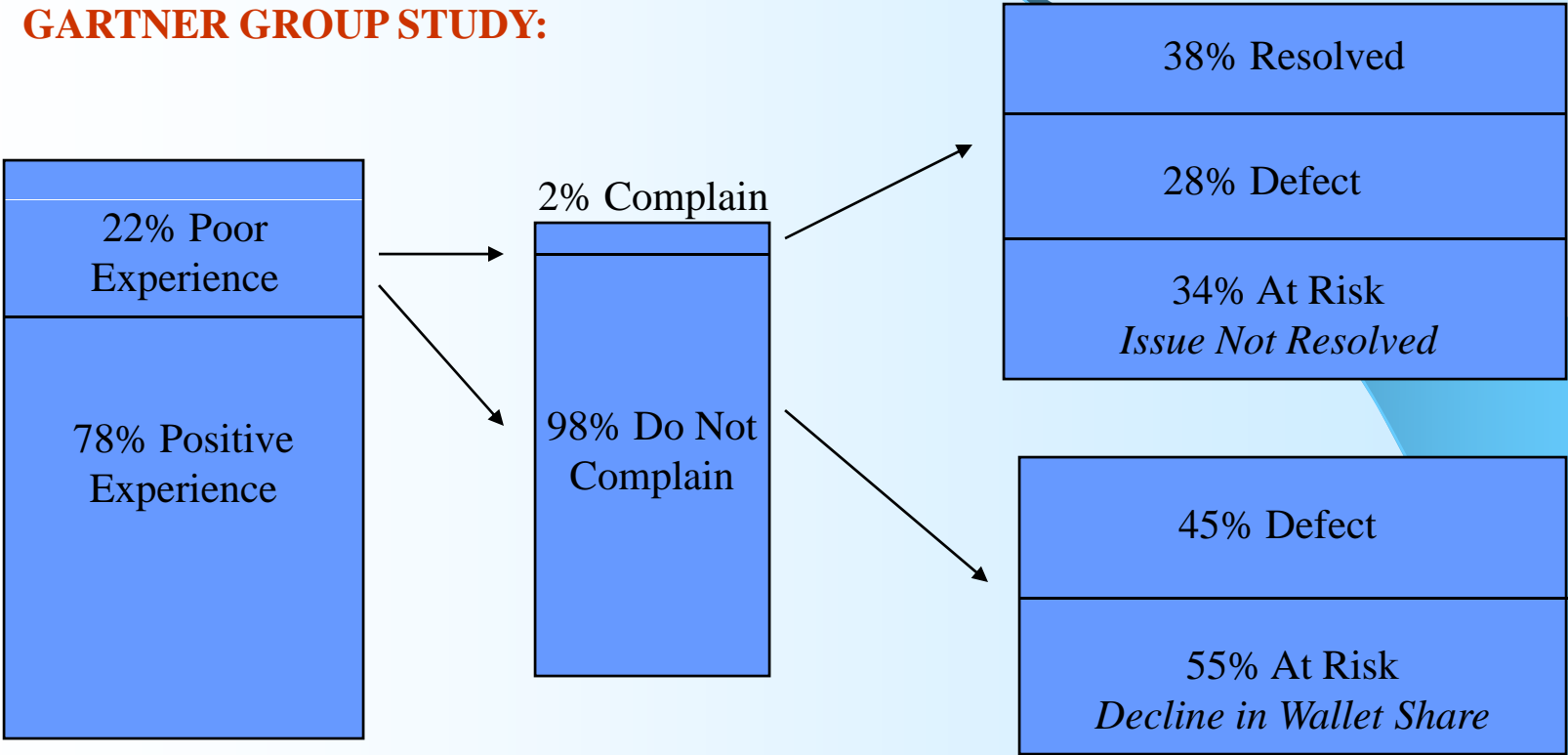
Why Customers Leave



Source: RightNowTechnologies. The Loyalty Connection: Secrets to Customer Retention, 2005

Customer Experience = Business Issue

GARTNER GROUP STUDY:



SAMPLE IMPACT:

2,000,000 Customers
\$200M Revenue/yr.
Avg. Rev/Cust = \$100/yr.

