



ROAD MAP TO RESULTS:
**How to Optimize the Customer
Experience in Your Contact Center**



Peppers & Rogers Group
a Carlson Marketing Group company



ROAD MAP TO RESULTS:

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PAPER IN BRIEF

Optimizing the customer experience in your contact center is a key competitive differentiator and a necessary ingredient to increasing customer loyalty, retention and profitability. This white paper is a road map for designing a Customer Experience Development (CED) strategy and enabling it through supporting technology in the contact center.

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Consider this scenario...

“Topp Drawer Telecomm” was ready to trounce the competition. Management set out an aggressive plan to allow customers to bundle local service, long-distance, wireless, high-speed Internet and digital satellite TV all in one package and on one bill. Direct mail ads and mass email blasts across the customer base touted that cellular number portability along with the convergence of telecom, PC and entertainment technologies offered unmatched convenience to customers. Marketers celebrated a 4% response rate and awaited the sales lift.

The contact center was to be the linchpin. Agents across three contact centers already handled orders and support of individual service offerings. But to help Topp Drawer keep its brand promise, the VP of Customer Service led the charge to provide agents with access to the many systems needed to meet customers’ needs, from billing to fulfillment, even a new Customer Relationship Management (CRM) application. Agents were given new cross-sell and up-sell scripts to increase share of wallet. Customer attrition would drop, claimed the VP, while revenue, retention and market share rose.

Reality proved very different. A deluge of inbound calls overwhelmed agents, who wound up toggling through an average of eight applications for a single call. Access to systems was not enough as agents lost time gaining entry into apps “owned” by other departments. Key data such as purchase history and pricing were not consolidated into a single user interface, causing tedious data entry and errors. Cross-sell and up-sell offers targeting high-growth customers were jettisoned by agents forced to spend valuable time with low-margin customers. Costs tied to average handle time and escalations spiked while first call resolution dropped.

Even more damaging was a fragmented customer experience. Customers had to repeat information. Apologetic agents blamed long wait times on “slow systems.” Numerous transfers were needed to resolve a single call. Unable to fulfill its brand promise, Topp Drawer watched its customers defect to the competition and had to re-allocate marketing dollars to a costly win-back campaign.

...read this paper to learn how companies can turn this type of challenge into an opportunity.



The Next Generation Contact Center

The story of Topp Drawer Telecomm is fictional, but research shows that real companies are determined to avoid a similar fate. A 2004 survey by the Society of Consumer Affairs Professionals (SOCAP) reveals that half of responding companies plan to expand contact center service and operations. Gartner Dataquest predicts a compound annual growth rate (CAGR) of 8.7 percent for new, agent-station equipment through 2007 and a 12.7 percent CAGR clip in add-on technology for existing agents.

Investments are aimed at building the next generation contact center: a customer interaction hub where marketing, sales and service combine to provide a seamless customer experience. According to Peppers & Rogers Group, a customer experience is the totality of an individual customer's interactions with a company (or its brand) over time. "Each interaction should be a value exchange between the customer and the company," says Becky Carroll, Senior Consultant, Peppers & Rogers Group.

As a nerve center for customer relationships, contact centers are playing an increasingly important role in delivering this value. "Consistency is the key," says Carroll. Customers expect to be recognized regardless of channel or when the interaction takes place along the customer lifecycle. "When a customer goes online to respond to a direct mail offer, sends an email about a pricing change, calls customer service—or all three—she must experience a single company, not disconnected departments," she adds. "This is the foundation for building a contact center that is both efficient (minimizes interaction and support costs) and effective (provides a satisfying customer experience that generates revenue)."

Achieving balance: agents, technology, strategy

At the core of the next generation contact center are knowledgeable agents who can access customer, product, sales and marketing data in real time. The data helps agents improve service levels, make cross-sell or up-sell offers, or alert target

customers to the latest marketing campaign. The availability of the information depends on technology. "An integrated architecture that pulls information from different locations and places it in front of agents on a clean user interface is vital," says Rob Morris, Vice President of Product Strategy at Jacada, a provider of software solutions designed to improve the productivity and efficiency of users of business systems.

