



Patricia Seybold Group

Trusted Advisors to Customer-Centric Executives

Empowered and Engaged Employees

A Critical Requirement for
Customer Loyalty

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Prepared for Blue Pumpkin Software, Inc.

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Empowered and Engaged Employees

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Executive Summary

Your customer-facing employees in the contact center are the front line to establishing, nurturing, and growing good relationships with customers. And satisfied customers are key to the financial success of any company.

Recent investments in CRM and Workforce Optimization solutions empower the right people with the right information at the right time so that customer issues can be addressed quickly and accurately. But technology only gets you halfway there.

Employees must be motivated to do a good job and implement a well-conceived customer-centric strategy, supported by software applications. In order to engage your workforce, you need to take a holistic approach that leverages your people, processes, and technology—an approach that is continually monitored, measured, and managed as driven by the overall strategy.

Companies must avail themselves of best-practice knowledge and implement processes for continuous improvement. Often, the most direct route to implementing best practices is to employ outside consultants with experience in your industry to help identify areas for service improvement, work with the employees to get them on board with the overall goals and strategy, manage the change process, and establish the metrics that will be analyzed to determine the success of your overall employee engagement and customer satisfaction strategy.

The Customer/Employee Relationship

Employees Nurture Customer Relationships

YOUR CUSTOMER OWNS THE RELATIONSHIP. By now, we all recognize that the customer is king. Face it, without them, you aren't in business anymore. And so corporations are working diligently to become "customer-centric."

Many companies believe that they are being customer-centric by assigning someone or some department to "own" the customer relationships. But you can't own customer relationships. They own the relationship, and they make it very clear with their ability to just walk away when you don't provide them with the Quality of Customer ExperienceSM that they expect and demand.

EMPLOYEES NURTURE THE RELATIONSHIP. Although your company can't own the relationships with customers, your front-line employees—those who deal directly with customers, such as sales reps and customer service agents—have the opportunity to nurture these relationships and help them grow stronger, solidifying the brand identity that is so important for customer loyalty.

EMPLOYEES ARE YOUR BRAND. While it's true that customers do become and remain loyal to a brand, you must recognize that branding is much more than logos and jingles. To your customers, every employee and every interaction with an employee *is* your brand. You can do all the marketing and advertising and surveys that you want, but a good interaction can reinforce a brand for a lifetime. Unfortunately, a bad interaction can just as quickly tarnish or perhaps kill your brand in the customers' eyes.

We've all experienced the contact center horror stories: The infinite loop of call center surfing, where you finally get a live voice on the phone (after being lost in the IVR system and pressing number after number) only to tell your long, sad story and then being told to call another number; the agent who puts you on hold for so long that you have memorized all the lyrics to "Muskrat Love" as it plays endlessly; or, my favorite, the support person who tells you that she is really busy right now, and could you please call back!

These are obvious examples of bad customer service—a result of poor support center policies and poor support center personnel. But there are also a lot of subtle examples: A technical support agent who doesn't handle the specific model of the product with which you're having a problem and regretfully tells you that the expert you are looking for is unavailable at this time; or a very polite, but new, CSR who is unfamiliar with the product names and can only look things up by SKU, thus taking forever.

The Bottom Line

Satisfied customers are key to the financial success of any company. These customers are more loyal, apt to spend more, cost less to service, and, through positive word of mouth, are your best marketing vehicle. And your customer-facing employees are the front line to establishing, nurturing, and growing good relationships with customers.

There are simple economics of effective customer service. It is important to look at this in two dimensions:

- Optimizing your customers' time, leading to more satisfied and loyal customers, leading to increased revenue.
- Optimizing your employees' time, leading to reduced operating costs.

In today's dizzying pace of business, your customers' most scarce resource is time. The customer cares about things such as how many times he has to call, how many different people he has to talk to, how many times he has to explain his problem, and getting the right answer to his questions. Save the customer time by making knowledgeable employees available with the required information at the ready to address any problem that might arise.

In addition, non-measurable concerns of the customer include such things as politeness, friendliness, knowledge level, and honest concern on the part of the CSR.

