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COMBINING SERVICE EXCELLENCE WITH PROFITABILITY

"The *New* Contact Center Best Practices"

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"The *New* Contact Center Best Practices"

by

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EXECUTIVE SUMMARY

In today's challenging business environment, customer contact centers are looking for ways to transform themselves from being cost centers to profit centers on their way to becoming strategic value centers, adding value to the whole enterprise. In a 2003 Aberdeen Group survey of customer service executives, 83% of the participants said that their contact center is critical or important to their enterprise. In 2004, Purdue University's Center for Customer-Driven Quality surveyed C-level executives and found that in addition to their usual focus on cost reduction and revenue generation for call centers, their new demands included caller satisfaction, increased wallet share and increased marketshare.

Executives from eGain Communications Corporation, a major supplier of contact center software solutions, notice the same trend when they talk to their customers; eGain's worldwide clients are known for their excellence and innovation in customer service and contact center performance, often blazing new trails in this area. The following are among the strategies and best practices employed by contact centers to transform their service operations into profit centers and strategic value centers.

Implement "Single-Window" Service Fulfillment

The two biggest sources of inefficiency in a contact center are the time spent in:

1. Getting complete customer information. When customers call they expect the agent to have instant access to details of *all* their interactions with the company. This information, however, usually resides in multiple systems within the enterprise.

2. Acting on a customer request that involves fulfillment of some sort, such as an order for check books or for setting up the voice mail service on a subscriber's cell phone.

Disparate data sources within the enterprise are a reality that cannot be wished away. Fortunately, with open standards and next-generation software, customer service systems can be configured to access data from multiple sources and present a unified customer view to the agent in real time. Moreover, new standards-based application adapters also allow users to write back into disparate data sources through data exchange using portal standards. This rapid ability to link systems from a business perspective allows for dramatic improvements in first-time fix rates and process efficiencies. A "big picture" describing the purpose of a customer service or customer care center is depicted in the following diagram.
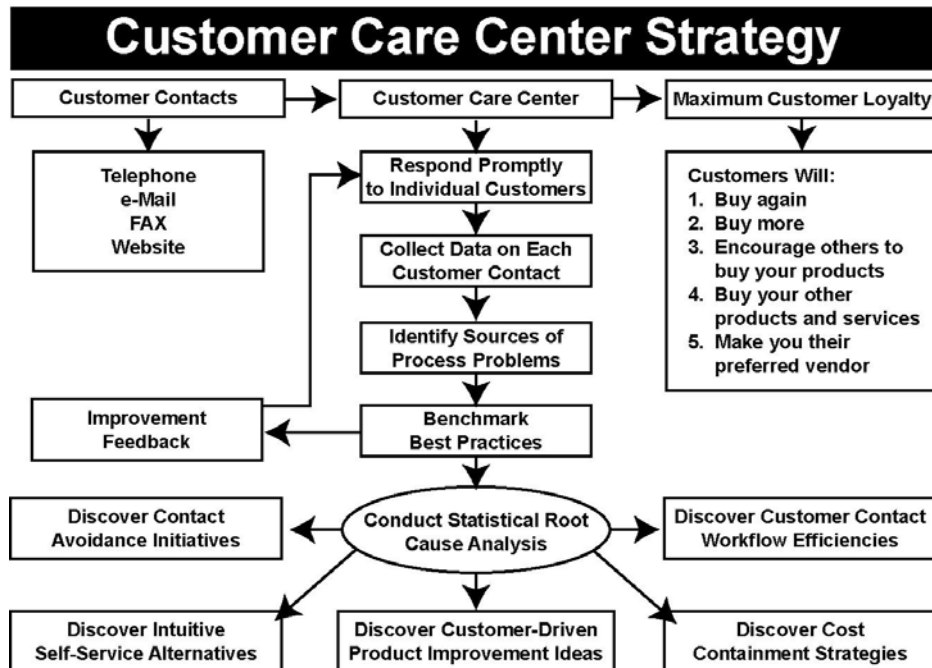

Figure 1. Customer Care Center Strategy

Use Technology to Change the Rules of the Game

Most companies have approximately 20% highly profitable, high-value customers and another 20% unprofitable, low-value customers. It's easy to work out strategies for the top and bottom customer segments. It is the middle 60% that they struggle with—customers who cannot be ignored, but who are hard to serve in a profitable manner.