DEFECT = \$19,286,000
AT RISK = \$24,015,200

Very unhappy Customers tell 10-12 people about their experience while delighted Customers tell 3-5



Case Examples from the Contact Center

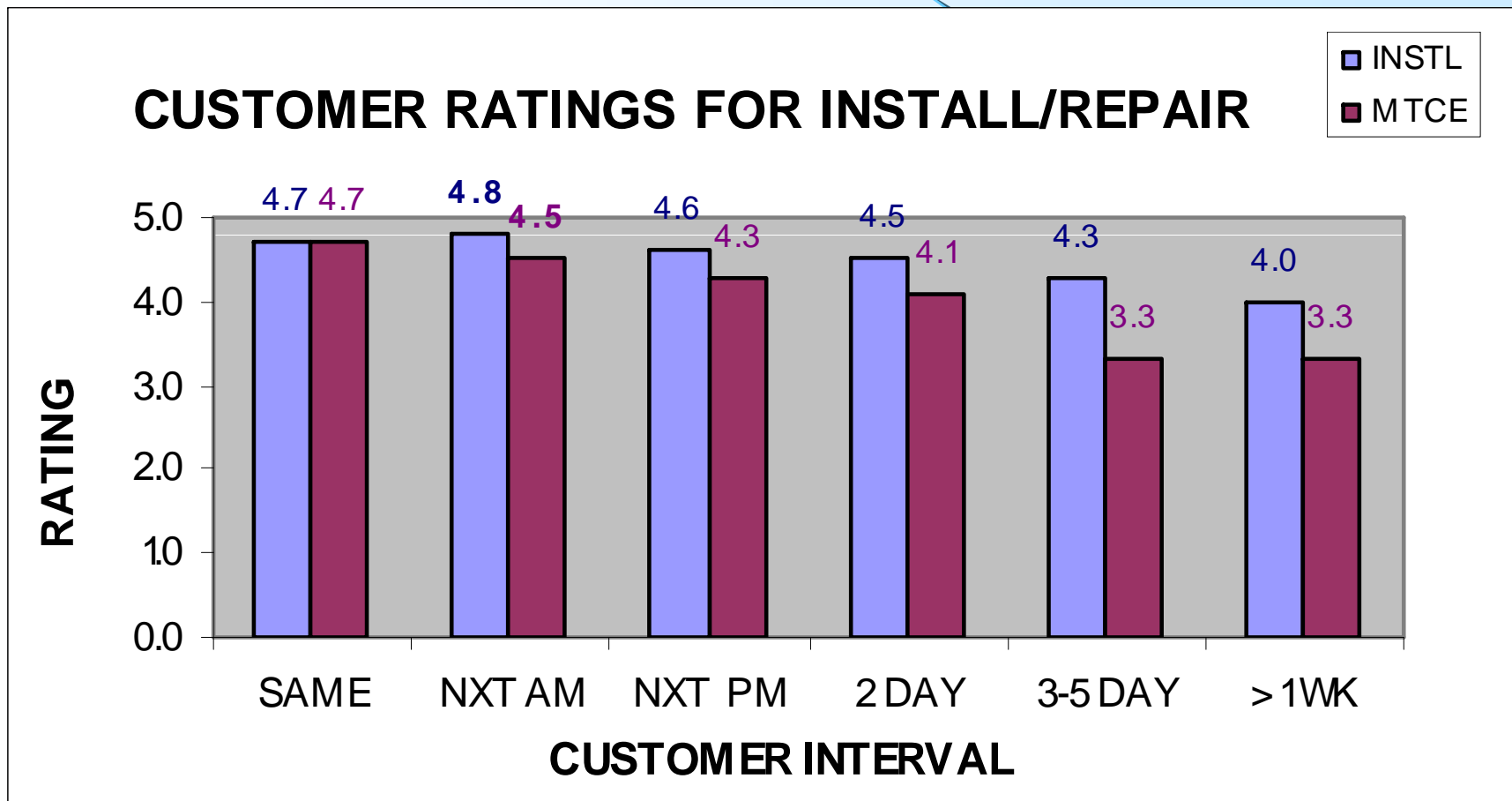
Telecomm Installation & Repair

BUSINESS ISSUE: Marketing promotions for “*same day service*” created large-scale training programs in business sales offices and increases to technician workforce at installation and maintenance garages, with little impact on customer service overall.

CUSTOMER FOCUS: Fact-based analysis of customer feedback showed *no difference in customer satisfaction* between same-day and next-day installation but significantly higher preference for 24-hour repair.

