

Building and Providing World Class Customer Care

**By: Bill Sumerlin
Phil Hodsdon**

October 12, 1998

**For more information:
Sales@mmcad.com
<http://www.mmcad.com>
(925) 485-4949**



What is world class customer care?

World Class Customer Care Attributes

- **To determine whether a company is “*world class*”, the following attributes usually are considered first...**
 - **Is the business successful (e.g., ROA, ROI, net profit, revenue growth, market share)?**
 - **Is the mission clearly defined for the business and channels?**
 - » **Does the mission contain a “*customer focus*”?**
 - » **Do the mid and long term objectives include a “*customer focus*”?**
 - **Does the business understand their customers and prospects?**
 - » **Customers vary around the world... Does the business understand its customers in each region (*market share* by region)?**
 - » **Is it easy to convert prospects to customers (*market acceptance*)?**
 - » **Are the customers loyal (*churn rate*)?**
 - » **Does the business understand the customer’s needs and wants?**
 - » **How does the business handle changing customer needs and wants?**

World Class Customer Care Attributes Cont'd

- What is *customer satisfaction* for the business?
 - » Are the customer's satisfied with the availability and accessibility of the business's products and services?
 - » Do customers find the business easy to talk to and use?
 - » Does the business proactively serve the customer or does the customer need to educate the business each time it contacts the business?
 - » Does the customer perceive a real, enhanced value in using the business's *goto market channels* (channels = field sales, retail stores, telesales centers, telemarketing centers, E-commerce, mail, broadcast advertising, etc.)?

**How does “best practices”
relate to “world class”?**

World Class May Not = Best Practices

- It is possible to provide “*world class*” customer care and not be recognized for “*best practices*”.
 - Toyota (cars and trucks) in the US is recognized both for its excellent products that have been built with “*best practices*”, but also for their poor customer service...
- It is possible to be recognized for “*best practices*”, and quietly not perform well as a business.
 - Many call centers are managed to “*talk time*” and “*wrap time*”, but not to what is actually said on the telephone to the customer... The former is easy to measure and to administer, while the latter is not.

Best Practices Factors

- **Efficient use of time and resource**
 - For example, many Call Centers attempt to meet the following best practice standards:
 - » *Service Level* of 80% in 20 seconds
 - » *Average Speed of Answer*: < 20 seconds
 - » *Caller request completion*: 95+% in 1 call
 - » *Call transfers*: < 1 per 50 calls
 - » *Customer satisfaction* (arbitrary measures): > 95%
- **Cost effective application of resources**
 - **Cost is determined by expected and real demand**
 - » Some World Class service operations operate with minimal staff due to great product reliability (e.g., Whirlpool appliances in the US)

What is a World Class Customer Care Channel?

- **There are many different solutions, within the same industry and between different industries...**
- **Business and customers must drive channel solutions; technology solutions must not...**
 - **Leading with technology solutions makes it harder to achieve the best business and customer solutions**
- **There are not perfect solutions... there are only those solutions which can be improved over the course of time.**
- **One company's solution probably will not work in another company... the people, management and infrastructure are different.**

What are some of the factors for determining world class customer care?

- ***Availability***

- Are the products/services available when the customer wants them (e.g., 24 x 7 for customer service) and through the channels that they want (e.g., voice, VRU, FAX, web)?

- ***Personnel***

- Are there sufficient personnel to provide the service when the customer requests it?
- Are these personnel knowledgeable about the customer and the products/services that the customer is requesting?
- Is the customer request satisfied in one call, without transfer?
- Are the personnel warm and courteous to the customers?

- ***Process***

- Are the processes simple, well thought out, and meet the needs of the customer, business and the business's service providers?
- Is there sufficient visibility into the day-to-day operations so that the appropriate changes can be made to meet the changing customer and business needs?

World Class Customer Care Factors Cont'd

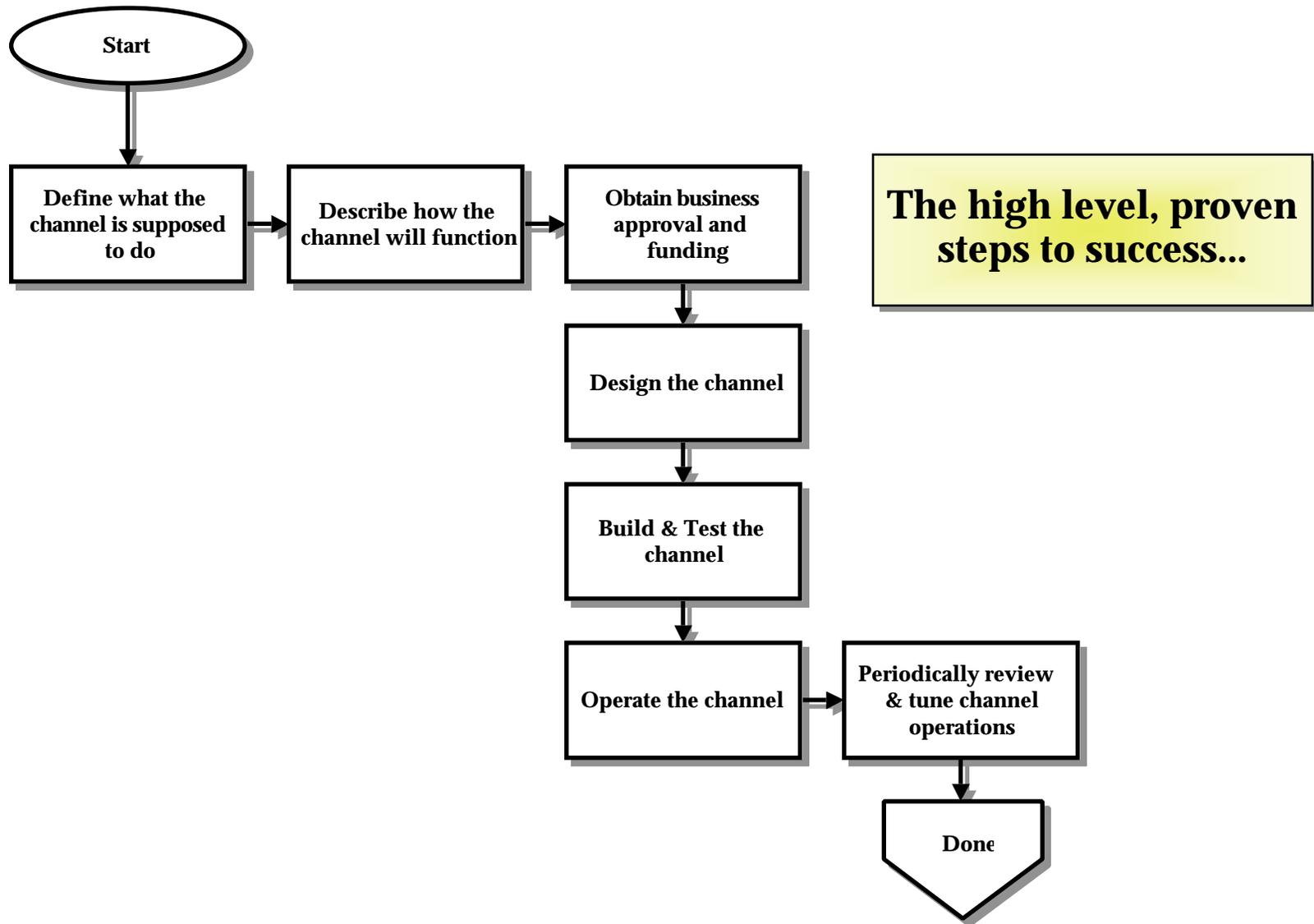
- **Process Cont'd**

- Are there sufficient problem resolution procedures in place to handle any problems in a timely and customer satisfying fashion?