The corporate point of view is, in many ways, the flip side of customer concerns—the more phone calls received, the more people who have to talk to a single customer, and the longer time spent on the phone are all tangible costs. Thus, simple concepts such as first call resolution are critical to both satisfying the customer and controlling ever-spiraling customer support costs.

Providing the Right Tools Is Half the Solution

Empowering the Workforce

CRM Provides Needed Information

In recent years, many companies have invested a great deal of money and effort into customer relationship management (CRM) implementations. Their goal is to consolidate customer information and to provide access to the right information at the right time to the right people so that contact center personnel are able to more quickly, easily, and, perhaps most importantly, accurately answer customer questions.

With many CRM systems, from software companies such as Kana, contact center agents are not only able to access customer records and transaction/interaction histories, they can also drill into knowledgebases of problem fixes, ensuring consistent answers to identified problems.

IDENTIFYING NECESSARY SKILL SETS. While holding great promise, these systems haven't been able to fully meet these goals. Even though CRM has been able to provide employees with a certain amount of valuable data, this does not always translate into a better customer experience and stronger relationship. For example, a customer service representative (CSR) may have access to all customer profile and transaction information and may even have access to a knowledgebase of common customer problems and solutions. But what about unidentified problems that haven't been captured in an FAQ or

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knowledge management system? What happens when an expert with a particular skill set is needed to address an emergency customer call? When the manager of a frozen food plant calls because a condenser isn't working on a refrigeration unit, she needs access to a support representative who knows more than the date and problem presented the last time she called. The agent needs to be able to size up the situation and provide guidelines on what to do as a temporary fix until a field engineer can be dispatched. And, by the way, the technician who needs to implement the quick fix only speaks Spanish.

IDENTIFYING THE SOFTER SKILL SETS. In addition, there are the “softer” skills that must be taken into consideration when interacting with customers. In every contact center, there are those CSRs who are known to be the most effective with irate customers—they seem to have an almost uncanny ability to calm down even the most unreasonable caller. Then there are those customer agents who, because of their patience and innate need to follow through, are especially skilled at handling complex problems that require additional research. On the other hand, some agents are better at handling the one-two punches of calls that need clear and definitive answers—their obvious confidence in their responses makes customers confident about the solutions. And some CSRs are most effective when dealing with specific customer communities—for example, one agent might be particularly good at assisting elderly callers, and another excels at solving the problems of teenagers.

Unlike the more concrete skills—speaking Spanish, having technical training, having more than three years experience with the product line—these softer skills are usually identified through anecdotal implication and, too often, aren't documented anywhere. Your CRM system certainly doesn't have database fields on “empathy.”

Workforce Optimization Ensures the Right Customer- Facing People

Alongside CRM solutions, savvy companies are also exploring technologies which optimize its customer-facing employees' time and skills to better support customers. Companies such as Blue Pumpkin provide technologies in this area that can help with areas such as forecasting contact center call volume based on historical data, anticipated future demand, and your employees' own experiences. These Workforce Optimization tools can then match your resources with the projected customer demand, providing such capabilities as automated routing of questions based on employee skill levels and sophisticated scheduling systems, which make sure that an appropriately-skilled person is available to the customer directly, or to the person on the front-line of support, no matter when the call comes in. In addition, technology solutions are available to help with long-term resource planning and staffing so that the call center can be optimized to provide the best possible customer support while eliminating unnecessary costs.

This same category of tools also provides Performance Management capabilities, which can help with day-to-day management of customer-facing employees. Performance management monitors ongoing operations to identify gaps in performance and to see how well each customer service representative is doing. As a result of the analysis, reward mechanisms and improvement efforts, such as renewed training, can be put into place as appropriate to ensure an excellent customer experience.

Technology Empowers Employees

Taken together, CRM and Workforce Optimization solutions empower the right people with the right information at the right time. For example, the ability to route the calls to the right people can not only improve the customer's experience, but it can help turn the call center from a cost center into a profit center by having the person who can not only answer the question at hand, but who understands the full customer context and the company's offerings to know what additional products or services might optimally be offered at any given point.

