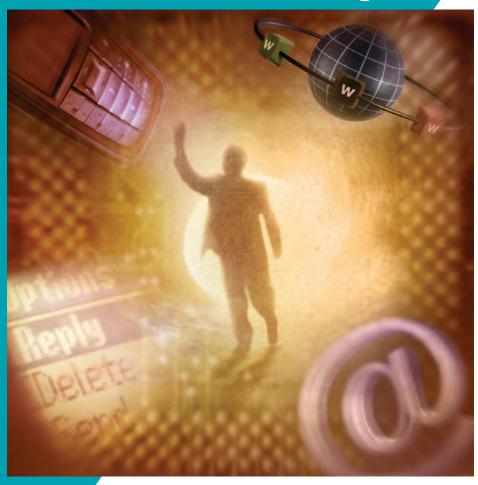# The Center of the Customer-Centric Enterprise

How can contact centers help companies build strong, lasting and profitable customer relationships?

CONVERGYS

Out*thinking* Out*doing.*

The Center of the Customer-Centric Enterprise

Breakthrough technologies—and new ideas—in customer management are making the contact center a focal point of customer-centricity.

In a world where customer expectations are constantly rising and competition is always growing, companies are under increasing pressure to become customer-centric. The concept is clear: By basing their activities, offerings, services and products on the customer's needs, rather than the requirements of internal processes and systems, they will be in a better position to build lasting and profitable customer relationships.

But customer-centricity can be an elusive goal: Many large, expensive implementations of customer relationship management (CRM) applications have yielded only disappointing gains. Shifting the organization to outward-looking systems and processes can be slow and difficult. Often, initiatives designed to heighten customer focus and service seem to conflict with the basic mandate to keep costs down. The Strativity Group research firm in Parsippany, New Jersey, which focuses its work on strengthening customer relations

through strategy development and execution, reported last year that surveyed executives cited a growing emphasis on customer-oriented strategies. However, 57 percent said that their company does not conduct a true dialogue with its customers, only 31 percent said they had the tools and authority to actually serve their customers, and 59 percent said their companies do not deserve customer loyalty.

Now, however, some companies are taking a new look at a familiar tool in the struggle for customer-centricity—the customer contact center. As they explore new approaches in the center, they are finding this is a place where practical steps can be taken today to organize both processes and information around the customer.

Traditionally, efforts to increase the impact and reach of contact centers have targeted cost-control or, more recently, the up-selling and cross-selling of products and services. But new technologies are prompting many observers to see the center as a vehicle for using customer-centricity to drive long-term, sustained success with customers. In this view, the goal is not just to drive efficiency. It is to shape the center so that customers get the

most value out of each interaction—whether they're calling with an order, a question or a complaint.

"Meeting customer expectations will be one of the key issues for contact centers in the coming year," says Stephen Loynd, senior analyst for CRM and customer care BPO research at IDC, the Framingham, Massachusetts-based analyst firm. "One would expect to see contact centers moving their focus from internal functionality to enabling the processes that can really help them meet customer expectations." Armed with new technologies and innovative approaches, companies can now make the contact center a focal point for customer centricity—and they can closely manage the "moments of truth" of customer interactions to help ensure that the way customers are treated today will encourage them to expand their relationship with the company tomorrow.

Transforming the "Interaction" Center

In thinking about customer-centricity in the contact center, it's useful to start by understanding what it means to customers—that is, what sort of experience the customer would like to have. In general, says Jeff Gordon, senior vice president, Advanced Development and New Markets, at Convergys, "they want smooth access to accurate and timely information, to feel like the company knows them and their needs, and to feel like they derive value, such as more convenience, from expanding their relationship with the company."

To a large extent, that comes down to executing the basics well and handling each contact with the customer's perspective in mind. "Consumers want a fluid and competent interaction and are coming to expect better service levels," says IDC's Loynd. "Meeting customer expectations means doing

the fundamentals right: Consumers expect easy, efficient, quick access to an organization and its services. They want complete service, and they expect it to be consistent across all the different channels—voice, Web, e-mail or SMS."

Too often, however, companies have trouble delivering that kind of experience. In a recent Forrester report (The Customer Experience Value Chain, Forrester Research, Inc., March 2005), for example, 60 percent of respondents at major companies said that improving the customer experience was "critical," and another 36 percent said it was "very important." But only 61 percent thought their phone reps were meeting customer needs—and that figure fell even further for Web (41 percent), e-mail (38 percent) and chat (19 percent) channels. In part, that's because the traditional contact center is saddled with a variety of fragmented systems and islands of information—not to mention numerous agent screens—that are needed to handle customer-related tasks. That situation is often aggravated by CRM initiatives that collect a wealth of data about customers, only to wind up overwhelming agents with information and slowing them down as they help callers. Moreover, contact centers have traditionally applied technology to cut costs and reduce the amount of time that live agents spend speaking to customers, rather than to improve the quality of the customer interaction.