Customer strategy completes the equation. Customer insight is central to contact center processes and agent decision making. "When customers are grouped by their value to the enterprise and their needs, agents can provide a tiered

level of customer support at the individual level," says Carroll. "When Jane calls you about servicing her printer, a screen pops up to tell the agent the best treatment strategy for Jane: Should she receive assisted service or self-service? How much time should the agent spend with her? Which new service plan should be offered?"

"If a rep tells your customer, 'Sorry, our systems must be slow today,' what he really means is, 'I can't get that piece of information or I can't get it on time.' It's frustrating for the rep and the customer."

*Rob Morris
Vice President, Product Strategy, Jacada*

Can I get there from here?

Is the next generation contact center attainable? "Most contact center decision makers know the importance of improving the customer experience," says Morris. "They also know which processes they want to automate or enable. They're just not able to take action."

In some cases, strategic gaps are the cause. A 2004 Gartner report states that companies still view the contact center as "an isolated functional group within the enterprise rather than as an extension of corporate strategy." A 2003 Forrester survey of 110 U.S. firms with annual revenue of over \$500 million finds that the biggest pain point for managing the customer experience is a lack of a defined strategy.

Why such difficulty? "Achieving contact center efficiency and effectiveness requires a shift in mindset at many organizations," says Brian Hoard, Consultant, Peppers & Rogers Group. For example, reducing hold time or average handle time may lower costs but undercut revenue by negatively



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impacting the customer experience. "Trying to get customers off of hold in shorter times doesn't matter if you can't resolve their problems at the moment of truth," adds Morris. "The true test is: Were you able to satisfy the customer on the first call and do it efficiently?"

When companies don't establish a strong customer strategy, technology troubles in the contact center often follow. In fact, notes Gartner, "More than 90% of enterprises do not understand the customer, and they therefore make poor technology choices in support of customer interactions." These choices directly impact the customer experience. Forty percent to 75 percent of the information required to meet customer and enterprise needs resides in multiple systems or interfaces. Agents typically juggle between three and 10 apps for each call, forcing them to jump from screen to screen and re-key data. "If a rep tells your customer, 'Sorry, our systems are slow today,' what he probably means is, 'I can't get that piece of information or I can't get it on time.' It's frustrating for the rep and the customer," says Morris.

"Application ownership and control is another obstacle," says Morris. Over the years, companies purchase different

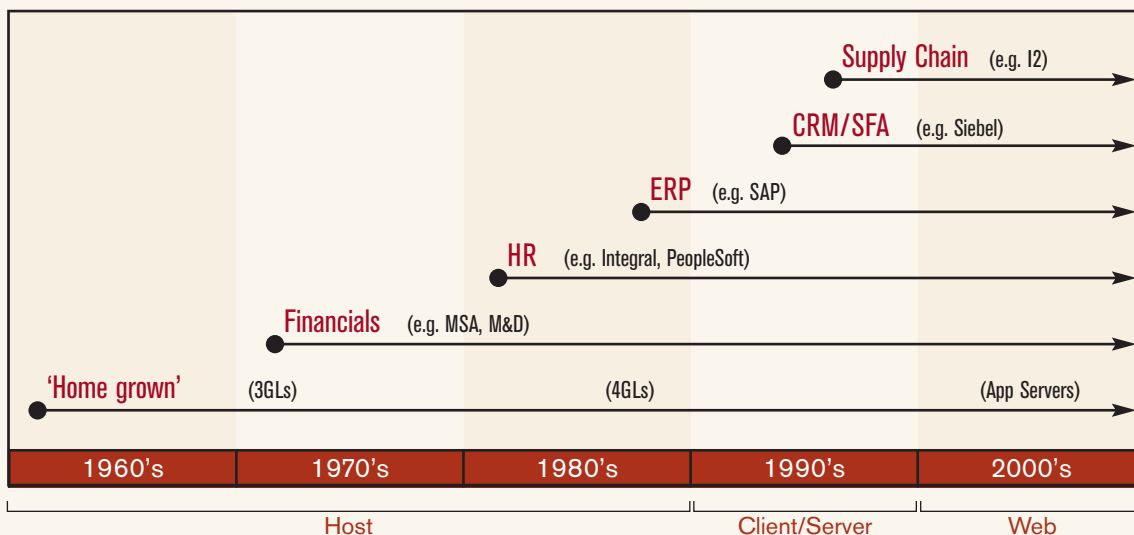
systems, such as an ERP, CRM, or HR solution. But finance owns the billing app, sales owns the contact management system and operations owns the inventory control solution. As a result, "The contact center ends up with very little control over the apps agents use. Agents are told, 'Every time you need financial data on a customer, here's the app; and every time you have to quote a loan rate, here's the app.'" Data isn't centralized, agents must manage disparate apps and managers can't upgrade solutions or the processes tied to them.