But this is only half the story.

Engaging the Workforce

Getting Employees on Board!

Technology only gets you halfway there. You could have an optimally-enabled contact center staff empowered with complete customer and support information, and you still risk providing dismal customer service if your workforce isn't properly engaged.

So what do we mean by engaging the workforce? Basically, employees are people who are either motivated to do a good job or are simply motivated to be present. Identifying the scheduling requirements of a contact center based on load volume, types of questions, skill sets required, etc. is, in many ways, the easy part (or, at least, *easier* part). But reshuffling the employee team to accommodate scheduling needs can create dissension in the ranks as agents are moved from day shifts to night shifts, from weekdays to weekends, from supervisor to supervisor. It is vital, not only to their job performance, but to their job satisfaction that employees are not only empowered with CRM-type information and scheduled with Workforce Optimization software, but also have an understanding of their roles in making the company a success as well as having some input into their work schedules and systems. This leads not only to better employee retention, but to an empowered workforce that can proudly represent your brand.

Needed: a Best Practices Approach

A Holistic Approach to Customer Support

Combining diverse strategies such as performance optimization, skill-based scheduling, and employee empowerment is not a simple matter. To do it well, this should be part of an overall employee engagement and customer satisfaction strategy. Elements of the strategy must include:

- Embracing the correlation between customer satisfaction and employee empowerment and engagement

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- Identifying what matters most to your customers and putting in place a workforce optimization plan that ensures that these issues are being well addressed
- Measuring how successful your contact center operations are addressing these customer “moments of truth”

More importantly, these elements must be part of a holistic approach that leverages your investments in your people, processes, and technology—an approach that is continually monitored, measured, and managed as driven by the overall strategy. The challenge is achieving all this while staying within, or even lowering, operating costs. To that end, companies must ensure that they avail themselves of best-practice knowledge within this space, and that they implement a process for continuous improvement.

The Customer/ Employee Correlation

We have already talked about the significant impact that employees have on customer satisfaction and retention. Your overall strategy must recognize the power that employees have and be designed to reward your workforce for nurturing customer relationships. Rewards can have many aspects: financial rewards, such as incentives and salary increases, are always good motivators; recognition, such as awards and commendations or even promotions, are always welcome. However, another excellent motivator for the workforce is respect for their customer knowledge. Remember that your front-line employees have insights into customer issues and how well your internal processes are working—probably more insights than do management, simply because they are continually talking to customers. Respecting this knowledge, and enlisting your employees’ help in improving support processes, goes a long way towards having an engaged workforce.

What Matters to Customers

Perhaps the most important factor in satisfying and retaining customers is understanding what it is your customers want from you. Too many companies build internal processes to fulfill corporate goals vis-a-vis customers—e.g., up-sell, get them off the phone quickly, etc. While these goals impact your immediate bottom line, if the customers aren’t getting what they want and need, they won’t stay your customers for long.

And customers seem to want more than just quick answers. Customer loyalty and profitability are also directly tied to establishing warm relationships. In a study conducted by TARP, a contact-center analysis and research firm, the research showed a direct correlation between up-sell and cross-sell success rates and the type of experience the customer has. Specific results indicated that when a customer experiences “service beyond expectation,” he or she is 12 percent more likely to remain a customer and make additional purchases. “Friendly interactions”—conversations that add a personal touch to the pure business agenda—increase the likelihood of repurchasing to 25 percent. And, when, during a friendly interaction, the customer is informed of a new offering or reminded of an existing product or service that would be appropriate, 30 percent of these “relationship” customers are likely to take advantage of the offer!

Again, it is your employees who best understand what it is that matters to customers calling the contact center—be it quick answers, accurate information, and/or a friendly

and empathetic CSR. And, by soliciting their input into the hearts and minds of customers, you can assure that your customer-facing employees will be engaged—they will be invested in your customer satisfaction strategy because they have had input into that strategy and the underlying processes to ensure success.