That approach is changing as companies look for ways to drive growth, says Bob Lyons, senior vice president, Global Services, at Convergys. "In the customer care arena, there are essentially two ways to support growth. One is revenue stimulation—getting customers to buy something additional when you have them on the phone. The second is to improve customer equity or lifetime value through good service and the right customer interactions. Companies are realizing that every

10 Questions: Can Your Center Deliver?

To assess the opportunities and challenges involved in making the contact center the key to enterprisewide customer-centricity, and to see how far they've come in that direction, executives need to ask themselves some key questions:

- Are contact center objectives and measurements aligned with an overall customer-centric business strategy?

- Is the contact center able to contribute to stronger long-term customer relationships while maintaining or reducing operational cost levels?

- Can we integrate data from various sources to create a single view of the customer for use in the contact center?

- Do contact center agents have dynamic, real-time information about our customers?

- Are agents able to easily find the information and tools they need to enhance customer satisfaction?

- Is our contact center technology enhancing the quality of customer interactions, or just overloading agents with screens and data?

- Can we leverage the information in back-end/legacy systems to strengthen customer relationships?

- Are we able to tailor contact-center interactions to the individual customer's value and situation?

- Are our contact center processes balancing the need for control with the need for flexibility in meeting customer requirements?

- Is the contact center able to exploit immediate feedback to keep interactions in step with customer needs?

time they talk to a customer in the contact center, they are affecting how much that person is going to spend with them in the future."

Indeed, according to the Portland Research Group, future intent to purchase among customers who are unhappy with calls is 55 percent lower than those who are happy with the experience. "We found a strong link between contact

satisfaction and company loyalty," according to Bruce Lockwood, president of the Portland, Maine-based firm. "The quality of a call is everything to retaining customers."

That reality means that simply trying to reduce call time and direct customers to less-expensive, automated channels is not always the best approach. "When a customer calls in, there is an

investment of his or her time—and the company's time," says Lyons. "You want to find the optimal balance where both are getting the best value for their investments."

Today, technology is giving companies new tools in the effort to strike that kind of balance. Voice recognition systems, databases, sophisticated analytic applications, and powerful integration tools—combined with innovative concepts—are all contributing to increased customer-centricity. In general, these tools and technologies target three key areas: making agents more effective, leveraging customer data, and increasing customer lifetime value.

Making agents more effective

New solutions are providing sophisticated support to agents, allowing them to work with systems and information more effectively. Voice-recognition systems, for example, are starting to be used not only to let customers navigate menus, but also to let agents quickly move through screens, automatically populate data fields, and easily pull up the right information. "The customer might say that they'd like to make a payment, and the rep would say, 'Sure—you'd like to make a $100 payment using your credit card,'" explains Gordon. "The system hears the agent and automatically navigates to the payment screen and fills it in with the customer's information. The rep just has to click OK, and the transaction is done."

Soon, contact centers are likely to see the reverse of that situation, as well, with agents backing up self-service voice systems. With technology being developed by Convergys, an agent could use a dashboard to monitor an automated voice system's handling of dozens of incoming calls. When the system flags a problem, such as a caller being stuck, the agent could intervene to tell the system what to do—all without the caller being aware of the human intervention.

On another front, some new solutions are focusing on eliminating the information overload that often plagues agents. Traditionally, centers have taken one of two approaches to putting customer data into agents' hands, says Gordon. One is to simplify screens to make information and tools easy to find, but that means the agent may have to move through a dozen or more screens to complete a call. "The other

Easy Does It

As powerful as technology has become, it has to be used effectively by agents if it is going to support customer-centricity in the contact center. "You can have the best technology out there, but if the individuals can't work with it, it will fall short of the promise," says Juliet Richardson, senior manager, Human Factors, for Convergys.

With that in mind, some companies are paying close attention to the people side of the equation as they create systems. For example, Convergys has a multifunctional human factors group that brings together technology and call center experts, psychologists, and graphic designers to develop systems that are easy to use. "The team is involved from the very beginning, from the early system requirements to the system design, and they do ongoing performance studies once the systems are in place," says Richardson.

The group takes a user-centered approach to designing systems and interfaces—talking to agents, videotaping them working, analyzing their actions and reactions, and testing out new approaches with prototypes. "We spend a lot of time bringing user knowledge into the design of the software, because that's key to coming up with something that is usable and works," says Richardson. The company has a large pool of that knowledge to draw on, with some 60,000 agents handling nearly 2 million calls a day.