Assessing your options

For most companies, overhauling the contact center isn't an option. A full-blown rip and replace of existing systems is not only expensive, it's impractical because it eliminates effective solutions and processes too. Complicating matters further is the fact that contact center managers are already pressured by tight budgets and shorter payback periods. To build the next generation contact center, companies must craft a Customer Experience Development (CED) strategy and integrate applications already in use to streamline processes and empower agents.

Who Owns Your Contact Center Applications?

Over the years, companies have launched different apps over Web, Windows and mainframe platforms. While contact centers often do not "own" the apps, agents must be able to seamlessly access the key information via these apps to meet customers' needs.



Source: Jacada



Mapping Your Customer Experience Strategy

The transition to a next generation contact center is well underway. For example, in 2002, global computer hardware manufacturer HP launched its “Customer Experience Planning” strategy. Focusing on four target areas—problem prevention, fast response times, rapid and accurate problem resolution and superior customer care—HP reshaped its support capabilities around customers’ needs. Agents underwent soft-skill training on how to quickly diagnose a customer’s issue, new metrics tracked problem resolution and a voice recognition system was installed. After six months, customer satisfaction scores rose 13 percentage points. A big reason why: The program saved customers—and the company—10,000 hours of phone time per month.

Achieving this level of efficiency and effectiveness begins with CED strategy. Guidelines for mapping a customer experience strategy in the contact center include:

1. Stand in the customer’s shoes

Companies must view the contact center’s processes and systems from the customer’s perspective. According to Peppers & Rogers Group, this involves creating a “customer experience touchmap.” The touchmap “identifies all the different ways customers interact with your company across different communication channels, across different business units or departments, and across different product and service lines,” says Carroll.

The touchmap pinpoints immediate trouble spots where communication with customers is not ideal. These include “dead ends” where customers—and revenue—drop off the radar; transfer points that keep customers in a loop of irrelevant interactions; or hot spots that require customers to repeat information. “Understanding how contact center touchpoints string together through the eyes of a customer allows you to personalize each interaction,” says Carroll. “You can then develop new processes to deliver the optimal customer experience.”

2. Take in the big picture

Companies often underestimate the downstream effects of marketing campaigns, a new billing cycle or a new fulfillment

plan on the customer experience. But when marketing, sales and service combine forces in the contact center, the payoff is high. According to a study by IT provider EDS, companies can improve customer service by more than 80 percent, reduce churn by 5 percent and increase customer lifetime value by 15 percent by embedding marketing intelligence alone into the contact center.

3. Connect insight to action to profit

Insight into the value and needs of customers helps agents provide the level of treatment appropriate to each customer interaction. For instance, high-value or high-growth customers may receive assisted service and a recent cross-sell offer. However, low-value customers may be directed toward Web self service.

