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Glimmers of hope

Ready for some good news? Multichannel marketers including Next, N Brown and Asos.com recently released financial statements, and the figures weren't dire. Even companies that experienced declines in sales or profits were taking a cautiously optimistic view toward the rest of the year.

Amongst the major winners was N Brown, whose stable of fashion and home goods catalogues includes Simply Be and JD Williams. In the 53 weeks to 1st March 2008, N Brown posted a like-for-like sales rise of 12.5 percent; operating profit from continuing operations climbed 20.3 percent, to £91.8 million. What's more, trading for the eight weeks to 26th April was up 12.1 percent on the same period last year, and the company is confident it will "continue to outperform". It recently launched a ladieswear range with fashion expert and TV personality Caryn Franklin and is building on the success of its home and leisure Christmas range by rolling out a year-round gift offering, TheBrilliantGiftShop.co.uk. In the past year home and leisure sales have grown by 14 percent and now account for 27 percent of total sales.

Another winner was Asos.com. In its preclose update it announced sales for the 12 months to 31st March of £81 million, up 90 percent on the previous year, and profit before tax was expected to be ahead of analysts' forecasts. The fashion merchant also started 2008 strongly, with sales for the four weeks to 27th April up 80 percent year on year.

Granted, not all companies could boast such sterling growth. Mosaic Fashions, the parent company of Coast, Principles, Shoe Studio and Warehouse, announced a



loss in the year to 26th January of £30.2 million, compared with a profit of £17.2 million the previous year.

But whilst the tough retail marketplace was a factor, Mosaic said internal changes (including the January divestiture of the Whistles brand) had shifted focus



away from performance. Now, said chief executive Derek Lovelock, he is confident that Mosaic is in "a good position to weather the downturn and emerge as an even stronger international, multibrand, multichannel womenswear retailer".

Homewares and apparel retailer Next is also relying on "weathering" the downturn. Warmer temperatures toward the end of April helped lift sales, though like-for-like retail performance from 27th January to 7th May was still down 7.8 percent; direct sales dipped 1 percent. Next had budgeted for a repeat of last summer's cold and wet weather, so it expects trading to improve "significantly as a consequence".

At electricals merchant DSG International, the parent company of Dixons and PC World, group sales rose

6 percent in the 25 weeks to 5th April; like-for-like sales were down 1 percent on last year. Customers have become "increasingly promotion- and deal-driven," chief executive John Browett said in a presentation to the City. "It is important that we increase our focus on delivering the value, choice and service that our customers demand, particularly in the prevailing difficult economic climate".

Claire Locke, cofounder and nonexecutive director of fashion catalogue Artigiano, echoed that sentiment when she told *Catalogue/e-business* that even a business that thinks it is "recession-proof" shouldn't be complacent: "Businesses should focus on giving an AI service

to customers and being better and sharper overall."

Industry experts for the most part agree that a business that can differentiate itself can succeed even during tough economic times. Achieving such differentiation, however, means a continued investment in marketing. Also vital, said Dr John Rudd of the Aston Business School, is the ability of a business to respond quickly to new challenges.

"In times of uncertainty, successful organisations will be able to recognise and adapt to changing conditions," Rudd said. "It is the job of marketing to make it their company's product or service that customers select. So for successful marketing departments, any economic uncertainty should mean more work, not less, which should reflect in holding or increasing budgets, certainly not cutting them." —Miri Thomas

A roundup of recent financial results

Adili.com – The ethical-apparel merchant projected a sales increase of 250 percent for the year ended 30th April but a loss of £1.4 million—£400,000 more than originally forecast—due to investments in the company and the acquisition of Ascension.

Asos.com – Sales were up 90 percent for the year ended March 2008; sales for the four weeks to 27th April were up 80 percent year on year.

EBTM – The marketer of "music-inspired fashion" expected the fiscal year ended 30th April to be its first to show a profit before tax.

Home Retail Group – Annual sales at general merchandiser Argos hit £4.3 billion, and benchmark operating profit grew 16 percent, to a record £376.2 million, for the fiscal year ended 1st March. At DIY

retailer Homebase, however, benchmark operating profit declined 16 percent, to £45.1 million.

Mosaic Fashions – The multibrand merchant posted a pretax loss of £30.2 million for the year ended 26th January compared with a profit of £17.2 million the previous year

N Brown Group – Annual revenue rose 16.6 percent, to £610.9 million for the 53 weeks ended 1st March, with like-for-like growth of 12.5 percent; group profit before tax was £78.0 million, a year-on-year increase of 19.4 percent.

Next – First-quarter sales at Next Directory, the catalogue/web unit, fell 1 percent from last year, but growth of up to 2 percent was expected for the first half of 2008.

