

Best Practices Employed by Industry Service Leaders in Creating a Customer Focused Strategy

Introduction

Based on the many experiences and observations derived from a history of engagements with large and small institutions, DALBAR has identified five key success elements that are critically important to organizations in order to be successful at a customer focused strategy.

While many obstacles to high quality customer relationships may be evident, they can usually be associated with one or more of the key success factors. The most successful approach to building or maintaining a customer focused organization is to first apply the key success factors to the specific organization.

The five factors are:

- ✓ Resolve
- ✓ Objective
- ✓ Resources
- ✓ Measurement
- ✓ Incentives

Although each of the five key success factors interrelates to form the framework for success, it is the quality and effectiveness of their implementation that will determine the outcome.

I. Factor #1: Resolve

Resolve exists when there is clear institutional commitment to the importance of the customer. It translates into a top down recognition of and support for a customer centric service approach and shapes corporate priorities and corporate culture.

Central to the concept of Resolve is an organizational structure that

- gives recognition to the staff that has contact with customers and
- deploys decision making systems based on building customer value with a clear shift from the priority of “what the organization does” to “what the customer gets”.

The reasons for committing to a customer focused approach need to be integral with the business strategy and based on the recognition of the value proposition as a whole.

The business strategy must include the following elements:

- Recognize the value of personal contact with customers/prospects.
- Strive to maximize the value of each and every personal contact with customers as a service experience and an opportunity to
 - ✓ expand relationships
 - ✓ mobilize customers to act on your behalf
 - ✓ to create powerful advocates
- Value the personal contact because it provides empathy and understanding rather than a lower cost impersonal information exchange and/or automated order execution.
- Capitalize on world-class service as a business building tool

The message attached to the Resolve is pivotal to its success. It creates the buy in of all concerned and introduces the value gained rather than the failure to be overcome.

II. Factor #2: Objective

The objective must be clearly defined in a way that

- its accomplishment is discernable and
- it can reasonably be achieved.

Although the objective can change over time, it should apply to the entire organization and should be simple and easily articulated.

The objective is useful only when it is communicated to the entire organization. This communication needs to be done at regular intervals and through as many media as possible:

- in-person,
- on paper
- e-mails
- posters and
- other inter company communications.

Management and staff should agree to this objective as being both beneficial and achievable. Examples of objectives are:

- Receive ten letters of delight from customers per month
- Score "Very Good" on a survey following customer service encounters.
- Recapture 100 surrenders/redemptions per month

The definition of the objective needs to include a time frame in which it should be achieved and also have a measurable component. Incentives should be associated with reaching the objective. Once achieved, a new objective can be defined, thus striving for continuous improvement.

Objectives ought to be selected based on the importance of the various service encounters to the organization and its likelihood to be achieved reasonably:

- Distinguish between important encounters versus unimportant ones: focus on those where excellence pays and failure must be avoided.
- Place emphasis on encounters with greatest impact on future behavior.

The objective is best defined by a small group of senior managers. Once defined, it should be vigorously “sold” and promoted throughout the organization. This requires announcement and regular reinforcement to ensure that all are focused on its accomplishment.

III. Factor #3: Resources

Adequate resources must be provided to meet the objective that has been established. Resources include

- Staff
- Infrastructure
- Technology
- Training

It is important to recognize that existing investments may have to be written off and that there is an on-going need for investments. Customers get bored, competitors offer a better deal, customers needs and preferences change, which all translates into: the organization must keep changing accordingly.

The on-going need for investment encompasses

- the cost of detecting the need to upgrade
- the cost of development of new ways and
- the cost of upgrading the resources

✓ **Staff:**

- **Management** – Pertinent communication from the top down needs to exist and secondly, a mechanism must be implemented to deliver the message(s):
 - ❖ Communicate plans
 - ❖ Communicate implementations
 - ❖ Communicate changes
 - ❖ Communicate expectations
 - ❖ Communicate updates and status reports
 - ❖ Communicate successes and failures

- **Supervisors:**
 - ❖ Need to be available to their staff on an ongoing basis to support and direct their efforts. Jumping in and helping with calls when volumes are high or when staffing levels are low fosters a great sense of “partnership” and creates an atmosphere of cooperation that motivates staff to go above and beyond the call of duty.
 - ❖ Need to get actively involved in call monitoring
 - ❖ Be innovative in order to motivate reps to exceed expectations and introduce informal incentives like contests, visual means of identifying great performers in addition to more formal, monetary incentive programs.
 - ❖ Need to institute regular on-going meetings with reps in order to
 - Consistently communicate new initiatives, changes, updates in order to create a vested interest from the reps.
 - Communicate updates on service standards and standings on a regular basis.
 - Capitalize on feedback from front line personnel on service issues and trends, inefficiencies and such and promote the fact that their opinion is valued and relevant.

- **Customer Service Representatives:**
 - ❖ Will benefit from weekly/bi-weekly meetings with supervisors and/or management in order to understand and be in synch with the big picture.
 - ❖ Need to understand the mileage gained by applying “soft skills” throughout all service encounters.
 - ❖ Would greatly benefit from a senior mentor as an alternative source of information when supervisors are not available.
 - ❖ Need reference material that allows for quick look ups like bulleted scripting or FAQ sheets.

✓ **Infrastructure:**

- 'Call Center – Quality Assurance – Training – Processing unit' should work in tandem vs. independent units, first in establishing standards then in implementing and adjusting standards on an ongoing basis.

✓ **Technology:**

- Computer systems need to provide efficient support (use technology to improve the user-friendliness of training materials/product descriptions by facilitating their use: i.e. scanning the material so it is available on line for quicker access).

✓ **Training:**

- Increase customer focus during initial training, particularly on “soft skills.”
 - ❖ Conduct refresher training sessions to emphasize the customer focus commitment.
 - ❖ Update training to incorporate evolving, newly identified and/or seasonal service issues and trends.

IV. Factor #4: Measurement

Measurement systems are pivotal to monitoring and tracking progress toward the defined objective.

The measurement systems must

- evaluate performance from the customer perspective: “Measure what the customer gets”
- evaluate the actions that affect customers to determine their adequacy: “Measure what you do”
- evaluate the reaction of customers to ensure that the desired effect is achieved: “When it is important you must know how good it is”

Measurements should be focused on the objective that is set for the organization. A mechanism must exist or be put in place to monitor progress in pursuing the objective.

i.e.: Your service standards need to be universally understood and adopted in order to be able to

- ✓ track/measure standings and progress
- ✓ discuss/identify reasons for shortcomings
- ✓ implement ways to address them.

i.e.: Conduct encounter surveys immediately after a service experience that will measure

- ✓ the impact of the service experience on the future behavior of the customer
- ✓ his disposition towards your firm.

The results of the measurement system that is used to monitor progress toward reaching the objective should be communicated to the entire organization.

Results of the measurement system must be acted on. When results show success there should be recognition. When results fall below par, there should be a determination of why and action to get back on track.

V. Factor #5: Incentives

Rewards are a critical factor in achieving the desired behavior in the organization. While inspirational speeches (reflecting resolve and objective) are important, the reward system must be properly aligned to maintain the long term focus.

Incentives should include both public recognition and compensation and need to be

- attractive and desirable
- evaluated by their effectiveness
- readjusted as expectations and objectives change.

There are two types of incentives that should be considered:

- Individual accomplishment that rewards efforts to improve the relationship with customers in a direct and observable way
- Group rewards for progress towards and for achievement of the objective.

These incentives may take any number of forms, including direct financial compensation, recognition, group activities or time off from work.