



Customer service is at the top of the boardroom agenda; Why?

White Paper

Customer service is currently at the very top of the boardroom agenda. In a recent survey by the Economist Intelligence Unit, 56 per cent of European senior executives identified it as their number one priority. In the early days of CRM, some five to 10 years ago, the boardroom focus was on customer profitability - focusing on those customers that brought you the biggest returns. The priority was on looking at what your customer could do for you without necessarily looking at the service you were providing for them. While customer profitability is still important, organisations have now realised that they need to focus more on what they can do for their customers, through better service and satisfaction, to drive increased loyalty and ultimately grow revenues.

A focus on customer service suggests that companies are looking for ways to increase customer satisfaction and reduce churn. They need to be able to provide customers with faster response times, consistent and convenient service across channels, and greater visibility into transaction status.

A renewed emphasis on service also confirms a subtle yet important shift of focus, from customer profitability to customer satisfaction. We have come to realise that you cannot expect your customers to be profitable unless you make service and satisfaction your primary goal.

Despite this shift at boardroom level, revenue growth remains the top driver for customer service professionals. Research by META Group showed that increasing revenue was the highest priority for 25 per cent of European customer service professionals, while improved insight into customer satisfaction levels has the greatest influence on their ability to achieve this.

With boardrooms focusing on service and those at the coalface driven strongly by revenue growth, it is realistic to say that organisations are evolving in their approach to customer management. They are looking at how service and satisfaction in the long term, rather than loyalty today, can lead to a better bottom line. They are learning that through good 'corporate karma' they will reap rewards later in life. This may all sound rather intangible for the world of business. On the surface maybe, in practice no. Organisations need to work extremely hard to define and achieve the kind of service that is going to make customers satisfied and contribute to higher revenues. Simply being courteous is no longer enough.

So how does increased customer satisfaction happen? Looking in more detail at the key factors mentioned earlier we can start to see a

pattern. These factors were enabling faster response times, ensuring customers receive consistent and convenient service across all channels and providing customers with greater visibility into transaction status.

Faster response times mean customer orders are processed, and goods and services are delivered more quickly to the customer. Avoiding lengthy delays and periods of uncertainty in the customer's mind will make them loyal and satisfied. In turn, the time taken to convert orders into cash will be accelerated. Again, this sounds simple in theory, but in practice is more difficult. Each single customer order involves highly complex processes, involving numerous systems and people. There are many stages an order has to go through which are all highly important but do not impact the customer directly. Exceptions to the rule, such as orders that can't be despatched immediately due to lack of stock, must be dealt with, and not simply wallow in an employee's in-tray. Achieving customer satisfaction means ensuring that the individual process for every order works as quickly and transparently as possible.

But achieving faster response times also causes a ripple effect, raising the bar in terms of service levels that customers expect. Consistently good service must therefore be maintained. To do this, processes must be flexible and systems must be scalable to deal with changes in demand. Processes must also span all channels to the customer, so that the same levels of satisfaction are achieved in a high street branch as they are via the Internet, for example. Information must also be consistent. Branch employees need to know the details of Internet placed orders and transactions; they need to be able to change or update those orders for the customer as required. All information relating to customers, whether structured, for example that held in customer databases, or unstructured, such as letters, forms or other documents, must be accessible from a single source.

This also applies to the third key factor in delivering customer satisfaction - providing customers with greater visibility into order and transaction status. To be able to tell customers what is happening with their order you need to be able to view the process at every step of the way, in order to see and communicate what is happening.

With an understanding of what is required to achieve customer satisfaction, we can now turn our eyes to technology. The shift in focus from customer profitability to customer satisfaction is also reflected in a company's choice of customer focused technology. As stories of floundering CRM software sales are wide-spread, the Economist Intelligence Unit's research also showed that 55 per cent of companies

are now considering investing in Business Process Management (BPM) tools.

Where CRM software tends to be centric to the customer and embedded in the CRM application, BPM tools are centric to the processes impacting the customer. Considering that every organisation's interaction with its customers is based around some form of process, and that those processes are in turn critical to customer satisfaction, BPM makes a lot of sense. Customer centricity tells you lots of things about your customers to enable you to know and understand them better; but are your customers really interested in how well you know them? They are more interested in your ability to deliver to them, which is why business process centric businesses have the edge.

How does BPM work? In simple terms BPM is a layer of technology which sits above an organisation's various software systems, data and content (from CRM to financial accounting), and ensures that processes are completed as effectively and efficiently as possible. BPM does this by managing the complex data and human interactions required to fulfil processes. Using a detailed and predefined series of 'rules' the BPM platform knows how and where to direct orders, transactions and other process types based on their status and priority. BPM also enables organisations to automate exception management, or in other words deal with the difficult pile automatically so that it does not build up. Exceptions could include incorrect or incomplete orders, or customers where credit issues apply.