Marketing, sales and service also can collaborate around value and needs insight to drive profit downstream. Topp Drawer Telecomm, for example, might have begun its initiative by identifying customers with the highest likelihood to bundle telecom services. Rather than mass email blasts, marketers could have sent targeted offers to this “growable” customer group only. This would have prevented the glut of inbound calls and allowed agents to build relationships with those customers with high margin potential.

4. Know when efficiency and effectiveness are at odds

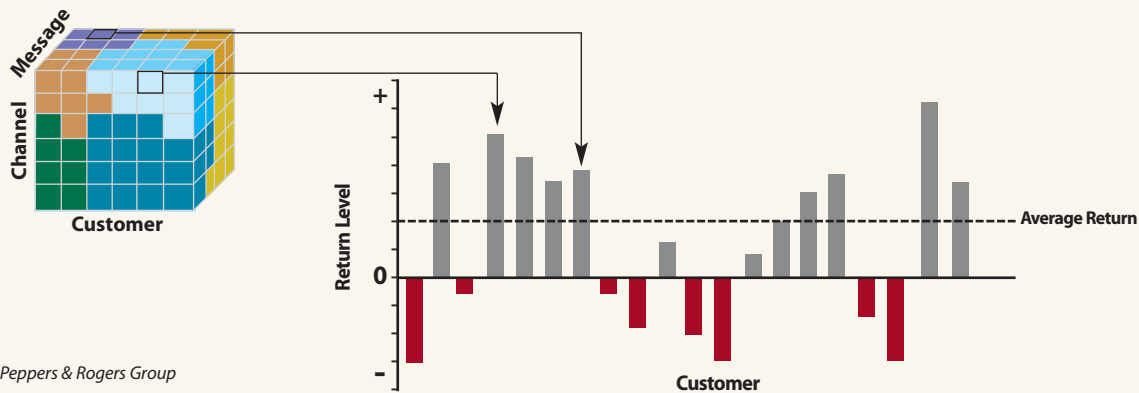
Is an over-focus on efficiency costing you money? If contact center agents are rewarded only on call volume or how quickly they close a call, they won’t take the time to build customer relationships. Problem resolution is secondary, cross-sell and up-sell opportunities are missed and the personalized support that keeps customers loyal doesn’t materialize. “The route to balancing efficiency and effectiveness is taking the customer’s side,” says Carroll. By tailoring treatment strategies according to customers’ value and needs, companies can provide a seamless and relevant experience without incurring high costs. “Once the needs of key customers are being met cost-effectively, you can talk about generating revenue,” adds Carroll.



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Value and Needs Insight Drive Optimal Customer Experience

Customer insight is the key to determining the right message and channel for the right customer. This allows companies to allocate resources more cost-effectively and deliver an optimal customer experience that drives the highest level of return.



Source: Peppers & Rogers Group

Technology: Enabling the Optimal Customer Experience

A seamless customer experience cannot take place without technology. Yet no silver bullet exists for integrating all of the tools agents need. “Even if a business has mapped the communication channel to the customer-facing process,” notes Gartner, “fulfilling the specific functionality (for example, sales/service) and process requirements (for example, alerts, workflow, escalation or prioritization) will call for extensive integration of products from multiple vendors.”

Top tool in the belt

“Composite” applications are the glue for getting it done. Composite apps allow different solutions to “speak to one another,” even if they run on different platforms. Part of the Service Oriented Architecture (SOA) space, composite apps rely on Web services to combine legacy systems—windows, Web or mainframe—and put all of the necessary information in front of agents on a streamlined user interface. This allows contact center managers to simplify, automate and improve discrete business processes without access to the underlying source code or database. This directly alleviates the issues created by lack of application ownership and control. It also creates distinct dividends for company and customer.