Measuring Moments of Truth

In every customer interaction, there are “moments of truth”—those points where a customer might decide to sever the relationship. For example, if, when calling a contact center, no one answers after eight rings; or if, during one call, the customer is transferred to more than two people—these are measurable events that can cause a customer to simply hang up and go elsewhere. A vital part of any employee engagement and customer satisfaction strategy is determining the moments of truth, based on understanding what it is that matters most to customers, and then measuring your contact centers success rate in meeting these key objectives.

Once these metrics are in place, they can be examined and analyzed, not only to determine if customers’ expectations are being met, and to measure how “efficient” each employee may be, but also as your most valuable insights into updating policies, processes, training, and corporate culture as part of a cycle of continuous improvement.

The Road to Success

So, how do you accomplish all this? There are a number of steps to success:

- Understand your “today state”
 - Establish quantifiable objectives
 - Identify areas for improvement
 - Engage employees
 - Implement with a best-practices approach
 - Monitor and measure for continuous improvement
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Understanding Current Operations

In order to develop and execute a winning employee engagement and customer satisfaction strategy, you need to understand how things are working today. And that is accomplished by analyzing your current contact center operations. You must look at call volumes and call types vis-a-vis time of day, day of week, relationship to marketing initiatives, season, etc., and then see where there are holes in employee scheduling. For example, after the release of a new version of a technology product, do you have enough skilled personnel available who have been trained on the new product to answer customer questions in a timely fashion? In a retail operation, how do seasonal fluctuations impact employee scheduling and calling queues?

Workforce Optimization software can measure contact center data and can provide analysis of the operational efficiencies. Add to that the anecdotal input of the CSRs and other support experts, and you can evaluate the effectiveness of your current operations.

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Establishing Key Performance Indicators

No business strategy can succeed unless there are mechanisms to measure success or lack thereof. It is important to establish key performance indicators (KPIs) in a number of areas:

- Customer satisfaction/moments of truth
- Employee performance metrics
- Revenue/cost savings/ROI objectives

While the latter two areas are highly quantifiable, the first area is pretty much qualitative. But the quantifiable metrics also can apply to qualitative objectives. Indeed, the qualitative objectives can be paramount in an overall employee engagement and customer satisfaction strategy. Here's a real-life example:

INSURANCE PROVIDER YIELDS ROI RESULTS BY FOCUSING ON CUSTOMER EXPERIENCE. As insurance plans become more and more commoditized, a major plan provider determined that customer service would be its differentiator, and it set about to enhance the customer contact center. In a very gutsy move, the team in charge of implementing the improvements let it be known that they wouldn't seek a financial ROI for improved contact center operations. The goal was increase in customer satisfaction and differentiation based on excellence in customer service.

And, true to this vision, traditional ROI metrics have not been put in place. What is being measured includes the following:

- Customer satisfaction levels—which have gone up (exact numbers are not available) since the new processes and underlying technology to support these processes have gone live.
- Number of issues handled per contact—which increased from an average of 1.4 issues per call to 1.67 issues per call.
- Call handle time. This number has actually gone up from 468 seconds per call to 573 seconds. This, however, is viewed as a positive trend because it indicates that CSRs are spending more time helping each customer. And the extra time directly correlates with the number of issues handled per call.
- First contact resolution. The increased call handle time also represents success when considering the increase from 79 percent to 81 percent of contacts that are handled in a single phone call. And, that number continues to climb.
- After call follow up time. With the new policies, technology, and empowered employees, this number has decreased from 136 seconds per call to 129 seconds.

Although these changes may appear to be modest and, thus, not very impressive, the truth is quite the opposite. When these incremental improvements are taken cumulatively over hundreds of thousands of call per year, the total impact is huge!