RESULTS ACHIEVED: With a focus on *keeping commitments* (high customer value) instead of “forcing” same-day installation, cost reductions for scheduling changes and missed appointments also achieved **4%** increased customer satisfaction as well as revenue from fewer order cancellations. Additions to technician base were deployed to repair crews.

Telecomm I&M Intervals



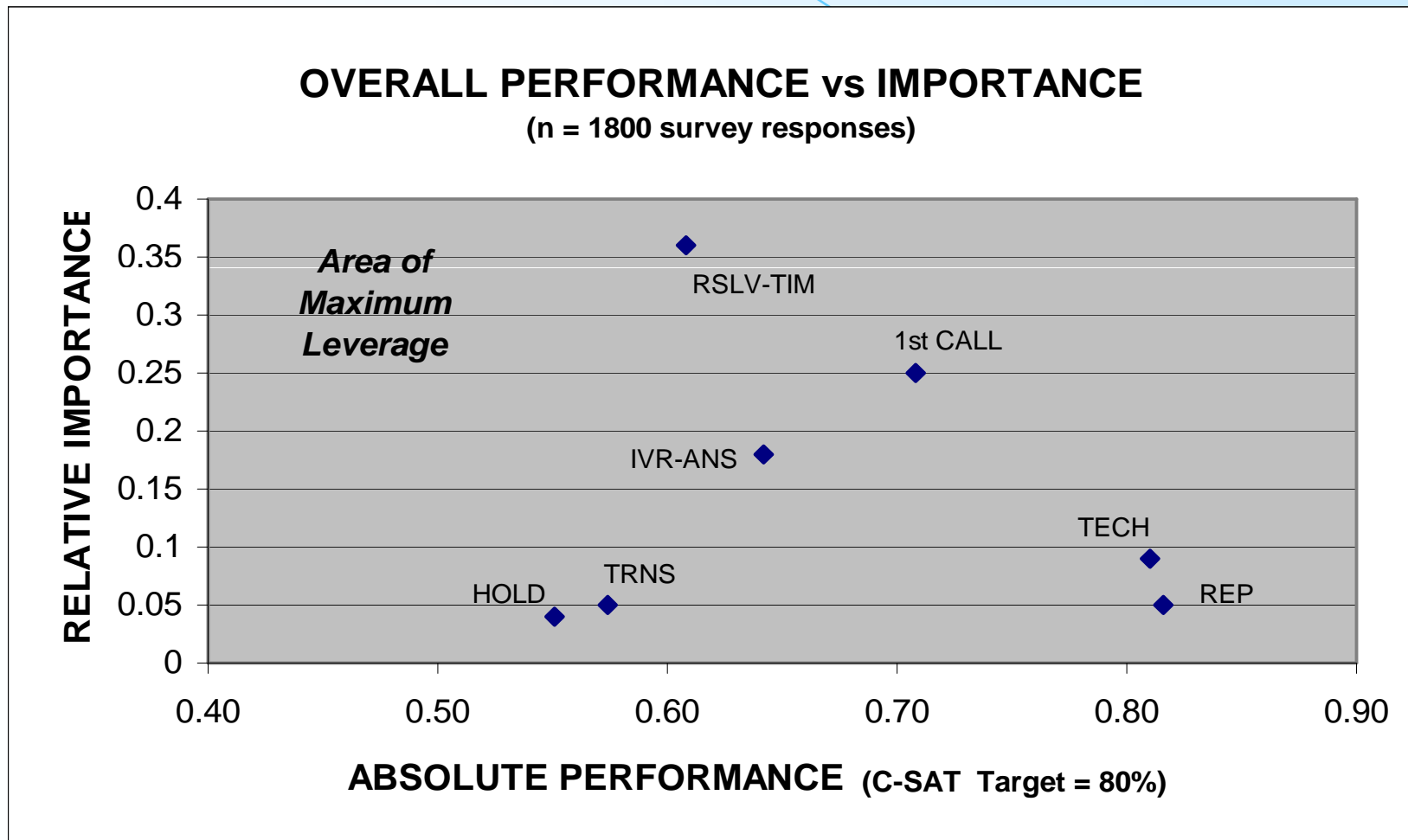
Cellular-Wireless Outsourcing:

BUSINESS ISSUE: A US-based outsource contact center was paying **substantial penalties** for consistently missing its service quality targets by **15-20** percentage points and therefore in jeopardy of losing its largest customer for domestic and international accounts.