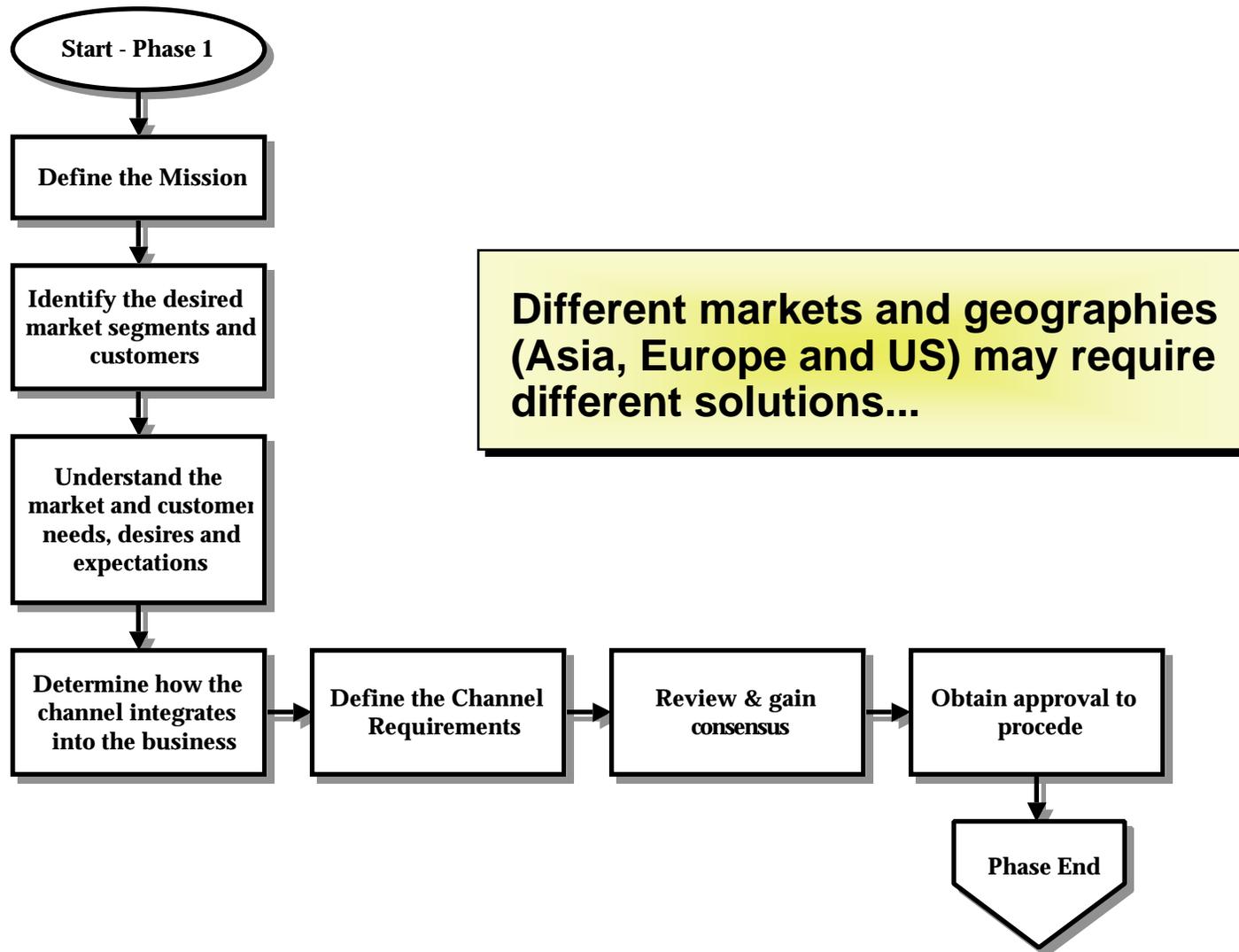
- **Technology**

- Is market information being captured, analyzed and synthesized through all channels?
- Is customer contact information being captured and utilized to improve all future customer communications?
- Are sufficient tools in place to maximize channel personnel productivity?
- Are customer requests being routed to the appropriate party in the first attempt?
- Is unexpected request volume handled in an appropriate fashion?
- Is there an appropriate overflow strategy to handle unexpected events?

Building a World Class Channel

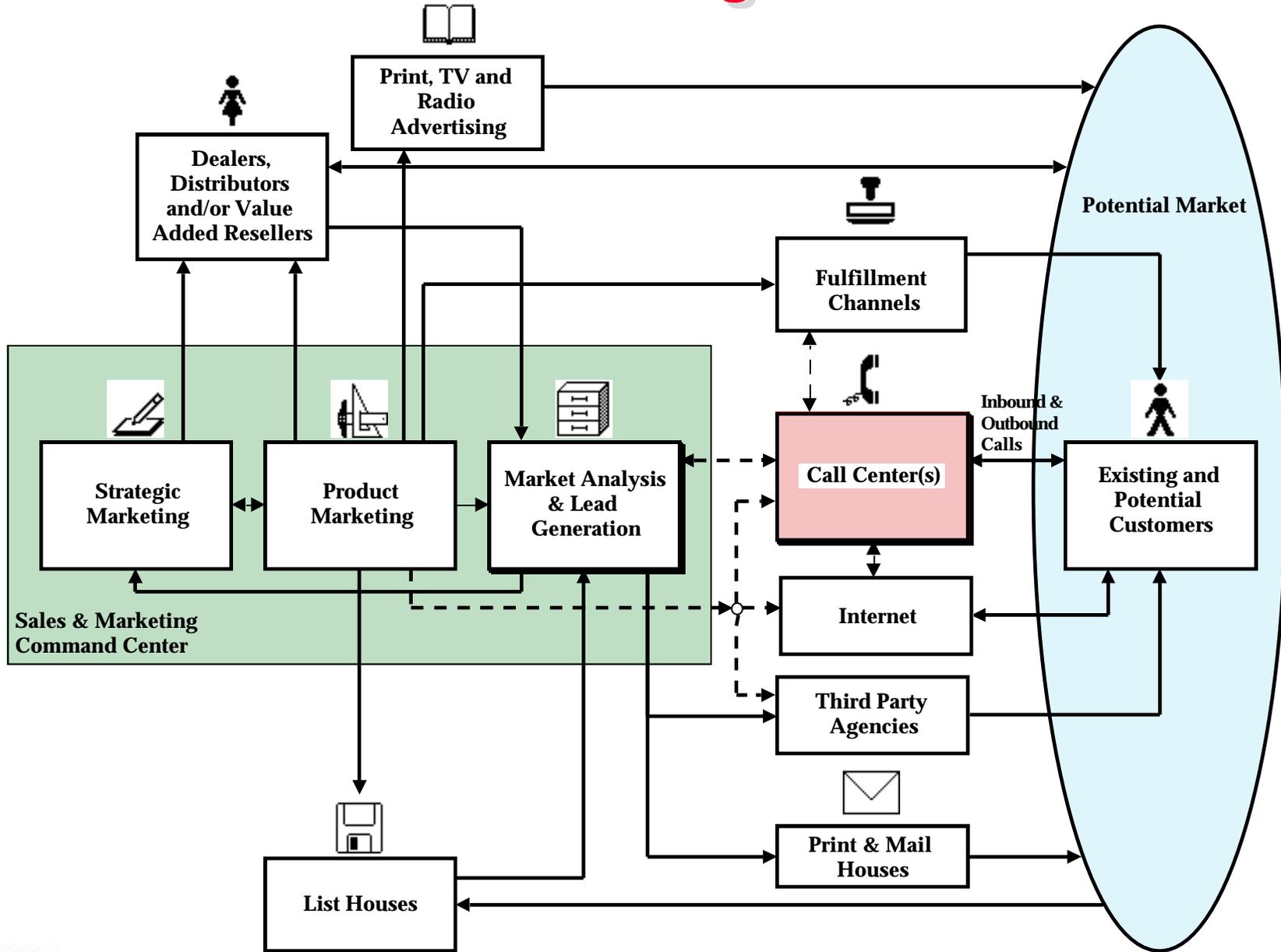


Phase 1 - Defining what you need...



**An integrated view of the
target markets
is required...**

Real Time Marketing Environment



A World Class Channel's Objectives should include...