Tangible Results. Even though the metrics captured do not relate to cost savings or revenue increases, an ROI case can be made by looking at and correlating the above metrics with a few others:

- Retention rate. The retention rate has been going up (exact numbers not available). Because most health plans offer approximately the same menu of services and benefits at about the same prices, customer service, and the satisfaction that results, is key. If individual members are unhappy with how they are being treated, they will pass this along to their HR representative who handles health insurance coverage. This insurance provider's retention rate seems to indicate that customers aren't complaining, so employers aren't looking to change service providers for that reason.
 - Number of overall customers/call volume/customer support staff size. Enrollment in the company's programs has gone up 47 percent! And program complexity has also increased—with lots of new benefits, etc. Yet total call volume has gone down. Admittedly, it is only a very small number, too small to be statistically viable. But, when considered with the fact that the number of contact center personnel has not increased, with 47 percent more members, even a flat call volume number would be significant. The cost savings that this metric implies is very significant. Being able to handle 47 percent more customers with the same staff indicates a savings equivalent to 47 percent of contact center staffing costs!
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Identify Areas for Service Improvement

Although automated tools can pinpoint a number of areas that need improvement, especially in the area of cost savings by rescheduling personnel for optimal staffing needs, it takes human insight to truly identify those areas of improvement that will yield the most reward in terms of customer satisfaction and retention. Remember, your customers' most valuable resource is time. Saving them time is even more important than optimizing your staff's time.

The best way to clearly identify the areas for potential improvement is by looking at the gap between your customers' desired outcomes and what is being offered today, focusing particularly on their moments of truth. Supporting the customers in what matters most to them, developing company policies and employee skills, and then scheduling personnel and streamlining operations to ensure customer satisfaction, leads to efficient and effective operations. And that leads to excellent customer relationships and retention.

Engage Employees

Okay, so now, via your CRM and Workforce Optimization systems, combined with expert insight into customer needs, you've determined the optimal employee scheduling based on skill sets, season, time of day, and myriad other factors. But now you have to ensure that your customer support team is being satisfied. You can't simply tell contact center staff that their schedules are changing as of now. You can't simply say, "Our analysis tells us we need to move you to the night shift." No one is willing to make a wholesale change in their lives without some input into the decision.

There are two aspects of employee engagement: 1) getting them on board with the strategy and 2) giving them some control and options to ensure satisfaction all around.

Empowered and Engaged Employees

Good employees care about your company and your customers. They want operations to go well. They want happy, profitable customers. And they want to do a good job. Make sure that your employees understand the context and analysis that went into scheduling and process-change decisions. If you had the foresight to solicit input from your contact center staff when determining what matters most to customers and when figuring out what works and doesn't work in current operations, you have a large head start in employee engagement. Follow up this initial engagement by educating employees on the new strategy and the company's goals and objectives. Show how each staff member will benefit from a well-running, efficient and effective employee engagement and customer satisfaction strategy. A properly-prepared team, especially if their input has been solicited, feels invested in the new operations and schedules.

But respect their individual needs as well. Work with them to come up with a schedule that both fits their lifestyle and provides the right support coverage for your customers. Be creative and flexible when changing work schedules. For example, if your analysis reveals that you need more people on the evening shift at the contact center, consider offering your support team the option of working four 10-hour days per week and then taking one day off.

Similarly, if you are changing processes and policies, make sure that your employees have the ability to provide feedback on how the changes are working, both for staff and for customers. Keeping these lines of communication open leads to both employee engagement and organization learning.

Implementation Best Practices: Employ Experts in Change Management

Successful implementation of a holistic employee engagement and customer satisfaction strategy requires more than installing software and training employees. Often, you must reevaluate your entire operations, including current policies, business practices, processes, and underlying assumptions. For example, it might better serve customers and address strategic goals to abandon traditional eight hour work shifts and move to more flexible employee scheduling based on work demand and skill-set availability. There may well be other large-scale changes in operational practices.

It is always a good idea to learn from others' successes—a true best practices approach. This means, of course, talking to others who have already navigated the treacherous waters of evaluating and overhauling their employee engagement and customer satisfaction strategy. Often, these are your competitors, and they aren't willing, or don't have the time, to guide you through the process of understanding all the changes you will have to make. This is an area where outside consultants, especially those with experience in your industry, can be invaluable, identifying what works and what pitfalls to avoid.

But overhauling your practices isn't just a matter of deciding what to do. You must make sure that you manage the change process as diligently as you manage contact center operations. You have to design the change process and ongoing operations for continuous improvement, providing both training (how do we do it) and education (why are we doing it) to all personnel touched by the new strategy.