CUSTOMER FOCUS: Initiatives to “reduce hold time” were not improving customer satisfaction (CSAT) performance. Statistical prioritization revealed significantly higher key drivers with quantifiable relationships to **number of contacts and billing cycles** as supporting factors (specific to the client).

RESULTS ACHIEVED: Refocus of customer service initiatives was shown to account for **75%** of the gap between CSAT performance and target levels. With CSAT approaching target, service penalties in excess of **\$150,000/month** were avoided and the client contract was retained (subsequently renewed/continued revenue).

Importance vs. Performance



Directory Information Services

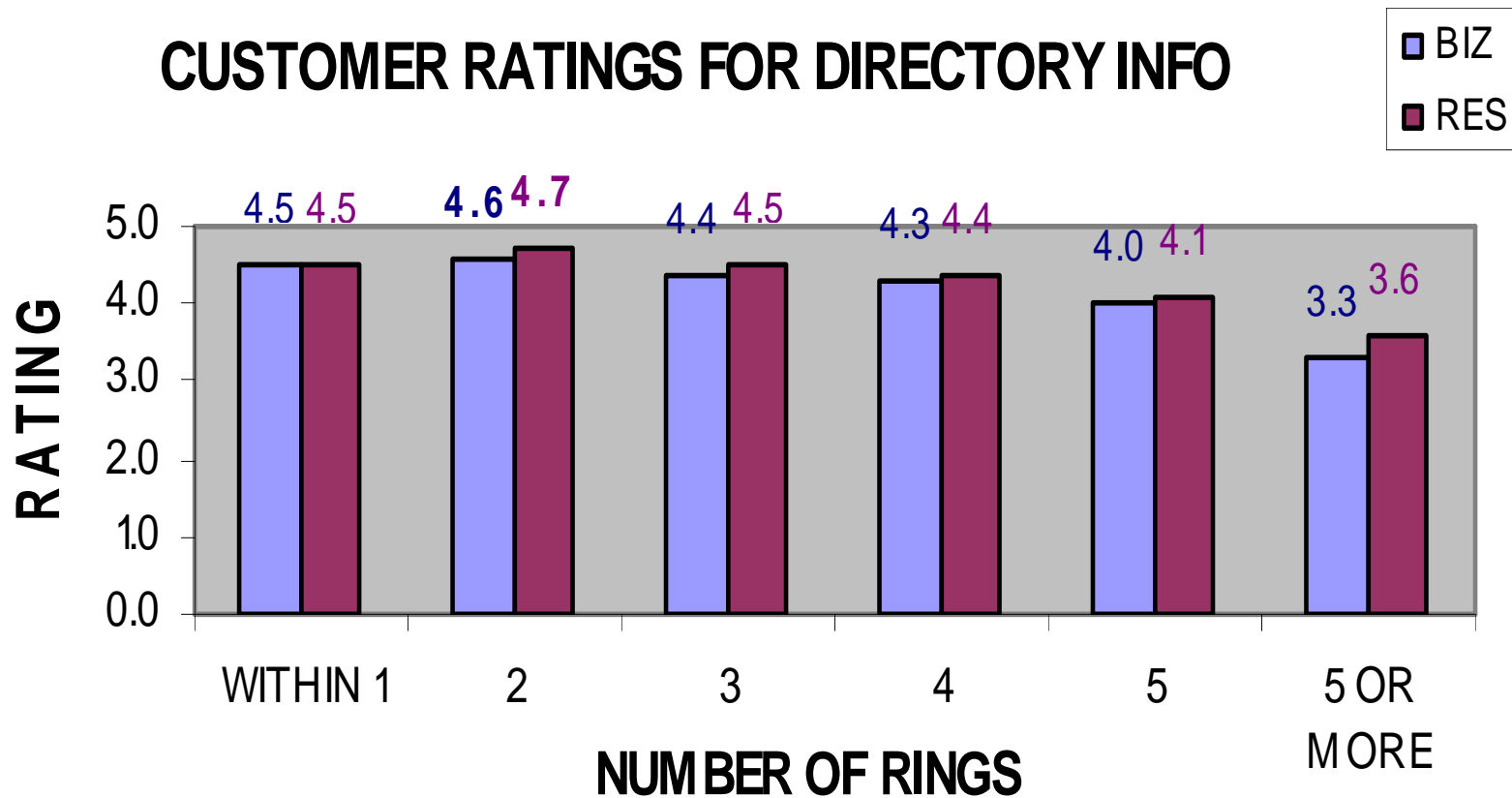
BUSINESS ISSUE: Low operational performance in *speed-of-answer* drove contact centers to manage workforce for answering calls on the *first ring*, with significant associated *technology* investment.