For example, “Just about every agent uses public Web sites, whether they’re tracking a delivery, filling out an invoice or processing a return,” says Morris. “But going to the Web requires extra steps and time. Consider managing the screens of an inventory, CRM and ERP app at once, and one interaction gets pretty complicated.” A composite app “puts the right information in the hands of the right agent at the right time for a particular customer,” says Morris. On the efficiency side, hold time, handle time and escalations are reduced. At the same time, customers have their needs met quickly by a satisfying customer experience on the first call.

Another benefit is the price tag. Decision makers wary of costly overhauls are attracted to the shorter ROI time horizons offered by composite apps. This range of benefits is making composite apps increasingly popular. Gartner says that composite apps were used by fewer than 15% of large companies in 2003, but at least 60% will use them in four years.

The technology road map

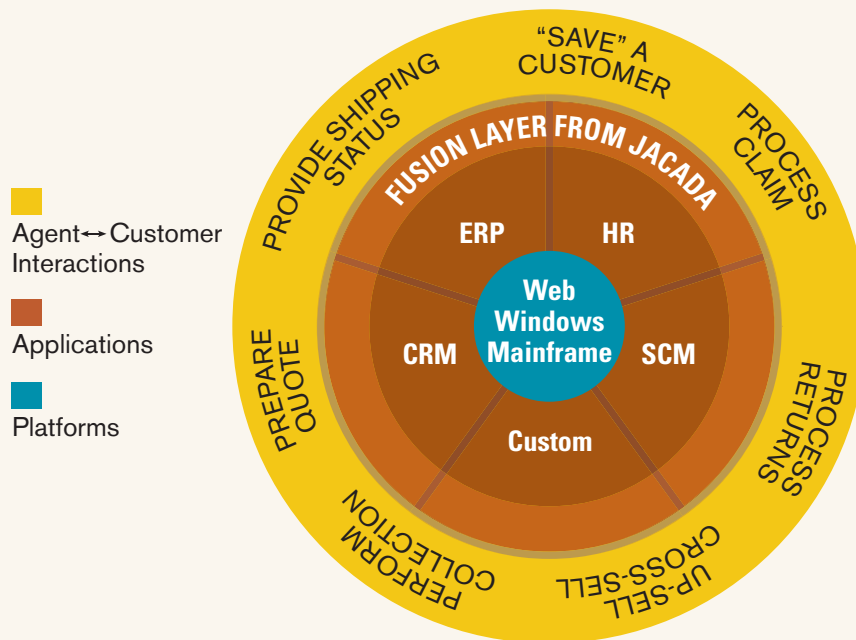
According to Jacada, enabling the optimal customer experience in the contact center—and seeing ROI in the short term from a composite-app investment—has four phases:



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Making the Customer Connections

Contact centers rely on multiple apps and discrete processes when interacting with customers. According to Jacada, a “fusion layer” links these different apps (regardless of platform) and provides agents the information they need to deliver an optimal customer experience.



Source: Jacada

1. Evaluate customer interactions from the agent perspective and non-invasively surface Web services from existing mainframe, Windows and Web applications

“The focus of technology is to make the user’s job easier, so you have to spend a few days watching how agents work,” says Morris. How many apps must they navigate during one call? Are they expected to cross-sell, up-sell, service and market? How many steps or screens are required for each activity (entering passwords, re-keying data, etc.)? Are they using mainframe, Windows or Web platforms? All three? What’s their sharpest pain point?

“You can then use Web services to consolidate information and tie together key activities and functions,” says Morris. More importantly, it can be done non-invasively. “In other words, you can improve how agents work without having to undergo dramatic change.” For example, “Whereas before an

agent had to cut and paste information on 8 screens to serve a customer, they now engage in a single step because the technology drives the activity instead. The activity may be the same but the workflow is cleaner.”