The human factors team focuses on intuitive navigation, making information easy to find and making screen flows efficient and logical. "They try to make the use of the system come naturally, without confusion or surprises, and with a consistent and efficient experience," says Richardson.

In real-world usage, the group's work has helped improve agent productivity significantly, making things better for customer and company alike. It has also benefited the agents themselves, says Richardson. "The human factors team is increasingly looking at enhanced user satisfaction, because happier users are more effective, especially in a customer-care environment. We believe there's a correlation between agents being satisfied and productivity—and we get a lot of good reactions from the agents."

approach tries to put everything relating to the customer on a single screen, and then the rep is sitting there squinting and trying to decipher this jumble of information," Gordon says.

Some centers are now using a third approach that is based on insights into the fundamental interactions between people, technology and information. For example, Convergys has found that it can boost agent effectiveness by redesigning systems and interfaces to better distill information, bring up the most commonly used screens first, and let agents drill down as needed to answer less-common questions. "The idea is to understand why customers are calling and what they want to do, and then make sure reps can help them with a minimum of screens and clicks and see the information they really need without a lot of clutter," says Gordon. "We've shown that these redesigns can increase agent productivity by 30 and 40 percent."

In general, Gordon adds, increasing the effectiveness of agents can give companies the best of both worlds. "If you use the automation and interface designs appropriately, you can actually reduce your operational costs while providing a richer experience for the customer and increasing customer satisfaction. Customer-centered improvements in efficiency benefit callers as well as the company."

Leveraging data and customer systems

In customer care, disparate and numerous applications make it difficult for contact centers to work with a holistic, single view of the customer. Such a view is, of course, essential to customer-centricity, and efforts to bring islands of information together can have a significant payoff. According to Convergys research, giving agents access to integrated customer-related information can increase customer satisfaction by 28 percent —not to mention increase up-selling and cross-selling by more than a third.

Toward On-Demand Customer-Centricity

As advancing technology makes agents more effective, it is also opening up new options for companies that want to take advantage of powerful solutions to drive increased customer-centricity.
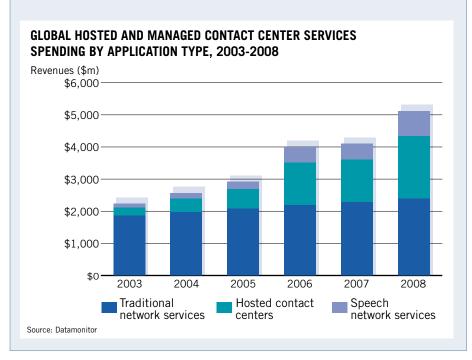
Traditionally, contact centers were built around physical phone switches, and facilities, people and computers systems needed to be close to the switch. But now, with Voice over Internet Protocol (VoIP) technology—and the Web and Web services architectures— hardware, agents and applications can be anywhere. Operations are no longer tied to the switch.
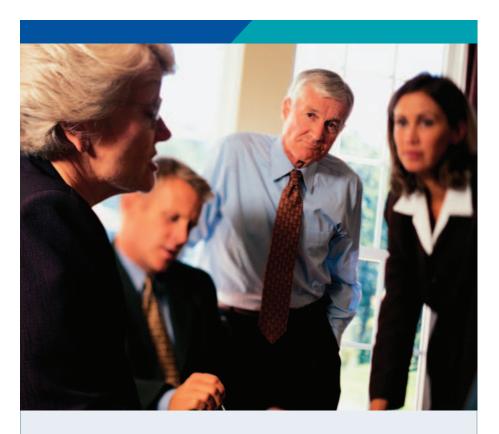
"The whole paradigm that the contact center was originally built on has changed," says Bob Lyons, senior vice president, Global Services, at Convergys. "That premise-based model is no longer necessary." That reality is opening the door to the hosting of front-line, customer-facing applications in which companies buy those applications from a vendor as a service.

This approach is emerging at the right time, Lyons says, as

companies face significant capital investments to move to new agent-empowering, customer-centric technologies. What's more, the need to integrate information to give contact centers a single view of the customer also constitutes a big expense. Worldwide, companies spend some $52 billion a year on customer-care technology and technology-related services, says Lyons, "and analysts predict that 70 percent to 80 percent of that will need to be re-invested in upgrading systems." Ongoing operating expenses and the need for specialized skills only add to the bill.