- **Maximizing market potential**
- **Maximizing sales potential**
- **Providing high quality service to existing clients and new prospects**
- **Leveraging your installed base for additional sales and marketing opportunities**
- **Lowering your blended “*go to market*” (SG & A) expenses**

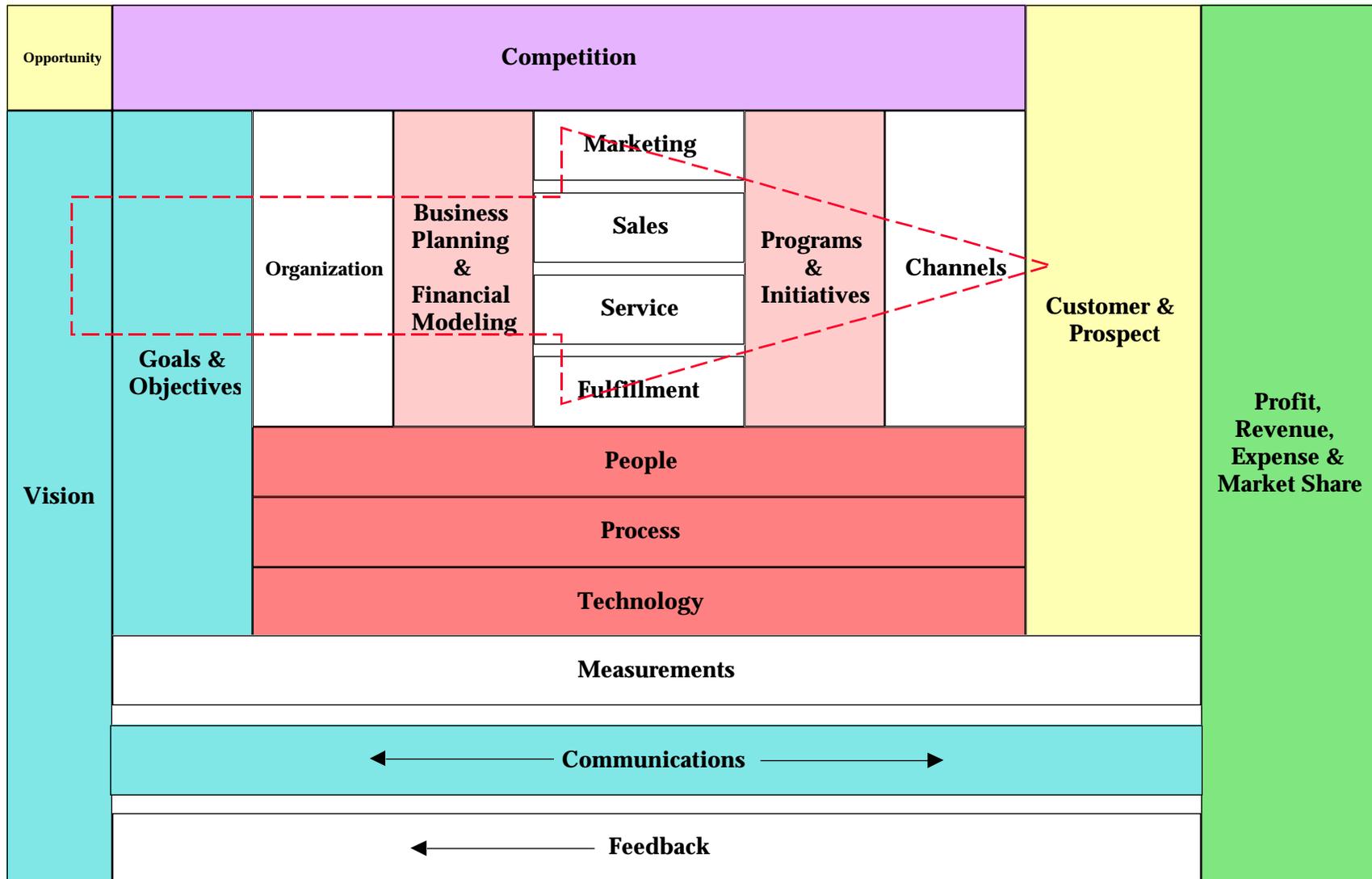
**To be “World Class” in the future,
you will need to view and configure
your channels for “real time marketing”**

**Regis McKenna, “Real Time, Preparing for
the Age of the Never Satisfied Customer”**

Building & Operating “Real Time Marketing” Channels

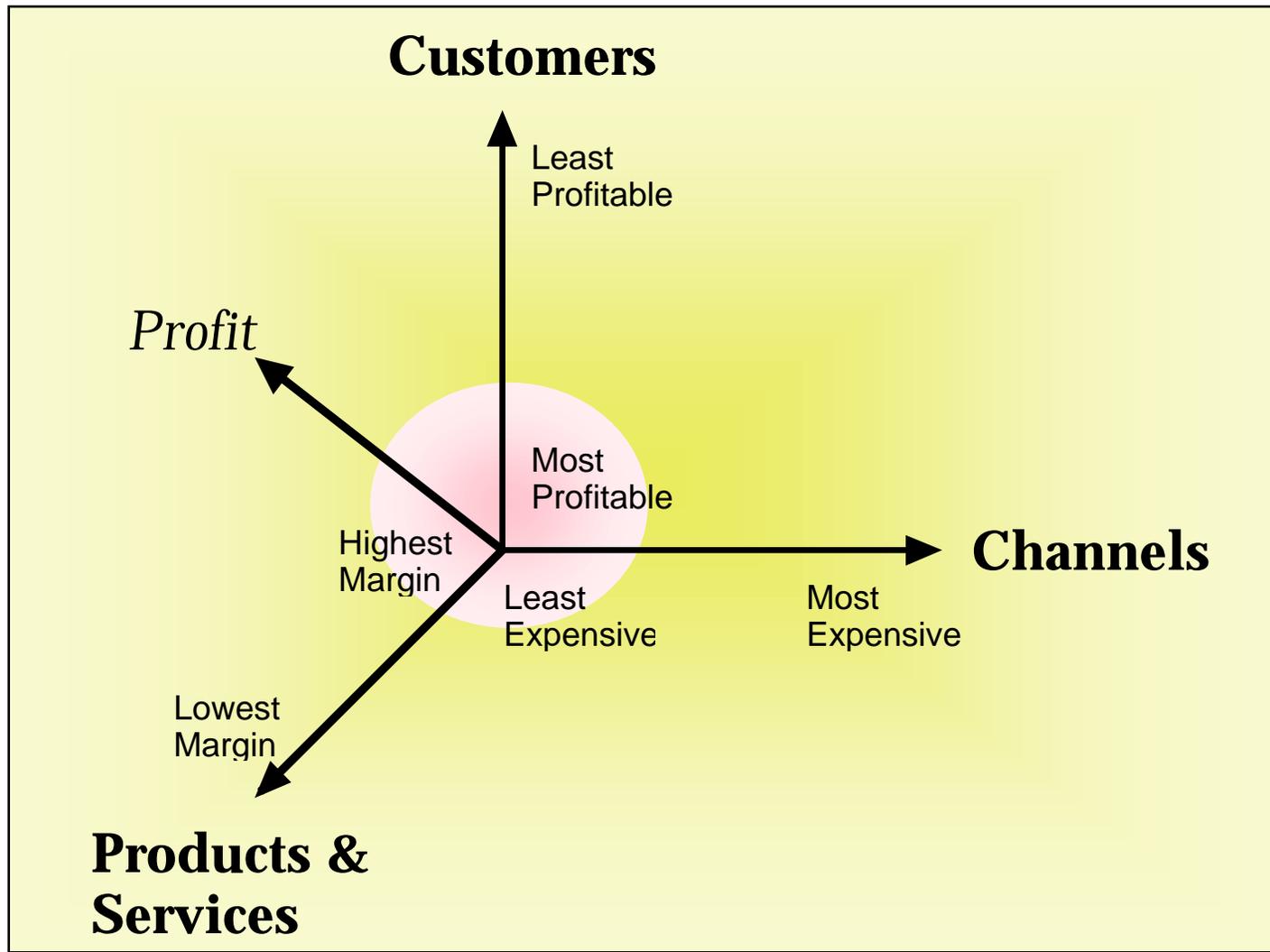
- **Definition of *Real Time Marketing***
 - Ability to profitably offer a customer/prospect a valued product or service that is tailored in real time to meet the immediate desires and needs of the buyer
- **Definition of *Real Time Marketing Channel***
 - A marketing, sales and/or service communication and distribution vehicle that allows for direct, real time interaction with the customer/prospect to successfully support and service the valued customer relationship
- ***Real Time Marketing Channel* Requirements**
 - Infrastructure that enables the storage and immediate retrieval of customer and prospect contact information, relationship history and customer profile
 - Intelligent, artificial agents that transparently support the company marketing, sales and service agents when communicating with customers/agents and when managing customer relationships.