2. Form the simplified processes by orchestrating the Web services together

Phase two strings the individual activities together to create larger, more streamlined processes. “Take a financial services customer who calls in about taking out a loan,” explains Morris. Step one is to validate her address, step two is to validate her account balance, step three is to evaluate her product or service portfolio and step four is to quote a loan rate. “Once you have each step tied together individually using Web services, you connect the different steps to form an automated, end-to-end process.”



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3. Initiate and interact with the simplified process from either a new or pre-existing user interface

The next step plugs the processes into a user interface. "Fusion" takes place as pieces of information from the different systems on the agent's desktop are aggregated into a streamlined user interface "The goal is to provide a unified view in a short turnaround time and without introducing undue complexity," says Morris. "And though a 'unified view' is not a new idea, the ability to enable it in three months without having to replace systems already in place is."

4. Turn the contact center into an ongoing source of customer insight

The final phase brings it all together: People (agents), processes (tasks performed) and technology (systems and

apps) collaborate to deliver the optimal customer experience. Using a metrics dashboard, managers view how agents are handling customer interactions in real time. Over time, the contact center becomes a rich source of customer insight that can be analyzed and used to drive action and profit.

For example, "You could set up the contact center so that high-value customers or key growth customers are handled by certain agents," says Morris. "This allows you to determine how profitable the processes are for the high-value group versus the less profitable customers." From here, new processes and treatment strategies are devised. "You could identify which customers should be moved in or out of the high-value group, which ones should be pushed to self service or cheaper channels, and so on," says Morris. "You're hitting efficiency and effectiveness to achieve maximum performance."

Building the Customer-Focused User Interface

To be efficient and effective, contact center agents must have clean access and visibility into the information contained on multiple apps. To enable this, the needed information is pulled from the apps and consolidated into a new or existing user interface.

Order Entry Screen

- 1. Billing Address
- 2. Service History
- 3. Product History
- 4. Credit Status
- 5. Inventory Level
- 6. Order Status

Source: Jacada



Case Study:

Nationwide Financial Services Locks in High Contact Center Performance

Nationwide Financial Services Inc. is always striving for continuous improvement. Supporting up to 800 customer service representatives in its Individual Investment Service Center (depending on seasonal demand), even slight improvements can lead to large gains. So when the Columbus, Ohio-based provider of life insurance, annuities, pension and retirement services realized its Service Center processes were sapping productivity levels and not providing the ideal customer experience, it took immediate action.

Following a year-long analysis of the tasks performed by Service Center teams, the Individual Investment Options group showed the best opportunity for improvement. Reps spent considerable time inputting data from multi-page paper applications into the existing Vector PALLM system. Data disappeared when reps moved from one app to the next and needed to be re-keyed. The legacy system also was highly technical, which required reps to take four weeks of training as well as learn many “codes” to handle the system. Management set out to cut training time in half, automate manual processes and eliminate errors.

Surveying the field

Several vendors were invited to present a proof of concept. The flexibility and “maximize what you have” approach of Jacada’s offering immediately stood out, recalls Mark Gilligan, Consulting IT Architect at Nationwide Financial Services. “It allowed us to gradually move to a graphical user interface (GUI) for our pilot group without having to change the rest of the department,” he says. “We weren’t limited to an ‘all or nothing’ situation, which was important, because we wanted to keep the scope small to start.”

Writing the underlying code, building the new GUI and training the reps took a total of four months. Following a May

2003 launch, the GUI, dubbed “Individual Annuity Desktop,” was gradually rolled out across the Service Center. “Rather than rely on a mainframe ‘green screen’ and switching screens, reps now see a clean, integrated view that pre-populates information on the applications as the reps process their work,” says Gilligan.

Compound benefits

“We have already captured an overall 20% increase in Service Center efficiency and saved over \$1.2 million,” says Gilligan. “And training time is down from weeks to a few days.” Most of

the benefits stem from automating processes. Reps handle account transfers, payments, withdrawals and demographic changes more quickly. Access to multiple systems was reduced to a single system, so they no longer have to toggle among screens or cut and paste data. Checks and other correspondence, which used to be keyed in by hand, are scanned and pre-populated in the

application in a fraction of the time, which eliminates errors.