Innovative businesses have successful ways of tackling this large middle segment. With the use of new service capabilities, they turn this segment into a huge source of growth and profits for the company. They shift the cost-value curve to create immense competitive advantage. One of the largest financial services company in North America has done this through multiple economic downturns. In early 80s, when the market was slow, it invested heavily in upgrading its customer service. It aggressively migrated its branch network model to a call-center model. It hired smart MBAs on commission to sell to the mid-market over the telephone. Two decades later, the company has taken up the challenge of the current slowdown by again reinventing its service model. This time round, it is working to add a level of intimacy to customer interactions. It has implemented powerful web collaboration tools to augment phone conversations, tools that allow the customer to almost be face-to-face with the financial advisor. This company sees technology as a way to dramatically redefine service models and force competitors to play catch up!

Imagine a portfolio balancing session with your financial advisor. The agent is talking on the phone while walking you through portfolio analysis and what-if scenarios on your web browser. You stop and take control of the web collaboration process, or you enter some data at your end that you are not comfortable sharing with the agent. At the end of the session, the agent sends you an online transcript with links to information shared during the discussion. All this is done over the Internet—data and voice—at a fraction of the cost that a face-to-face meeting would incur. No wonder then that this business leader is widely considered one of the most profitable companies in its space.

Include "Next Best Activity" in Service Interactions

You may have noticed that while discussing the single-window service fulfillment best practice we assiduously avoided using the favorite term of call center experts, "handle time." Our experience suggests that the best companies in the world do not view their service interactions as "cost" alone. Instead, they see each interaction as a valuable opportunity to engage with, learn from, and advise a customer—after favorably resolving the customer's problem.

In fact, in the telecommunications industry, several leading companies have developed sophisticated applications based on key technologies like case based reasoning that allow their agents to engage in "next best activity" with the customer at the end of the service interaction. "Next best activity" is a method of identifying the appropriate interaction to engage in with a customer after solving issues. It could be an attempt to learn more demographic or psychographic information about a customer such as recording

preferences in music at a consumer electronics business contact center. It could be a cross-sell activity that would be recommended by a reasoning system that uses known attributes about the customer. The goal of this process to move away from a "break-fix" mind set, both from the customer and agent's perspective, and view the service interaction as an opportunity to build the brand by delivering on the promise of assistance and advice.

Optimize Profitability, Not Just the Cost, of Service Interactions

With the current blinding focus on cost reduction it is easy to lose sight of the obvious goal of every business, which is to fulfill customer needs in a profitable manner. Our experience is that a vast majority of companies are too myopically focused on cost reduction as their way of getting to profits. What they don't realize is the implication of one-dimensional cost reduction crusades on customer satisfaction and revenue.

Nowhere is this myopia more evident than in customer service organizations. Most senior managers want to believe that customer service is a cost they have to bear for lack of quality in their products and "intelligence" in their customer base. What they forget is that customer service is the vital feedback loop that could generate real value in the customer's mind and build a relationship between the company and the customer like no other customer interaction.

In a recent study, we asked callers who had recently contacted a customer service call center how this experience impacted their "image" of the company (i.e., brand), and their willingness to buy again (i.e., loyalty). The next two charts show the fascinating results of this caller feedback.