"Hosting lets companies take advantage of the contact-center advanced technologies they need on an on-demand basis and to do so with a much lower operating cost, much lower capital requirements, faster time to market, and increased flexibility compared to when they own it all," says Lyons. "More and more companies are realizing that what they are really after is the result that the technology provides—not the costs and complexities that come with running the technology. And they get that with hosting."

GLOBAL HOSTED AND MANAGED CONTACT CENTER SERVICES SPENDING BY APPLICATION TYPE, 2003-2008

Revenues ($m)

Source: Datamonitor

Learning to Listen

Companies have paid a lot of attention to handling incoming customer calls as efficiently as possible. Now some are turning their attention to a more fundamental—and more customer-centric—question: Why are those customers calling in the first place?

To find answers, some contact centers are using analytics and business intelligence technologies to gather data about customer interactions, examine it to better understand customer needs, and then quickly feed those insights to managers, agents and processes. This real-time feedback loop can be used to drive predictive, targeted cross-sell and up-sell efforts that tailor offerings to individual callers. It can also be used to develop a better understanding of what drives customer satisfaction or dissatisfaction with the contact center, to improve accuracy in segmenting customers, or even to predict when a customer is going to defect.

More broadly, such customer intelligence can be used to understand larger customer issues with the company, says Tom Mangan, senior vice president of professional services for Convergys' Customer Management Group. "It not only helps you generate more revenue, it also helps you protect the revenue you have," he says. "You can look at patterns in calls to ask, 'what is the customer trying to tell me?' You can capture the intelligence out of interactions and then link it back to core business processes to fix the problem." This may, for example, point to a product defect requiring changes in manufacturing process or repeated delivery problems that uncover an ineffective warehouse operation.

"That's extremely valuable information because without it, the only thing you can do as call volume increases is to increase the number of agents to handle those calls," says Mangan. "The customer intelligence lets you address the root cause of the problem driving those call volumes." The result: Happier customers, stronger business processes and reduced contact center costs.

To create that holistic view, companies need to integrate information from across channels and from across their myriad front-end customer care systems, as well. In addition, rising customer expectations for fast, thorough responses make it increasingly important to forge links with back-office applications that support operations, ordering and billing. By integrating front- and back-office systems and using modular, component-based architectures to weave legacy systems into the mix, companies can deliver a more-complete view of the customer to the interaction center.

That kind of integration can also give agents real-time information about customer activities that can be used to enhance responses to customer calls. For example, with such integration, agents at a wireless communications provider could see billing-system data showing that an incoming call is from a customer who has had five cell-phone calls dropped in the last few minutes. "Using the information you have in those back-end systems, you would then have a pretty good idea of why they are calling—they're angry," says Larry Schwartz, executive vice president of Global Operations in the Convergys Information Management Group. "The agent would already know about the problem, and say to the customer right away, 'I'm really sorry that you've had these calls disconnected, Mr. Smith.' At the same time, a pop-up screen could indicate that this is a valuable customer and prompt the agent to offer a $15 credit. That would certainly be a better experience than having the customer explain the whole problem."

Taking the idea a step further, Schwartz says that companies could use that real-time operational information to reach out to customers before they call. When systems detect a problem—like too many dropped calls—they could automatically send an apology and a call-credit offer to the customer via text message or e-mail. "Now, that customer is happy because he got immediate feedback, rather than having to call

in," says Schwartz. "Also, the company has avoided the cost and the agent time of a call coming into the contact center."

Growing customer lifetime value

Databases, business rules and real-time analytics are now being combined to create new techniques for understanding and serving customers. For example, new solutions can quickly identify an incoming caller, aggregate and analyze the latest information the company has on that caller, and then send him or her to an agent with the appropriate skills. At the same time, systems can generate scripts and messages tailored to that particular customer, based on an automated prediction of what he or she is likely to want, including new products and services.

Not long ago, such capabilities were more concept than reality, but in the coming year, says IDC's Loynd, "I'd expect a growing number of organizations to use predictive analytics techniques to foresee customer needs and preferences in real-time. [We] will probably see an increased emphasis on 'service personalization' approaches that combine different elements to create contact center call flow processes based around each caller."

These approaches not only let companies instantly tailor interactions to each customer, they also help address a fundamental contact center dilemma—the need to keep close control over interactions and maintain efficiency while also ensuring the flexibility to meet customer needs on the spot.

In essence, analytics-driven systems can provide automated, real-time enforcement of policies while delivering the guidance needed to create the right interaction. The judgment that is required to match service with the customer is embedded in software and processes, so the center needs to rely less on the varying skills and experience levels of agents in making such decisions. "When an important customer calls, the system will know it," says Convergys' Gordon, whose company has developed such a solution. "It can then prompt the agent to offer them something out of the ordinary. In fact, it can require them to do so."