Real Time Marketing Components



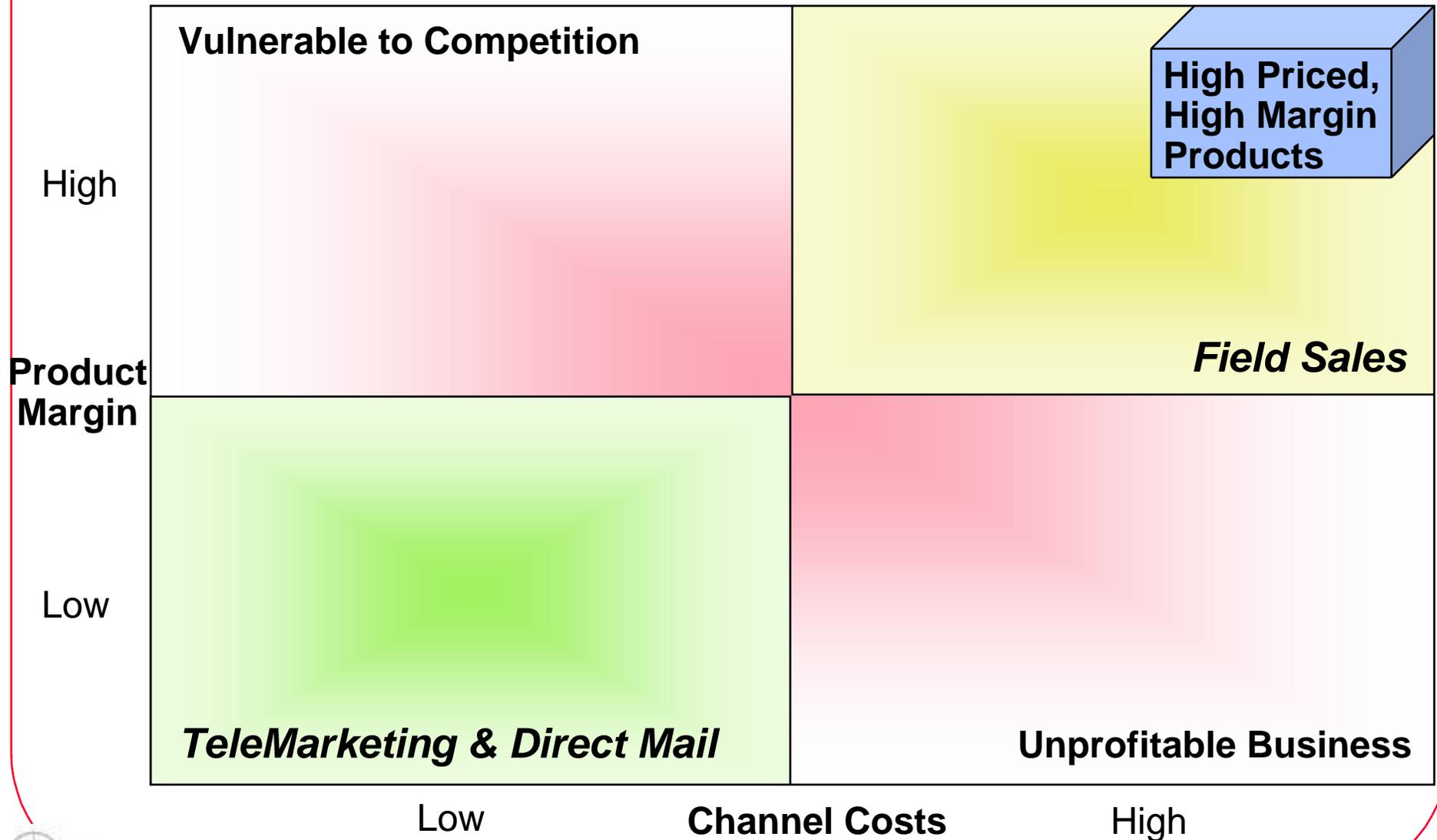
**Not all products and services
should be offered to
all customers (and prospects)
through all channels...**

Understanding Competitive Strategies



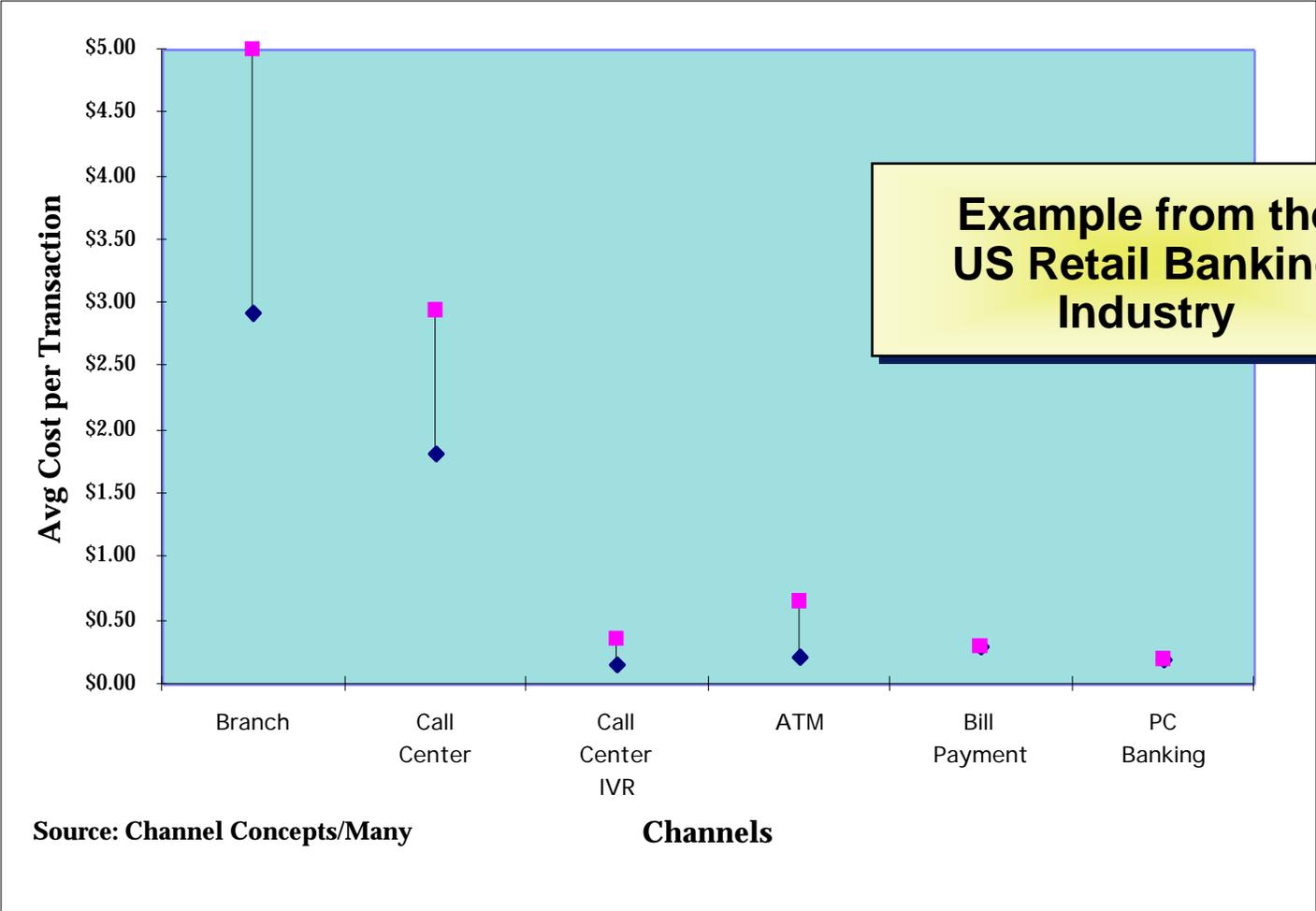
Some products need to be migrated from one channel to another based on cost and competitive factors...