The fight for first

Three strategies for achieving first-call resolution

By Guy Tweedale

Metrics are nothing new to customer service professionals. Most of you are measuring more than your fair share of TLAs (three-letter acronyms): AHT, FCR, ASA... the list goes on. I'd argue, however, that first-call resolution (FCR) is the most important of these metrics because it is an important measure of efficiency, effectiveness and customer satisfaction.

If you're struggling to measure or improve FCR, you're not alone. Despite its importance, FCR is nearly the most difficult metric to measure accurately. One reason is that companies tend to view FCR differently. For some companies, a call is considered resolved on the first contact if the customer never calls back with the same enquiry or problem, regardless of how many times the customer was transferred to other agents. For others, it is considered resolved on the first call only if the customer talks to only one agent; if the customer has to be transferred to another agent, these companies do not consider the issue resolved on the first call.

For our purposes, let's view FCR through the customer's eyes, because this metric, more than almost any other, is directly tied to customer satisfaction. How would your customers define it? Most likely, they want to call about an issue once and only once. Personally if I call a contact centre with an issue, I don't really care how long I'm on the phone—within reason, of course—and I don't care if I have to talk with one agent or three. What I do care about is that I made one call and by the end of that call, my issue was resolved. But if I have to call back two weeks later because an agent said, "No problem, sir, we'll get that credit posted to your account within seven days" and it is still nowhere to be found on my statement, then I'm not only calling back but there's also a good chance I won't be doing business with that company again.

By all definitions, if a customer has to call a second time, that's bad news. It is inefficient, costly and irritating to the customer. And the customer service organisation takes the hit for it, even if it's not the contact centre's "fault"—for instance, a customer places an order for a sweater successfully through the contact centre and then fulfilment sends the wrong size, requiring the customer to make a second call.

Three obstacles to first-call resolution

In theory FCR relatively simple: A customer calls, an agent solves his problem, the customer hangs

up, and we all live happily ever after. While that may be oversimplifying it, it really shouldn't be astronomically hard to do.

But it seems to be, for several reasons:

- **Agents lack knowledge, access and/or authority.** In many cases, agents do not have the information needed, despite many hours of training, to satisfy a customer issue. Or even more common, given the dozens of applications agents need to deal with on each call, they aren't able to quickly access that information. This causes customers to be transferred multiple times only to end up dissatisfied. Another common hurdle is that agents are not given the authority to deal with issues beyond the basic, so the customer has to call back to speak with someone who does have that authority.
- **Interactive voice response (IVR) systems are poorly designed.** Often companies have not thought through their "IVR tree", and customers, frustrated after pressing "2" for customer service, then "3" for order enquiry and "7" for returns, somehow get dumped into the queue for an agent who does not handle returns; the customers then hang up only to call back another time.
- **Agent desktops are too complex.** Remember back in the day, when an agent desktop contained only a phone and a computer with one green-screen application? Those days are long gone. Today we see agents dealing with dozens of applications and tools on every call because the data they need are stored in different applications. Furthermore, many of those applications are incredibly misaligned with the way a call naturally flows, so that the agents have to look at as many as 40 or 50 screens per call. This has a huge impact on an agent's ability to achieve first-call resolution.

...And three ways around those obstacles

You can improve your first-call resolution rates by implementing three straightforward strategies in the contact centre. Using these strategies together is crucial; one deals with culture, another with process and the third with technology, and each aspect is as important as the others.

- **Empower your agents.** The concept of agent empowerment is relatively new but gathering momentum. You should make it a pervasive element

in your culture. First, make sure you give agents all the tools they need to get their job done. This includes training on how to deal with calls and access to the data necessary to complete customer interactions.

Second, and most important, you must grant the appropriate level of authority to your agents so that they can handle the types of calls they receive. You wouldn't give a plumber a tool kit that was missing the wrench, and yet so many companies give agents the ability to do everything except what their customers call in for. An example here would be the agent who gets multiple calls requesting item exchanges yet doesn't have the authority to do that. It's not good for agent morale, efficiency, effectiveness or customer satisfaction, and it is directly opposed to achieving FCR.

- **Get your customers to the right place... and get them there quickly.** Your IVR system is meant to help not only the agents but the customers too. If you make your IVR access points too generic or vague or you don't carefully align them with the majority of your call types, customers will get frustrated and end up in the wrong queue. The IVR choices should be simple and intuitive. Customers should get to where they need to be simply and within two or three entries.

- **Simplify the agent desktop.** This is by far the biggest step you can take to improve all the performance metrics you're currently measuring. A unified service desktop enables the agent to access process-specific tools and is a single point of access to all the mission-critical applications and tools required to effectively complete a customer interaction. A unified desktop solution can sit on top of your current applications. It should not be necessary to "rip and replace" your existing applications. (For more on this sort of call centre interface, see "A unified front end", page 16.)

You don't have to continually struggle with first-call resolution. Empower your agents, design an IVR interaction that minimises misdirected calls and implement a unified desktop solution. You will make life easier for both your agents and your customers, and your FCR rates will improve dramatically. ■

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