CUSTOMER FOCUS: Factual analysis of customer feedback showed *little/no difference in customer satisfaction* overall for answer time (to a specified number of rings or elapsed time) when compared to quality of service, i.e., customers preferred *accurate information* provided in one call.

RESULTS ACHIEVED: CSAT increased **8%**. Substantial workforce management savings were achieved (approx. **12%**) across a dozen locations involving a 6,000 service representative base, plus *avoidance of unnecessary capital investment*.

Directory/Operator Assistance (411)

CUSTOMER RATINGS FOR DIRECTORY INFO



Contact Center “Moments-of-Truth”

INSTALLATION & REPAIR >> Workforce Redeployed, Appt's Kept

- Perceived Driver - Same Day Service
- Actual Driver - Keeping Commitments

Method: Text & Data Mining (Verbatim Comments)

WIRELESS OUTSOURCING >> Revenues Grown, Penalties Eliminated

- Perceived Driver - Hold & Transfer Time
- Actual Driver - Total Time/Effort to Resolve Problem

Method: Multivariate Regression/Factor Analysis

DIRECTORY ASSISTANCE >> Costs Reduced/Avoided

- Perceived Driver - Immediate Answer
- Actual Driver - Accurate Information

Method: Data Mining (Survey Instrument)



A Revised Perspective On Metrics

Traditional Metrics

“HARD” Measures:

- Operational Metrics
- Cost Reduction
- ROI/Financials

“SOFT” Measures:

- Customer Satisfaction
- Customer Loyalty
- Customer Advocacy

“Return-on Service”

Shareholder Value and Financial Measures:

- Reduced Operating Expenses and/or Increased Revenues
- Reduced Rework Costs (repeat calls, site visits, etc.)
- Reduced Cycle Time (duration of problem)
- Reduced Defects (quality infractions)

Customer Loyalty and Related Measures:

- Reduced New Customer Acquisition Costs
- Increased Retention/Reduced Defection (“churn”)
- Increased Repurchases/Renewals
- Increased Referrals/Recommendations