Understanding Your Channel Activities

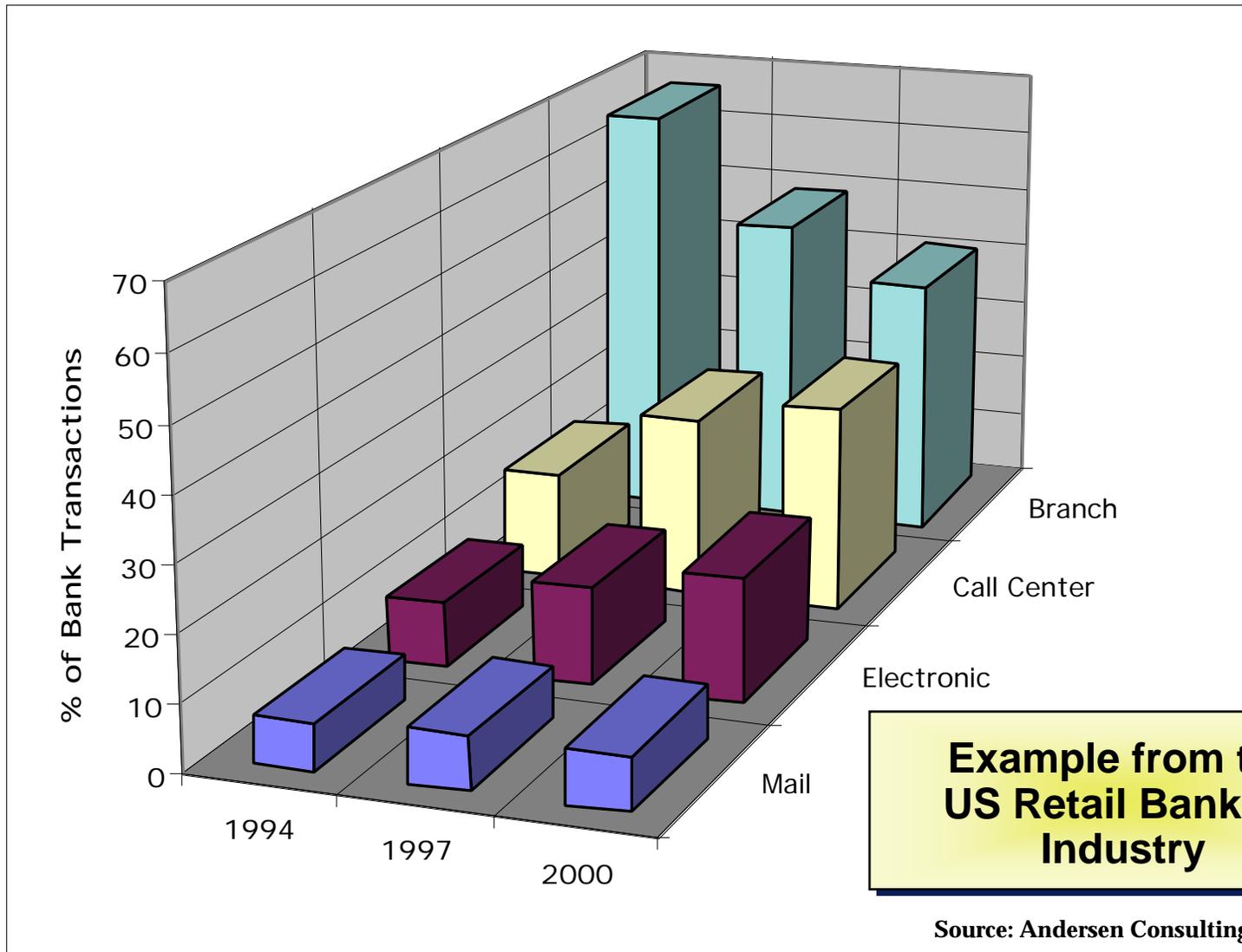


In the US, retail banks have begun to learn just how unprofitable bank branches are..

Understanding Your Channel Costs

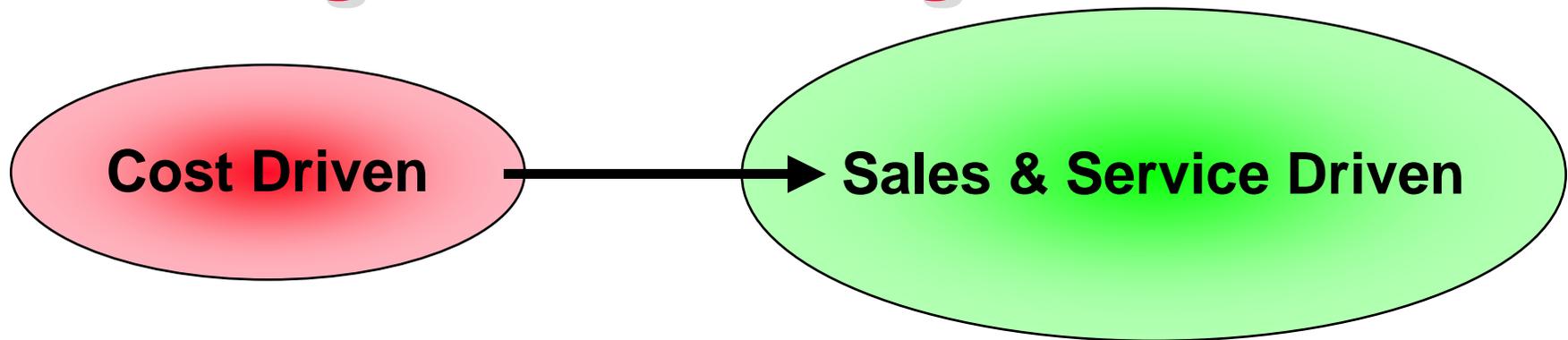


Understanding Changing Channel Usage Patterns



**To be *world class*,
you cannot approach the solution from
strictly a cost basis...**

Strategic: Positioning for Tomorrow



Minimize costs:

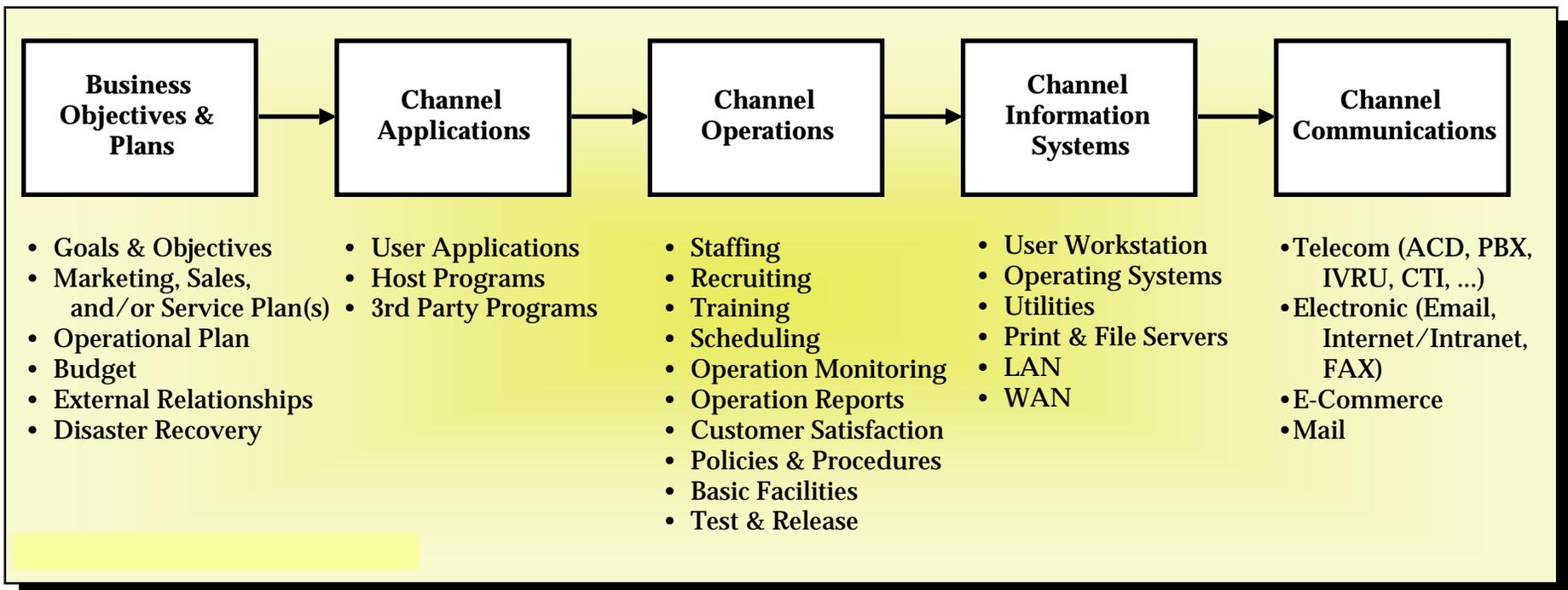
- Limit the number of Channel resources
- Limit the talk time
- Handle customers more efficiently
- Manage call volume to available staff
- Reduce live call handling through automated call handling (e.g., automated voice response)