How important was your overall call experience in shaping your image of the company?
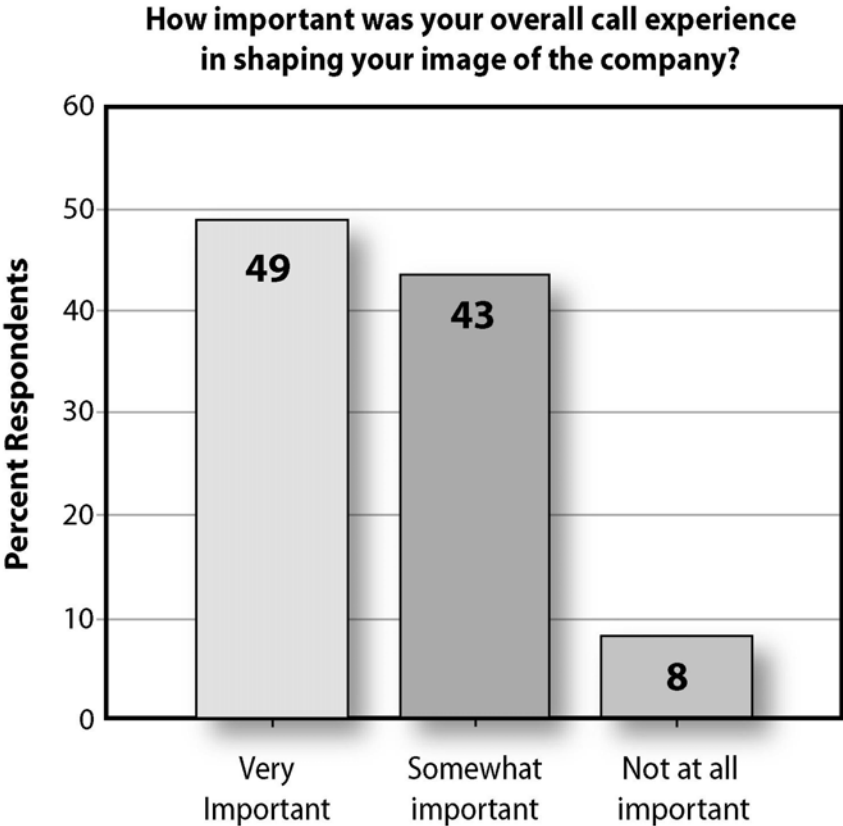

Figure 2. How important was your overall call experience in shaping your image of the company?

After Bad Experience, Would Stop Using Company in Future
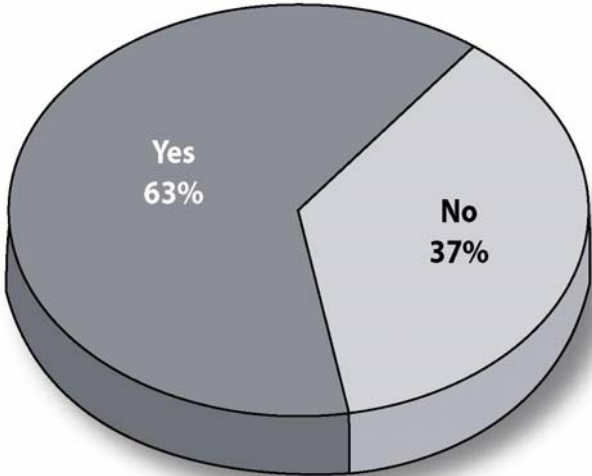

Figure 3. After bad experience, would stop using company in future

Smart businesses have been quick to spot and seize the opportunity of using customer service to delight their customers. In their view, a customer reaches out to a business for both explicit and implicit reasons. A service interaction initiated by the customer signals the customer's desire to maintain a relationship with the company. By tapping into the implicit reasons beyond the explicit one, the company can engage the customer to strengthen the relationship. Of course, this cannot be done without a clear sense of profitability—the company must engage based on a sense of future value of a specific customer. This requires a complete and intelligent view of the customer, enabled by knowledge-based reasoning technology that allows the company to identify opportunities for profitable engagement.