During the application process, if one field on a page was missing or wasn’t filled in properly, an attempt to move to the next page canceled out the information on the previous page, and reps had to re-enter everything. Now, all the data is saved and reps never have to re-key. “The most common function at the time, ‘new business setup,’ took over 30 minutes,” says Gilligan. “The new average is 9 minutes.” On more complicated setups, the average time has dropped from over 80 minutes to 23 minutes. “The time savings is enormous,” says Gilligan, “and we pass the benefit on to the customer by processing the work faster with less errors, which also allows us to get new business and contract changes out the door. When the customer benefits—that’s when improvement takes place across the board.”

“We have already captured an overall 20% increase in contact center efficiency and saved over \$1.2 million in the contact center [by automating manual processes].”

*Mark Gilligan, Consulting IT Architect,
Nationwide Financial Services Inc.*



Conclusion: The Next Generation is Now

“Customer relationships. The core of all considerations rests here. Business processes have to be determined by their success in improving the customer experience,” states CRM pundit Paul Greenberg in *Integrated Service Delivery: The 21st Century’s New Business Model*. “Relationship building isn’t just a best practice. It’s business survival 101,” adds Carroll. “As markets mature and product commoditization increases, growing relationships through the customer experience is the most critical point of differentiation.”

In this business climate, building the next generation contact center must be a strategic priority. The contact center

is a customer interaction hub where marketing, sales and service combine to drive growth. As the contact center’s role in optimizing the customer experience grows, it becomes increasingly vital to have a solid Customer Experience Development strategy in place and the right technological tools to make that optimization a reality. This combination provides contact center agents the information they need—when they need it—to deliver the optimum customer experience both efficiently and effectively. It is the key to turning your contact center into a cost-effective revenue driver and a rich, ongoing source of customer insight.

Jacada

Jacada solutions help customers rapidly simplify and improve high-value business processes while eliminating the traditional long and expensive systems replacement projects. Jacada Fusion is an award-winning Agent Productivity Solution containing patented technology that enables organizations to reduce customer churn as well as increase revenues by providing more time for up-sell and cross-sell activities. Jacada Fusion delivers a simplified interaction to dramatically improve the efficiency of the agent and the experience of the customer. By significantly reducing call handle times and training costs, Jacada Fusion delivers hard ROI, with payback achieved in months. Jacada solutions are deployed in over 100 contact centers to over 100,000 customer service representatives (agents) worldwide, and to millions of users through self-service applications designed to off-load contact center activity.

Jacada has over 1200 customers worldwide including major Fortune 1000 corporations and government organizations such as AAA Mid-Atlantic, AIT Worldwide Logistics, Bank of America, Caterpillar, Delta Air Lines, The Hartford, Lillian Vernon, the U.S. Navy, Porsche Cars North America, Prudential, Raytheon, and the US Department of Interior. Founded in 1990, Jacada operates globally with offices in Atlanta, Georgia; Herzliya, Israel; and London, England.

More information is available at: www.jacada.com

Peppers & Rogers Group

Peppers & Rogers Group is a management consulting firm, recognized as the world’s leading authority on customer-based business strategy. Founded in 1993 by Don Peppers and Martha Rogers Ph.D., the firm is dedicated to helping companies grow the value of their business by growing the value of their customer base. Our goal is to develop and execute strategies that create immediate return on investment and longterm customer value. Peppers & Rogers Group maintains a significant voice in the marketplace with its 1to1 Media properties. Led by 1to1 Magazine, these print, electronic and custom publications reach more than 250,000 decision-makers. Peppers & Rogers Group is a Carlson Marketing Group Company, headquartered in Norwalk, Conn.

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