Overall, these types of systems let a company truly treat each customer as a market of one, which in turn drives increased customer lifetime value. "You can communicate proactively and in the context of the customer's current situation," says

Taking Care of Your Own

Moving to a customer-centric contact center naturally involves change—not only in technology, but in the people who use the technology. To succeed in supporting customer centric approaches, companies need to consider recruiting, incentives and compensation of agents. And they need to be sure that agents—and relevant employees throughout the organization—have the skills and knowledge they need in the new environment.

Technology can play a key role in keeping employees in step with a changing organization. For example, today's simulation solutions let people acquire complex new skills and roles by practicing in a realistic but safe environment. Point-of-learning systems allow companies to create "pieces" of learning and make them available to employees as they need them. And learning management systems let managers track what courses employees have taken and how they are progressing, communicate with employees to ensure follow-through, and identify skill gaps in the organization.

Meanwhile, some of the solutions used to support customer-centricity could soon be turned inward and used to support the workforce, says Jeff Gordon, senior vice president of Advanced Development and New Markets at Convergys. Analytical applications that are used to understand and predict customer behaviors and actions, for example, could allow companies to automatically guide employees to training modules that are relevant to new projects. Or applications could track employee benefits and proactively let people know of appropriate alternatives. For example, says Gordon, "if the system sees that an employee is using a lot of his prescription plan, it might send him an e-mail telling him that he can put X amount of dollars into a tax-free flexible medical spending account to help stay ahead of those drug costs."

Finally, says Gordon, the business intelligence systems that are now used to predict defection and churn among customers might also be used to analyze employee performance ratings, assignments and sick days in order to alert managers that a valuable employee may be leaving the company—giving them time to take steps to retain the employee.

Gordon. "The more customers perceive that you are tailoring your offer to their specific needs and circumstances, the more they see value in your company. They tend to like doing business with you—to trust you, to refer you to others and to buy more from you."
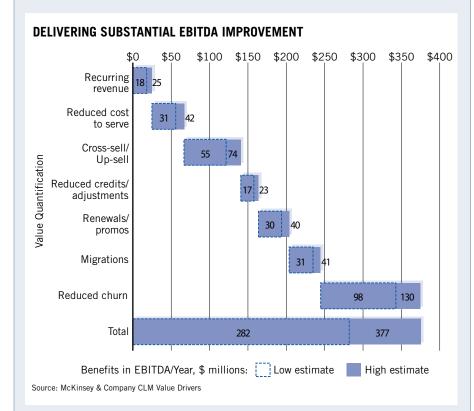
Putting the Technology to Work

These new solutions are powerful, but they are not, in themselves, enough to create a truly customer-centric business environment. To make the most of these tools, companies also need to consider a range of interconnected factors throughout the organization. "Internally, customer relationship management requires a customer-centric business philosophy and corporate culture to support effective marketing, sales and service processes," says Loynd.

For example, companies may need to rethink processes and work rules to give agents and systems the flexibility to meet customer needs without delay. Often, agents must acquire new skills. Incentives and rewards may need to be recast to foster a customer-centric culture—and, so too, may the metrics used to track contact center performance. These metrics need to reflect the long-term goal of increasing customer value, rather than short-term cost-control objectives. Often, that is a matter of aligning corporate goals with day-to-day metrics. "When you talk to senior executives, you clearly get a sense that they are focused on growth. But when you get down into the organization, you see measurements like average handle time, which can work against growth," says Convergys' Lyons.

Making the contact center the true focal point of customer-centricity is

The EBITDA Effect

DELIVERING SUBSTANTIAL EBITDA IMPROVEMENT

Benefits in EBITDA/Year, $ millions: ☐ Low estimate ■ High estimate

Source: McKinsey & Company CLM Value Drivers

Beyond Cost Savings, Up-sell and Cross-sell: Research shows that customer-value driven processes developed by McKinsey & Company could help a wireless provider with 47 million subscribers improve EBITDA in several key areas. Convergys is now using analytics to support and streamline these processes, making it easier for companies to realize such benefits.

not simple. It requires not only a significant investment in new systems and processes, but also careful planning, expertise in both technology and the operation of contact centers, and changes to the organization's culture. But there are a growing number of options for implementing customer-centric approaches in the contact center—and a growing body of experience that shows it can work. And the companies that take advantage of those approaches will be in position

to stay in step with customers—and ahead of the competition.

"If you can make it so customers want to interact with you, and you are able to reach out to them in the way they want you to, you have a good chance of being successful, because people do business with people and companies they like," says Convergys' Schwartz. "If you can make people feel good about interacting with you, they will stick with you."