As a best practice, profit-centric contact centers use holistic metrics to measure customer service agents. They prefer metrics such as customer satisfaction, accuracy of answers, service consistency, and revenue generated to traditional cost-centric metrics such as average handle time and cost per interaction.

Ultimately, the real key to managing a customer service contact center is to operate with a realistic "balance" between the quantity of contacts handled, and the quality of the service as experienced by the customer. Below is a "Balanced Performance Matrix" as developed by the author and his research team at BenchmarkPortal and Purdue University's Center for Customer-Driven Quality. To conduct a quick "Reality Check" of the performance of your contact center as compared to your industry segment, please visit BenchmarkPortal.com and complete the RealityCheck™ survey. Instantaneously, you will get your personal Balanced Performance Matrix.
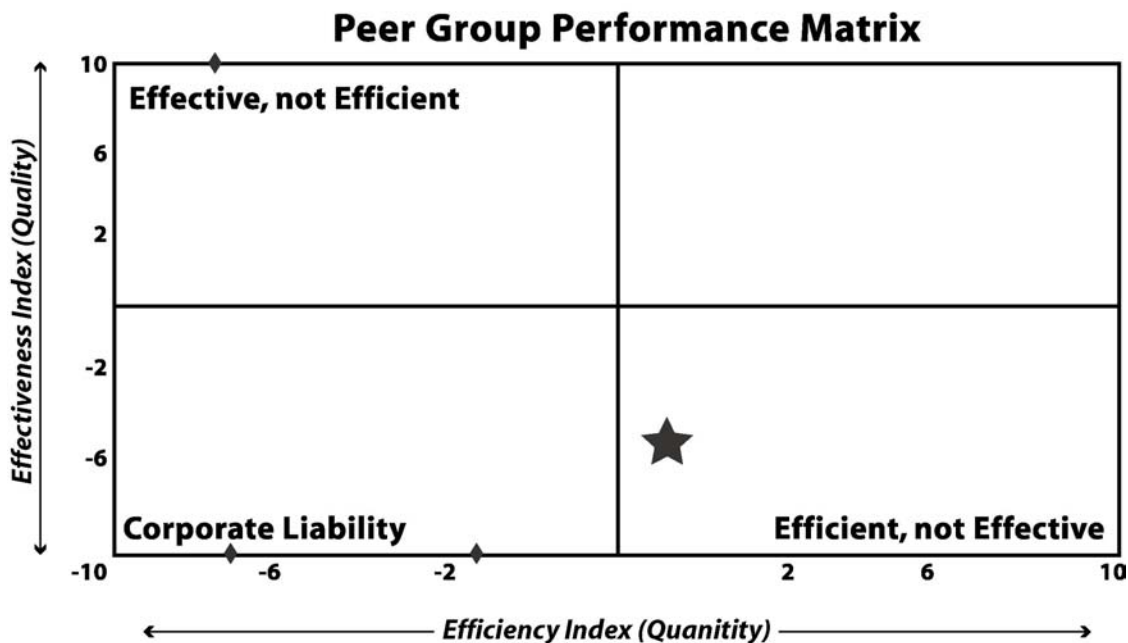

Figure 4. Peer Group Performance Matrix

Go Global

The commoditization of products and services continues unabated, and therefore, "power" in the relationship has shifted from the company to the customer. In this environment, profit-sustaining tactics used by service organizations such as price discrimination across market segments and customers, value-based marketing messaging, and branding are not as successful as harnessing innovative service models for incremental profits.

A large global manufacturing company that sells to a wide range of businesses, large and small, has been able to generate profit through service offerings. It discovered that it could offer relatively inexpensive remote engineering services profitably to its low-end customers. It now uses offshore resources to deliver these services to thousands of small businesses. The company leveraged reasoning systems and real-time web collaboration to empower offshore agents with knowledge, best practices, and rich interaction capabilities, to match face-to-face interactions that the best on-site engineers and consultants would have with customers. This ability to tap cost-effective resources globally allowed the company to grow its revenue *and* generate profits from existing customers in a tough market.