There are few organizations that can tackle the wholesale change required. Too often, the change management process becomes too inbred and caught up in making small changes so as not to disturb ongoing activities or corporate culture. And this approach is in direct conflict with the goals of creating and implementing a new customer-centric strategy. We recommend that you learn from others who have successfully executed employment engagement and customer satisfaction strategies. And take advantage of outside experts in the field who can not only provide examples of successful implementations and optimize the tools, but can help provide the outside-in view required to be truly customer driven. One company that did just that is Blue Cross Blue Shield of Michigan (BCBSM). According to Jann Cantelon, vice president of BCBSM, the outside consultant, which also provided the workforce optimization software, “strengthened critical processes in our customer service operations. Their consultants gave us the fresh eyes we needed to solve the difficult challenge of realigning our people with a rapidly growing business. [The consultants] also knew our industry well and could implement new best-practices to make our operations even more efficient and effective.”

These experts have experience in specifying and rolling out new business practices based on what has worked for other, similar companies. They will help you use Workforce Optimization tools to find the answers to tough questions such as:

- Do your service level goals properly balance cost and customer expectations?
- Are your current work schedules enabling or restricting you from achieving your goals? Do they hurt employee morale and cause turnover?
- Are your performance measures based on customers’ moments of truth and are they promoting the right employee behaviors?

Once you have discovered the answers to these and other questions, these experienced consultants should team with your management to identify and prioritize opportunities and then work with you to develop a roadmap for successful implementation.

Monitor and Measure for Improvement

Be aware that you should never truly be finished with your implementation. Strategies and business processes have to continually be reevaluated based on changing business conditions and customer needs. Make sure that you identify the proper metrics to monitor, and put into place the proper tools to capture and evaluate those metrics, to analyze the success of ongoing customer support operations. These metrics include both customer moments of truth and employee performance measurements.

Again, outside experts can help you determine what you should be measuring based on customer issues, tune Workforce Optimization analysis tools to support these and other metrics that will emerge, and, even more important, help you create a strategy for turning analysis into action, leading to continuous process improvement.

Empowered and Engaged Employees

Conclusion

Empowering and Engaging the Workforce

Strategic Initiative

With the renewed focus on customer satisfaction and the recognition that only customer-centric organizations will thrive, many companies have given high priority to establishing a customer-focused strategy. However, without a corresponding employee empowerment and engagement strategy, these efforts can fall short. You must empower your employees by defining business processes that support the high-level strategy and use the automated tools, such as CRM applications, to allow them to provide an excellent quality of customer experience at all times. You should determine the right mix of employees and skills to provide this level of service by taking advantage of applications such as Workforce Optimization tools, which can also measure and monitor the success of your employee/customer relationships.

Software Isn't Enough

There is no ROI inherent in software. ROI comes with the change in policies and practices to support what the software analysis inherent in solutions such as Workforce Optimization and CRM has told you. Yes, with Workforce Optimization software alone, you can achieve improved scheduling of breaks, lunches, and vacations; you can determine what skill sets are needed at what time.

But it isn't enough just to roll out these applications and assume that your workforce is on-board with your customer-centric strategy. If the employees aren't motivated to participate in the changed processes or take advantage of new technology applications, your expensive software implementation will never realize expectations. And, in order to truly engage employees, you must take a holistic approach, combining a best-practices model with empowerment tools, so that your workforce understands the importance of its role in making the company a success as well as the strategic nature of its relationships with customers. Often, the most productive way to achieve the desired results is by seeking guidance from outside experts who have worked with other companies with similar objectives and allow these experts to work with your workforce to model processes, policies, and practices that best reflect how your organization wants to do business.

Because, after all, the real ROI comes from changing how you do business to optimize and engage your employees and to strengthen their customer relationships.

The Road to Success

So start by taking the steps to make sure you have the right staff, with the right skills, performing the right activities, all aligned with the objectives of the employee engagement and customer satisfaction strategy. This can be a difficult road to travel, but it is the only road to leveraging your employees to create long-term, profitable relationships with your customers.