Maximize sales, customer satisfaction and market penetration:

- Enrich the agent/customer relationship
- Introduce more and improved products
- Add new customers, while retaining existing customers
- Improve the sales process
- Make more sales attempts
- Develop new channels (e.g., web)

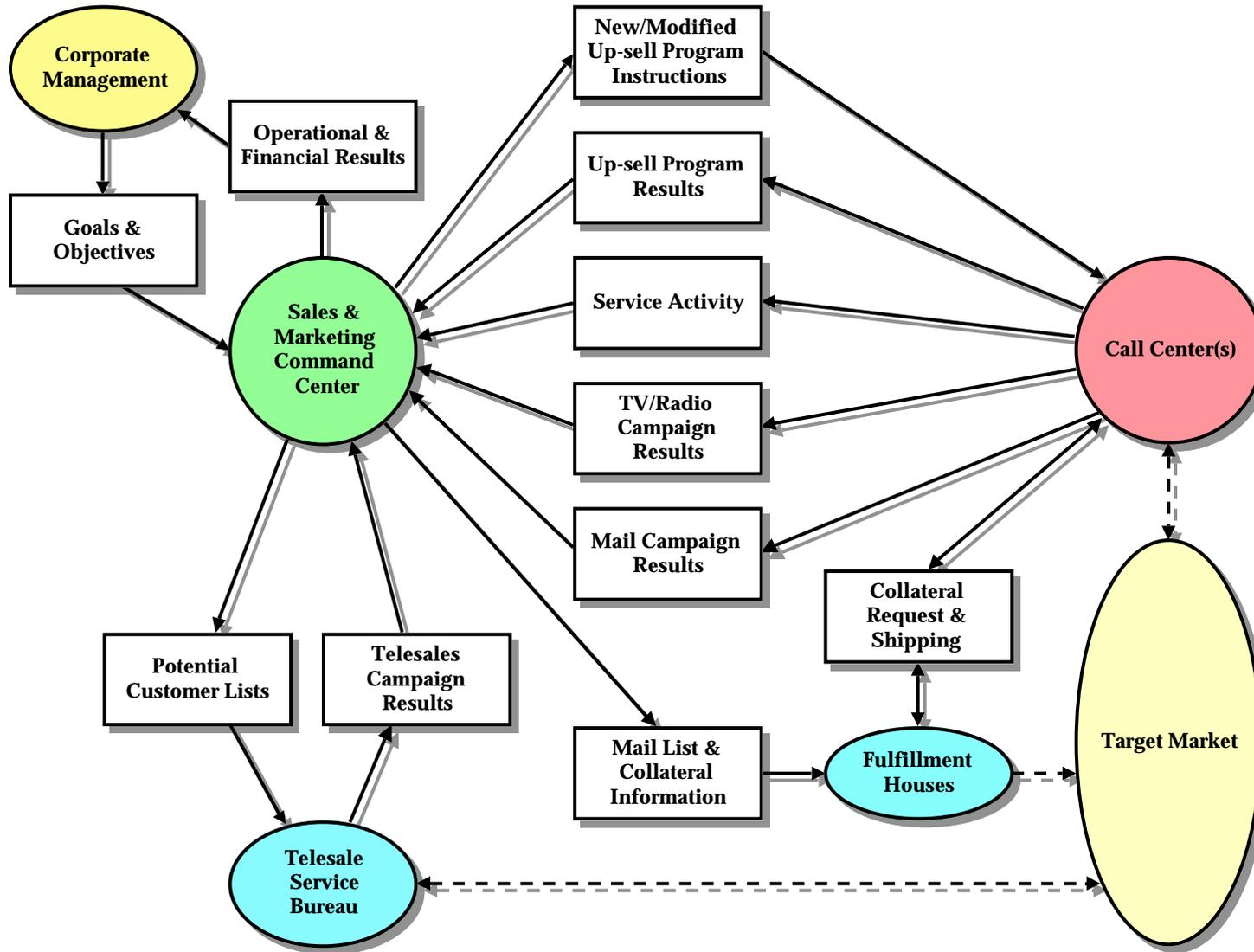
**And, all world class solutions are
business and customer driven...
not technology driven.**

Tactical: Today's Channel Business and Operations



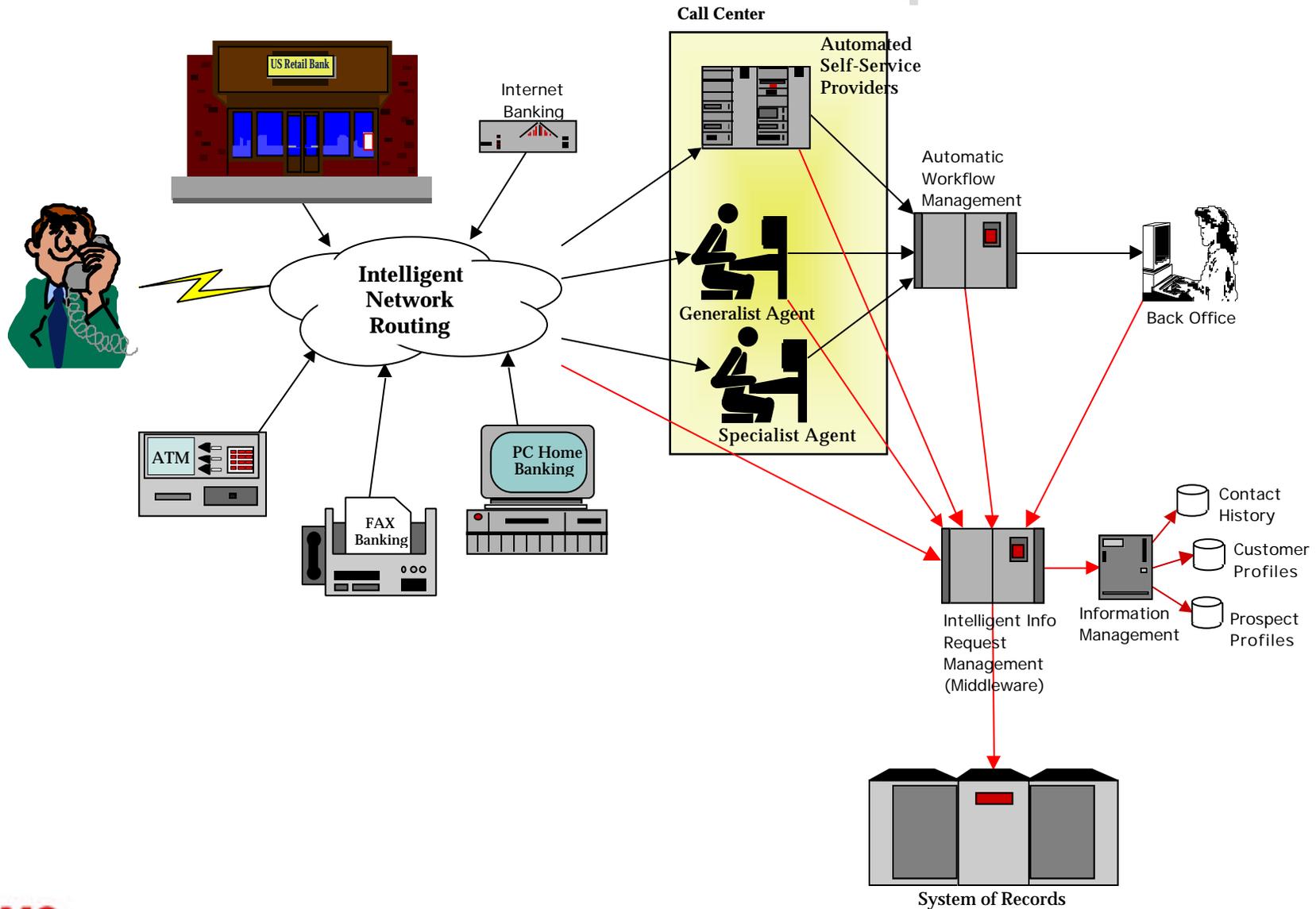
People, process and technology must be appropriately integrated together to satisfy the business and customer needs.