In a hypercompetitive environment, smart businesses focus on maximizing value from existing customers. Customers appreciate added levels of service and are willing to pay a fair price for it because they benefit indirectly from the provider's viability. This mutual co-dependence can be tapped through ongoing service interactions at the contact center. Today's market leaders are those businesses that are able to identify and exploit rule-changing models and enabling technologies to maximize profits and extend competitive advantage.

SUMMARY

Profiting from customer service operations is a mindset. It starts with understanding and maximizing the true value of service to customers, and the value of customers and service operations to the overall business.

In what ways can the contact center and service operations add to revenue, profits, and enterprise-wide value? What metrics should be used to transform cost-centric service organizations to profit-centric value organizations? These considerations should drive the strategies and tactics of customer service organizations. It starts with maximizing operational performance in the service organization through agent productivity enhancement, customer self-service, seamless task management and service fulfillment automation. The next step is to maximize the value of interactions through innovative and profitable service offerings, up-sell, cross-sell and value-added advice. Contact centers can further add strategic value by feeding market intelligence back into development organizations.

Ultimately, a business should see its service organization as a storehouse of customer insight and a strategic value provider that enhances customer relationships. Service teams can be easily leveraged to serve as the front-line of revenue growth and profit maximization strategies in the installed customer base, as they are freed from routine break-fix interactions. Rich interaction technologies and knowledge-based reasoning systems can enable new service models, profitable service offerings, and rapid deployment of profit generation and value addition best practices to globally distributed customer service organizations and contact centers. Companies that want to transform their contact centers from tactical service organizations to profit centers and eventually strategic value centers should partner with trusted solution providers that have a track record of success in this arena.

Note: Contact info@egain.com for a free discussion with a contact center domain expert on best practices in transforming a contact center to a profit and value center. Based on this discussion, we will provide you a suggested roadmap to contact center profitability and value maximization.

About the Author

Dr. Jon Anton is the director of benchmark research at Purdue University's Center for Customer-Driven Quality. He has published 23 books and 96 papers on customer service and call center methods. His education includes a Doctorate of Science and a Masters of Science from Harvard University, a Masters of Science from the University of Connecticut, and a Bachelor of Science from the University of Notre Dame. Dr. Jon can be reached at: DrJonAnton@BenchmarkPortal.com.

About eGain Communications

eGain (Nasdaq: EGAN) is a leading provider of customer service and contact center software and services. Trusted by prominent companies worldwide, eGain has been helping organizations achieve and sustain customer service excellence for over a decade. 24 of the 50 largest global companies rely on eGain to transform their traditional contact centers into profit centers, and to extend their service-based competitive advantage. eGain Service 6 , the company's software suite, available licensed or hosted, includes integrated, best-in-class applications for customer email management, knowledge management, web self-service, live web collaboration through chat and cobrowsing, automation of fax and paper-based service interactions, and service fulfillment. These robust applications are built on the eGain Service Management Platform (eGain SMP), a scalable next-generation framework that includes end-to-end service process management, multi-channel, multi-site contact center management, a flexible integration approach, and certified out-of-the-box integrations with leading call center, content, and business systems.

Headquartered in Sunnyvale, California, eGain has an operating presence in 18 countries and serves over 800 enterprise customers worldwide. To find out more about eGain, visit http://www.eGain.com or call the company's offices: (888) 603-4246 ext. 9 (United States), +44 (0) 1753-464646 (United Kingdom), and 81-3-5778-7590 (Japan).

About BenchmarkPortal

BenchmarkPortal is the custodian of the Purdue University Center for Customer-Driven Quality database of contact center metrics, the largest in the world. It provides reports, products and services for contact centers in the areas of operational metrics, customer satisfaction measurement and agent satisfaction measurement. For more information about BenchmarkPortal, call 805.614.0123 or visit our Web site at: www.BenchmarkPortal.com.