

Better service, lower costs and happier people: too good to be true?

Written for the Call Centre Managers Association

Sandra Davison is the Customer Information Centre Manager at Friends Provident. This is Sandra's view on what happened when she introduced 'Systems Thinking' into the Customer Information Centre at Friends Provident

Introducing systems thinking was probably the most challenging and exciting experience of my career to date and the results have been amazing.

In 2004 we:

- Reduced absenteeism from 7% to 4%
- Reduced staff turnover from 20% to 16.5%
- Reduced call volumes by 10%
- Reduced the budget by 11%
- Reduced headcount by 17%
- Handled 84% of calls in 20 secs
- Handled 89% of our calls at first point of contact

If I said to you that you could achieve these results in your call centre in 12 months you would probably think it was impossible. If I had been asked to deliver these results in 2004, I would have said the same but... I did ...and what's more improvements have continued throughout 2005.

Background

If we go back around five years, our key preoccupation was ensuring all our people were taking an acceptable number of calls per hour. We coached our people in 1:1s away from their desks, exploring with them how they might decrease their call and wrap-up times. Of course, we were doing this with good intentions. Call volumes were rising and we were anxious to keep costs under control. We were also struggling to achieve anything better than around 20% of calls handled in 20 seconds.

About four years ago, we came to the realisation that our approach was achieving nothing except creating lots of pressure for our people. At that point, we kept all productivity data in the background and only raised concerns with people if their productivity was exceptionally high or low. The key measure we then used was 'availability' i.e. the time you are on the phone or available to take a call as a percentage of total time worked.

In Autumn 2003, we called in John Seddon from Vanguard Consulting after reading his book "I Want You To Cheat". We felt he might be able to help us refine our measures. Well, he did more than that. He challenged our whole approach to service. To illustrate this he asked us to pretend to be customers and capture whether, from a customer's point of view, the demand was value demand or failure demand. Failure demand is demand caused by a failure by the company to do something or to do something right for the customer. So, examples of failure demand might be "I do not understand my retirement options", "Where is my surrender cheque?"etc.

He also asked us to track what had happened to the customer's request end to end i.e. from the very first contact through to its ultimate conclusion. How many touches were there? How typical was this? How long did each touch take? How many days elapsed from the customer's point of view?

Findings

In just a few hours, we gained an insight of our service that was very different than previously. We discovered that we had 39% failure demand in our call centre. We also saw that there were a number of hand-offs between the call centre and the back office. We recognised immediately that the combined cost of handling the work that way was much higher than if the call centre did all the work itself.

Our focus now was obvious. We saw that by prioritising the failure demand by both volume and duration of call, we could get to the root cause of the problem and simply turn off the demand. The result would be less calls coming in, saving money and improving service. I say simply, but it does of course take a lot of effort to bring it about. Our other focus was to increase the one-stop capability in the call centre.

A key to making this a success is to change the way you think and approach things. I spent time with my Team Managers, helping them to challenge how they spent their time and changing their role from managing, to supporting their teams in line with customer needs. This meant change to both their management style and our culture which felt uncomfortable for some, so I had to provide lots of support and encouragement to enable them to let go of their old ways and take on this new and exciting challenge because without their support this would not have been so successful.

Taking action

A good example of reducing failure demand was based on our surrender payments process. Our surrender payments team worked to a turnaround time of 4 days. This appeared to be a good level of service and they were proud to maintain this. Despite this however, we noticed that a significant amount of our failure demand was related to surrender payments.

We identified the reasons for customers contacting us. The main causes were:

- Customers phoning only a day or two after returning their completed claim form, as it was unclear when they would receive payment
- Essential paperwork that we required to complete the claim was missing
- The claim form was not always completed correctly

It quickly became obvious that the form had design flaws that resulted in the same problems being repeated for many customers. Looking at it from the customer's point of view, this was bad service because it meant a delay in payment and the hassle and cost of having to call us. Looking at it from the company's point of view, all the added activity just meant added costs.

So, understanding the cause of the failure demand, we redesigned the form to make it more simple and easy to complete, reducing the likelihood of anything going wrong. We also helped the payments team reduce its turnaround time to just two days. We now regularly help them if they have a peak in work volumes, as we know that if they go beyond two days, we need extra people in the call centre to handle the chaser calls. It makes far more sense to be proactive and avoid the problem. A real win/win for everyone.

Training

We have changed our approach to training too. As the first point of contact for Friends Provident, it is imperative that we make a good impression and our people understand the individual impact they can have.

We discovered that just 10 customer demands account for 80% of our calls so we focus on training our new people to handle these. Full support from an experienced person is available for as long as the individual needs to enable them to provide a quality service to our customers without any feelings of fear or anxiety.

This revelation has simplified our induction training and reduced the training time from 7 weeks to 3. The level of knowledge and confidence of new starters has improved dramatically too.

We also want people to understand it is not just about product and process knowledge; it is about how you treat customers. The Friends Experience means we treat each customer as a unique individual.

We do not provide scripts for our people, as we believe they will connect more with customers if they can express themselves freely. We aim to get on their wavelength, understand their position and are really able to give them what they want, when they want it. This means that not only do we get it right for them; we leave them with strong confidence that we have done what we promised and confidence that they can rely on us at all times.

We continue to train, coach and support our experienced team members. As the people closest to the customer we also encourage them to come up with ideas to improve service, whilst continuously learning and developing their own skills and knowledge.

The key focus for team managers is to help their people deliver great service, this includes identifying and removing failure demands. They spend most of their time sitting with their people, giving them feedback on the service they are providing. In so doing, any training needs identified can be handled there and then or arranged for a later date.

Bespoke ongoing refresher training is essential to the effective running of our call centre and maintaining quality customer service. Our own technical advisor provides easy to understand training on more complex issues to our established team members. It is tailored to ensure people have the knowledge to answer less frequent demands from our customers.

We liaise with other areas of the business to ensure our people are kept up to date with any changes that have an impact on our service or the information we give.

Measures

We no longer have traditional measures for individuals of calls per hour etc. We ask our people to focus on the service they provide to each and every customer they speak to rather than the number of calls they take.

So, how do we assess the performance of our people? There are two key measures

- Their one-stop capability

- Friends Experience - this covers both the what and the how and has explicit measures against the experience we are aiming to achieve

Summary

This year we have already exceeded our key performance indicator of 80/20 by handling 86% of our calls in 20 seconds. Our success has enabled us to continue to support other areas recognising the benefit of working together to deliver superb customer service.

By working closely with the back office to remove failure demand and waste, we have continued to reduce the call volumes and reduce costs. By May 2005, we had reduced the average headcount in our call centre by 43 when compared to the average 130 headcount in 2003. A staggering 33% reduction.

As I said earlier introducing systems thinking was probably the most challenging and exciting experience of my career to date. I had to unlearn the management thinking I had built up and been proud of over the years and challenge my team managers and peers to do the same. It was an emotional roller coaster. Sometimes I wondered if I really knew what I was doing and then.... I started to see the changes, a new vibrancy and excitement in the whole team.

We are now providing fantastic service. Compliments are increasing (at a time when investment performance has caused great dissatisfaction for many customers throughout the industry) and they now significantly outweigh complaints. We are continuing to improve our service and reduce our costs. We love it, so do our customers and our shareholders.