Direct Marketing = "Real Time Marketing" Control & Information Flow



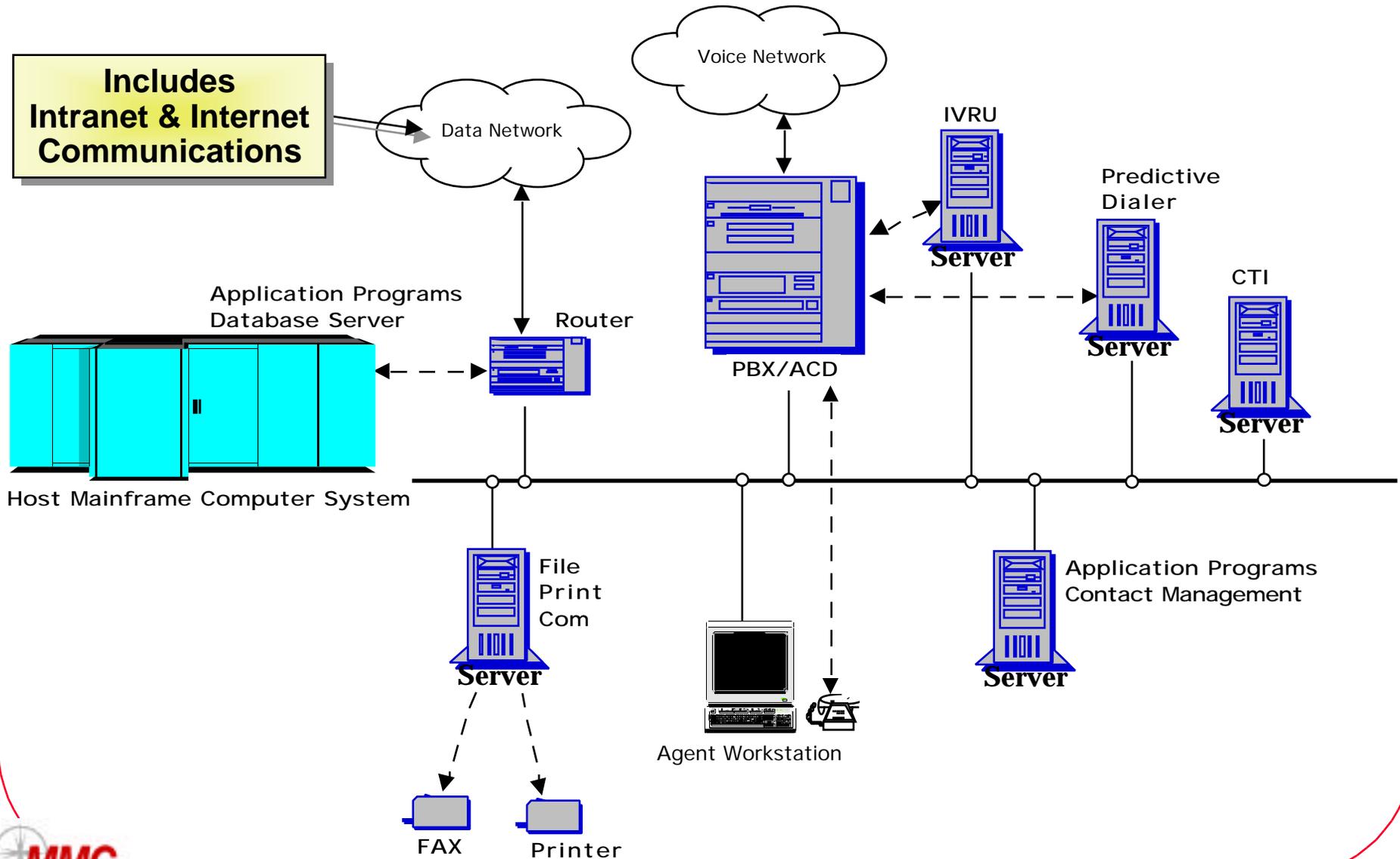
The more successful retail banks are starting to integrate their channels in an attempt to provide a better, more uniform face to their customers...