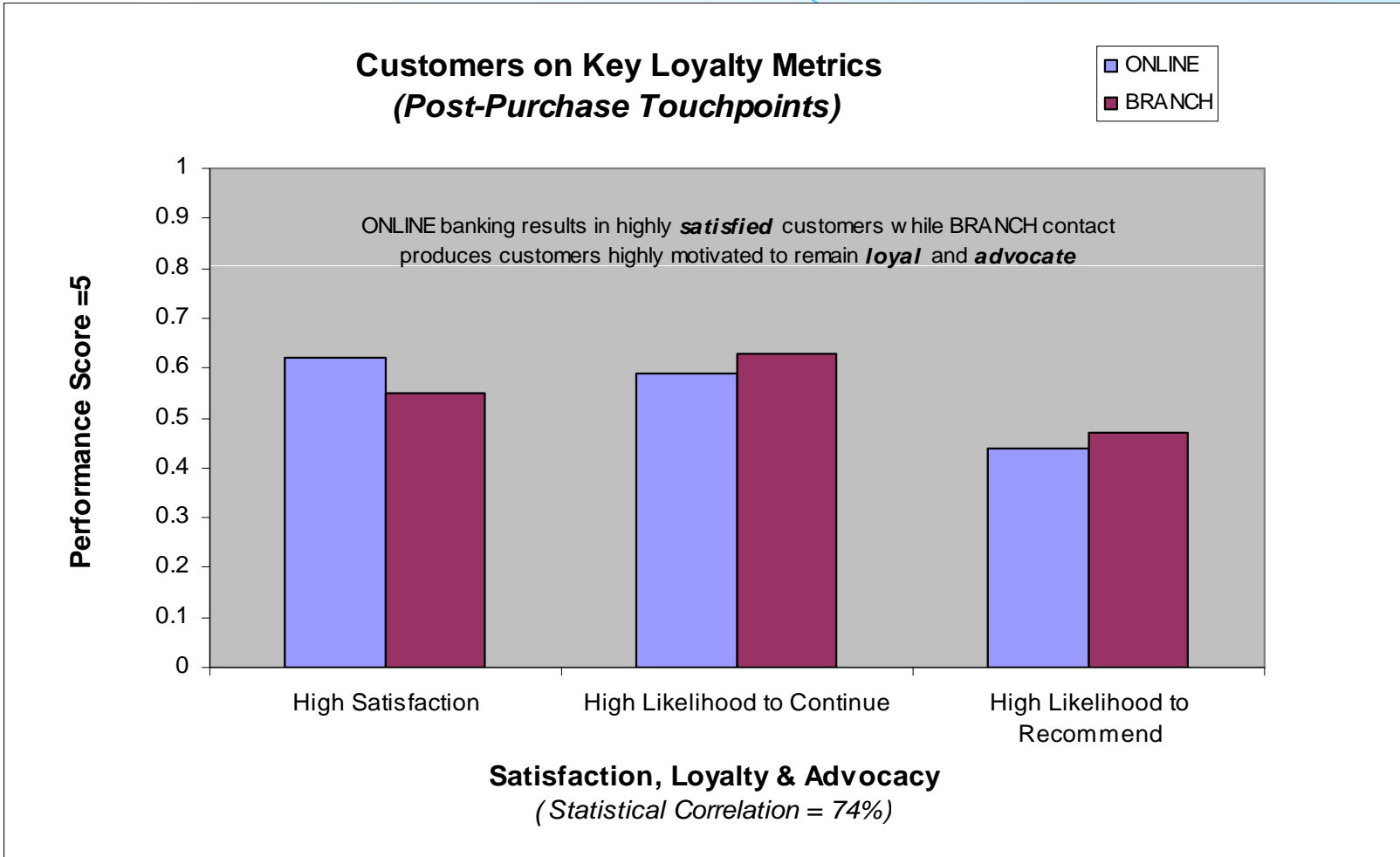
New Success Measures: Beyond CSAT

“Overall Customer Satisfaction” is NOT enough:

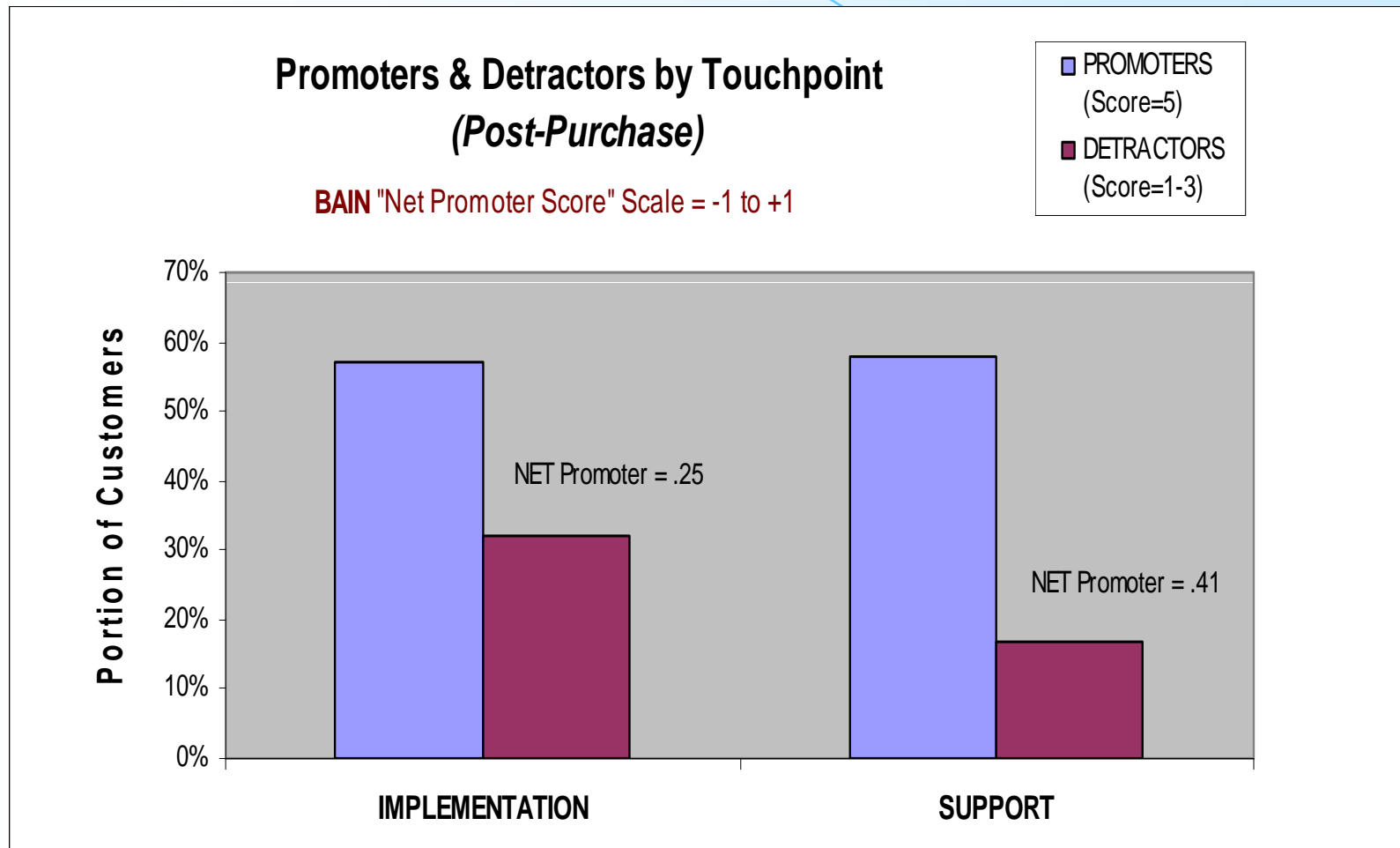
- **Repurchasing** – Will they buy *more* from you?
- **Loyalty** – Will they *remain* a customer?
- **Advocacy** – Will they *recommend* you to others?

Refocus measures toward competitive advantage rather than survey “opinion poll”

CSAT, Loyalty & Advocacy - Banking



Customer Advocacy Scoring – S/W Sales



A Revised View of Financial Performance

Contact Center ROI* *(for a given time period)* =

$$\frac{\% \text{ Positive CSAT} \times \# \text{ Customers Served} \times \text{Avg. Revenue per Customer}}{\text{Fully Loaded Contact Center Costs}}$$

*Customer Relationship Metrics

New Metrics No Contact Center Can Live Without

Reality Check on Traditional “Success”

The Flaw of Averages [Sam Savage, Analycorp]

Single-point Metrics: Sales Forecasts, Business Case NPV, Stock Prices

Distributions: Consumer Behavior, Contact Center Traffic, Service Delivery Operations (plus all of the above)

EXAMPLE -- Contact Center Outsourcing (Slide16):

- Resolve Time & 1st Call Resolution = 60% of Total CSAT Impact
- Hold Time & Call Transfer = 10% of Total CSAT Impact

SIX times as likely to close performance gap...

Aligning Business Practice with Customer Priorities

Focused Metrics:

Accelerated Capability to obtain customer feedback on key drivers at the time of the actual transaction/interaction with the contact center, reducing the performance feedback interval to virtually real-time.

Immediate Notification or alerts for escalation (severe instances of customer dissatisfaction, potential complaints) or other “pain-points” requiring follow-up with the customer directly.

Online Reporting of agent performance on key drivers, or customer-centric “dashboard”, with summaries at various levels allowing timely interventions, corrective action, training/coaching and relevant process changes.

>> Drive Project Prioritization

Point-of-Transaction Metrics

- ⑩ Phone, website and/or PDA media as source of feedback
- ⑩ A short, focused survey (less than a dozen questions) with an open-ended verbatim comment and action flag
- Timely analytics over one or more key touchpoints

**MOST COMPANIES STILL ENGAGE POST-TRANSACTION CALLBACK;
THE FUTURE IS CONTACT CENTER “SOFT TRANSFER” SURVEY...**

Contact Information

Elaine Squittieri-Black

e-black.biz

(415)892-3925 Direct

(415)464-7807 Cell

edsquit@speakeasy.net