Another key element of BPM is its analytical capability. Not only can you manage customer facing processes, you can also analyse the performance of those processes, to work out where improvements can be made, where bottlenecks need to be addressed, or simply to check that processes continue to meet desired service levels.

Technology is not the only thing changing as a result of focusing on customer satisfaction. The way companies measure success of their customer efforts is too. Success of traditional CRM system investments were largely based on return on investment by increasing customer profitability. Today major organisations, such as VISA and AXA, are centering measurement on improving productivity and access to information, in order to improve customer service and satisfaction, and protect brand reputation. The key to achieving these successes is meeting what I term "the need to know now" factor; in other words, the ability to serve your customers where they want, when they want and how they want. This, in my view, should be the mantra of any customer facing organisation.

BPM in Insurance: AXA Ireland

AXA Ireland consistently has about 20,000 active insurance claims in process, involving communication with tens of thousands of customers. In order to meet its key business driver of improving response times to customers by 50 percent, AXA wanted to replace its slow paper-based claims processes.

Traditionally, this claims communication with customers had required manual systems to handle a diverse range of claims documentation, including letters, email and fax. A paper-based claim file would have to be located before responding to a customer request, resulting in slow customer response times. In addition to paper-based processes, there was limited ability to reallocate tasks between staff in order to balance workloads and eliminate bottlenecks.

In order to combat the issue of response times and workflow, AXA Ireland needed a solution to manage its entire claims handling business processes. To accomplish this, AXA Ireland engaged IBM to develop DARWIN, its own business process management system.

“We selected IBM to power our DARWIN initiative, as it provided the most flexible and robust system - vital requirements for handling insurance claims. IBM’s solution is designed to manage business processes, which is exactly what we needed to meet our goals of increased operational efficiency and to shorten our customer response cycle,” said Padraic Mills, AXA Ireland’s Director of Administration, Innovation, Customer Care and IT.

DARWIN now supports all business handled within AXA Ireland’s claims department. Currently, the department processes about 3,000 documents a day.

The process of escalating more complex claims files to more senior members of staff for review is now fully managed by the system. Previously, handlers required a detailed knowledge of the business rules and procedures. By automating the process, there is consistency across all areas and handlers no longer have to remember detailed rules.

Customer claim content has been integrated into the system, enabling claims handlers to access information immediately through the system and, therefore, deal with queries as soon as they arise. This speeds up claims settlement, improves customer service levels and reduces the number of follow-up calls required to service a request. It also enhances the way work is managed within the department. In addition, service levels can now be measured, issues identified and corrective action taken. As a result, productivity improvements range

from 24 per cent to more than 200 per cent for some claims, translating to increased customer response time.

BPM in Consumer Lending: VISA Europe

VISA International provides the most powerful payment transaction system in the world. With over one billion cards in circulation and 21,000 participating institutions, VISA processes 37 billion transactions valued at over \$2 trillion. VISA Europe is one of six independent regions within VISA International.

Due to the nature of its business, VISA Europe's customer support was mostly reactive, with limited scope to address reoccurring problems or issues. The customer support team couldn't improve its operational intelligence which meant that trending data or proactively addressing obvious business concerns was impossible.

These limitations left a potential for customer dissatisfaction and posed a threat to the VISA brand. In response, VISA Europe wanted to enhance its processes to speed issue resolution and to provide its customer care employees with immediate access to complete and accurate information.

VISA Europe worked with IBM and partner Getronics to implement a new, more responsive customer care management system. Built using IBM FileNet Business Process Manager, the new CARE system combines case management, workflow, knowledge management, document management, web access and letter management in one comprehensive, continuous system. Users can now search the multi-channelled system and create customised letters based on established templates in response to customer issues. The documents are then automatically versioned and tracked using IBM FileNet Enterprise Content Management.

Since implementing IBM FileNet Business Process Manager, VISA Europe's support team has a 360 view of the customer, enabling it to provide a much improved intelligent and proactive service which differentiates them from other credit card providers.

The capturing of data has meant that VISA Europe can see how long queries are taking to be resolved and where particular problems are. These problems can then be addressed by providing additional training or guidance. Indeed, the system provides visibility across all business departments and, where appropriate, by individual customers.

In measuring the return on investment and success of its new CARE system, VISA Europe has focused not on the monetary perspective but on the value it can now provide its customers.

Implementation of the solution has enabled VISA Europe to service its customers better and enhance its customer knowledge and trending capability. It also supports management information and performance monitoring.

IBM is a provider of Enterprise Content Management and Business Process Management solutions. Full copies of the research studies quoted in this article can be found at www.filenet.com/bpmnow



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