Managing Tomorrow's Financial Services Inbound Channel Requests

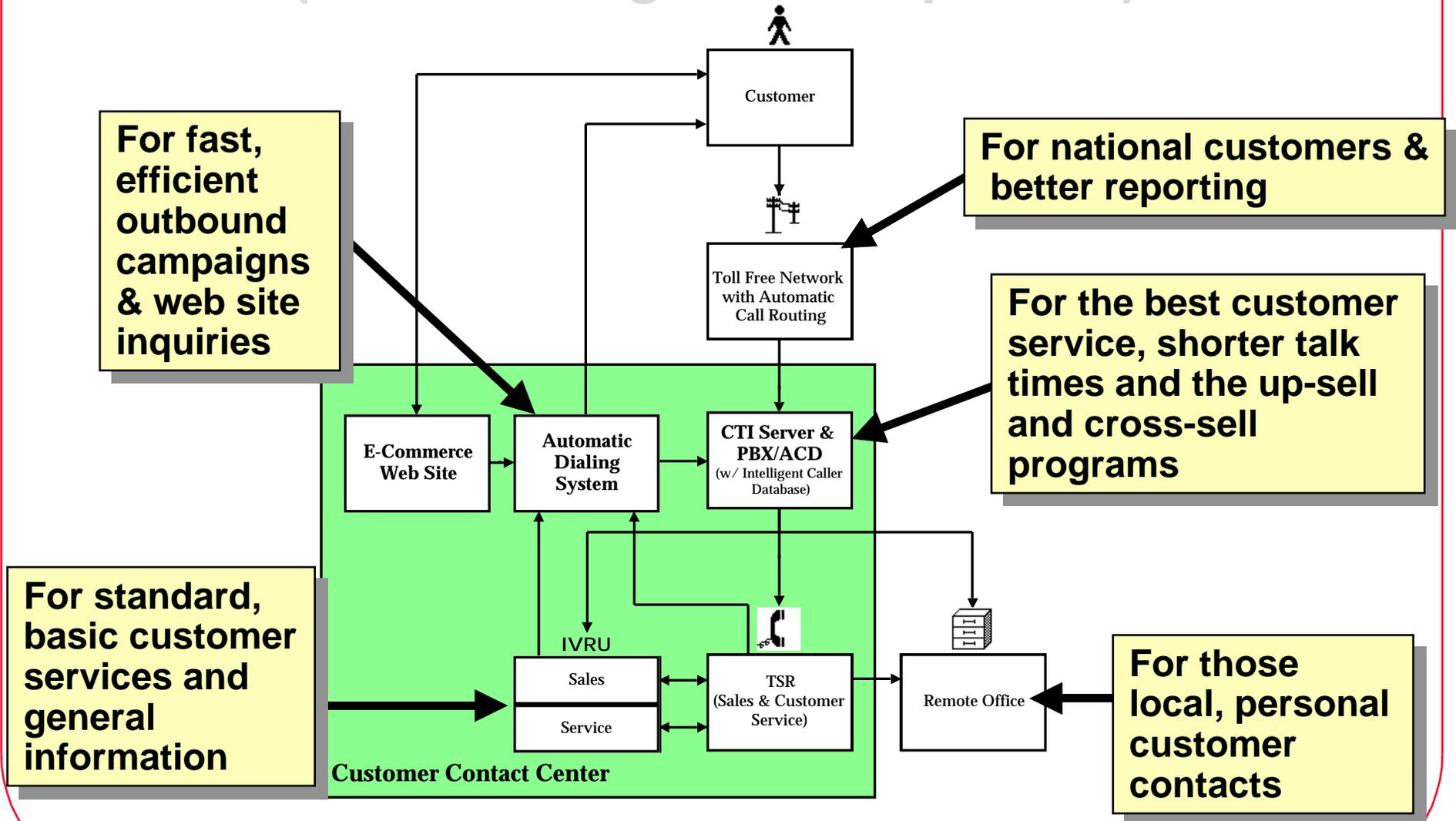


For large call volumes, complicated products and services, extensive deployments of “leading edge” technology is required...

State-of-the-Art Call Center Infrastructure...



The Ultimate Call Center Basic Call Flow (A Technologist's Perspective)



Examples of current world-class channel implementations...

Some World Class Channel Implementations...

- **Catalog/Mail Order**

- Computer: Dell (direct mail and call center order taking; quality customer service seems to come and go each year)
- Clothes: LL Bean
- Soft & Hard good mail order: Neckermann (Belgium, Netherlands)

- **Service Availability**

- Inbound 24 x 7: US Banks... Bank of America (32 million VRU calls/month); Chase Manhattan, ...
- Services available remotely: Merrill Lynch (checking, stock analysis, bill payments, stock purchases, ...) all through the Internet any time of the day or night from anywhere in the world.

- **Large Call Centers (with simple transactions)**

- Airlines: Started with American Airlines, but all major airlines provide good full service via telephone. Delta, an Aspect ACD site, is considered one of the best.

Some World Class Channel Implementations Cont'd ...

- **Outbound Sales**

- Collections Agencies, Credit Card, Telecommunications, Life Insurance (Providian), Small Business Loans (Wells Fargo), Low-end Communication products & services (GTE), Brokerage, Software

- **Inside Sales**

- (Field Sales on the Telephone): IBM (especially in Europe with estimated \$1B (US\$), where they sell mainframes over the telephone).

- **Lost Calls/Switch Board**

- Again, IBM worldwide is creating Response Centers to handle basic customer/prospect requests for all product lines

- **Business/Supplier**

- Extranet: Cisco saves \$535M (US\$) per year in software distribution, recruitment, customer support and manual printing costs through their semi-private intranet that they provide for their suppliers
- Extranet: GE MRP and service web site, initially saving \$385M (US\$) a year

Vendors Providing Components for World Class Solutions

- **Some examples for Call Centers**
 - **Large ACD environments: Aspect, Lucent**
 - » Northern Telecom & Rockwell still major players
 - » Siemens excellent in small to medium applications, but significant problems in large ones
 - **Call Routing: Geotel, Genesys**
 - **Data Networking: Cisco, Bay, 3Com**
 - **Workstations: IBM, Compaq, Dell, Sun**
 - **Servers: IBM/OS 2; Various UNIX platforms; NT is now emerging**
 - **Applications**
 - » Many different solutions depending on industry
 - » Almost all are at least semi-custom...

Call Center Technology Status

- **Mature Technologies**

- Servers & Workstations
- Work areas and optimum layouts
- Telephones and headsets
- Applications that “screen scrape” host based applications

- **Maturing Technologies**

- Middleware (Provides common program interfaces to disparate host and server based applications and helps integrate proprietary systems)
- Computer Telephony Integration (CTI)
- Call Center support tools (e.g., agent scheduling)

- **Emerging Technologies**

- Browser based applications at the TeleAgent workstation
- “Distributed ACD”
- E-Commerce
 - » Successful E-Commerce sites (e.g., www.onsale.com)
 - » Call Center Integrated E-Commerce
- Voice over IP is moving to replace PBX and ACD's

Some sample world class customer care scenarios...

- **Follow the Sun Call Center Coverage**
 - 3Com, Bank of America, IBM, Tandem Computers (Compaq subsidiary), Aspect Telecommunications
- **Service - Any time, anywhere**
 - Merrill Lynch, CitiBank (“The city never sleeps”), Hertz, Avis & Budget rent-a-cars, Airlines, Carson-WagonLit, American Express
- **E-Commerce with integrated Call Center Support**
 - Techteam... (Still emerging in many call centers)
- **Call Center with Electronic Mail, FAX and Mail Support**
 - IBM Europe & US, HP, Sun, Aspect Telecommunications, 3Com, Cisco, Bay Networks

Value of TeleSelling...

- **IBM's goal 3 years ago was to generate 10% of all sales through "alternate" channels (i.e., TeleSales, Catalog, E-Commerce).**
- **IBM's current goal is 20%.**
- **Dell Computer sells 80+% all products directly over the telephone**
 - Web site represents the remaining sales at \$1M+ (US\$) per day

The Emerging Web Channel...

- **Growth in Web servers is 121,000 unit shipments in 1995 to 1.6 million by the year 2000 according to Dataquest.**
 - Revenue will grow from \$1.8B (US\$) to \$8.1B (US\$)
- **GE Consulting estimates that all Industrial Good web sites will become a \$50B (US\$) market by the year 2000**
- **Forbes estimates that the US retail Web market will only be \$10B (US\$) by the year 2000**

Value of Alternate Channels...

(i.e., TeleSales, TeleMarketing)

- **Expense Reductions**

- **IBM reduced SG&A expense 5-8% three (3) years ago**
- **Installation of predictive dialing system in a software manufacturer sales operation reduced SG&A by 30%**
- **Another software manufacturer is reducing SG&A by 25% over a two (2) year period through the introduction of new TeleSales, TeleMarketing, business partner and E-Commerce channels.**
- **Companies with alternate sales channel strategies are attempting to lower SG&A expenses to less than 20%**

Value of Alternate Channels Cont'd

- **Revenue Increases**

- **www.amazon.com is the first successful book seller without a retail store...**
 - » All purchases are through their web site
- **Dell builds products specifically to be sold over the telephone and internet**
 - » “*channel ready*” products that are easy to sell, install, service and maintain
- **The introduction of “*real time marketing*” processes and techniques promises to change how businesses sell and service in the future**
 - » “*real time marketing*” is heavily dependent on the automation that is present in the alternate channel implementations
 - » Initial revenue increases of 10+% are currently being targeted for companies with “channel ready” product family extensions

Cisco and Its Alternate Channels

- **Cisco**

- According to the Wall Street Journal, Cisco sells \$1M (US\$) each day over its web site to existing customers
- Cisco estimates that it saves \$535M (US\$) per year through its extranet
- Cisco has an extranet based MRP system which enables suppliers to automatically forecast and deliver to Cisco customers

- **HP**

- HP is currently implementing a new, global web store for all its printers, PC's, workstations and printer supplies backed up by call centers in Europe, US and Asia
 - » This new channel estimated to grow to \$1B (US\$) over the next 12 months

In Summary...

- **Key measurements for consideration:**
 - **Cost per sales transaction by channel**
 - » Direct Sales is the highest
 - » Web Sales are the lowest
 - **Potential SG&A savings using alternate channel strategies**
 - » 10+% savings are typical
 - **Product life cycle considerations**
 - » Migrate maturing products through increasing lower cost channels
- **MMC AD Systems can assist your company with:**
 - **Creating your channel strategy**
 - **Formulating your business plans with proforma financial plans and forecasts**
 - **Channel design and implementation**

For more information:

sales@mmcad.com

<http://www.mmcad.com>

(925) 485-4949