

Temkin Group

Thought Leadership Report



The Customer Experience Evolution Of Contact Centers

By **Bruce Temkin**

Customer Experience Transformist & Managing Partner
Temkin Group

October 2010

Temkin Group was commissioned by Jacada to write a series of blog posts. Temkin Group collaborated with Jacada to define the topic for this content, but retained complete editorial control and independence in developing this content. This report represents a compilation of those posts.

The opinions shared herein reflect the views of the author, and not necessarily Jacada or its employees.

Temkin Group
info@temkingroup.com
617-916-2075
www.temkingroup.com



The Customer Experience Evolution Of Contact Centers

Are contact centers becoming extinct like dinosaurs or typewriters?

Based on the hype in the general media, it seems pretty clear that contact centers are a dying breed; getting replaced by more modern interaction channels like the Web, mobile, and social media.

But the data tells a different story. I've done a lot of consumer research over the years, and it continues to show that customers very often want to speak to someone on the phone. Whether it's to verify a piece of information, get help, or place an order, some people still want to interact with an agent. And when it comes to getting customer service, the phone often remains the preferred channel – across all generations of consumers.

While contact centers may not be quickly fading into obsolescence, they are not evolving fast enough to guarantee their ongoing relevance. As Charles Darwin said: *"In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most effectively have prevailed."*

So what do *"collaborate"* and *"improvise"* mean for contact centers?

- *Collaborate* means that contact centers need to connect with other channels. They need to augment and support Web, store, branches, mobile, and social media interactions. It's no longer viable to think of phone interactions as standalone experiences. Therefore, contact centers can no longer remain an isolated organization. For contact centers to thrive, they will need to become an integral component of multi-channel experiences.
- *Improvise* means that contact centers need to redefine their purpose; their raison d'être. For many years, contact centers have been considered cost-centers; companies did everything they could do squeeze every last penny out of the cost of every last phone interaction. This pushed many interactions to offshore call centers and gave rise to purely cost-focused metrics like average handle time (AHT).

Contact centers need to evolve from cost centers to loyalty drivers. The biggest financial impact of a phone interaction often has nothing to do with the cost of the call; it's the resulting behavior of the customer on the other end of the phone. Companies obsess about cutting \$0.50 from the cost of a call without recognizing that the phone experience might generate a \$1,000 difference in the lifetime value of that customer.

So how can contact centers learn to *collaborate* and *improvise*? By mastering what the Temkin Group has defined as the four core customer experience competencies:

- **Purposeful Leadership:** Operate consistently with a clear set of values.
- **Employee Engagement:** Align employees with the goals of the organization.
- **Compelling Brand Values:** Deliver on your brand promises to customers.
- **Customer Connectedness:** Infuse customer insight across the organization.

Over the next five blog posts in this series, I will explore how companies can apply these competencies to their contact centers. We'll dedicate one post to each of the four competencies and then use the final post to examine the metrics and measurements that you need to support the effort.

Let me circle around to the original question: *Are contact centers becoming extinct like dinosaurs or typewriters?*

Not yet. But the ones that don't evolve will definitely not survive.

Contact Centers Are A Key Part Of Your Brand Mix

What's the purpose of your call centers? If your answer does not include some mention of your company's brand, then something is amiss. And your Chief Marketing Officer (CMO) needs to spend more time with the contact center.

In my previous post *The Customer Experience Evolution Of Contact Centers*, I defined four core customer experience competencies. These represent the key elements that contact centers need to master in order to evolve with the times. One of those competencies is something I call *Compelling Brand Values*.

Let's start with my definition of a brand:

The set of promises that the company explicitly and implicitly makes to its customers about the products, service, and behavior of the company and its employees.

Whether it's TV commercials, radio spots, or email campaigns, marketing organizations spend a lot of money to create and reinforce their brand. But how credible are these promises if companies don't live up to them? If Staples, for instance, isn't easy to do business with, then how effective would they be with their "That Was Easy" campaign.

Is your contact center living up to your company's brand promises? My guess is that you don't really know. Most companies haven't really examined this question.

Marketers hardly ever think of the contact center; they focus so much on making promises that they don't look at the other side of the equation. But contact centers (and other key touchpoints) represent a critical element for successful brand building. Every time you interact with a customer, you have the opportunity to reinforce your brand (keep your promises) or destroy it (renege on your promises). So one of the key purposes of a contact center is to live up to the promises of the brand.

When I discuss the customer experience competency *Compelling Brand Values*, I also look at brands in another light. I often say that brands represent the fabric that aligns all employees with customers in the pursuit of a common cause. So a strong brand can be a powerful force for aligning the activities and behaviors of everyone in the contact center.

One of the critical ways to make your brand compelling is to translate it into behaviors that everyone in the contact center understands. JetBlue, for instance, translates their brand promise into five behaviors of its front-line employees:

- Be in Blue always
- Be personal
- Be the answer
- Be engaging
- Be thankful to every customer

Here are five steps to take if you want to make your contact centers part of your brand mix:

1. **Redefine (or renew) your brand.** Every company should go through at least a refreshing of their brand at least every other year; clarifying the promises that they are making to customers.
2. **Build an internal brand campaign.** CMOs need to take on the challenge of embedding the brand promises within the minds and hearts of employees.
3. **Translate the promises into behaviors.** Every front-line organization (including contact centers) should take the brand promises and define what they need to do to live up to those promises.
4. **Establish brand quality measures.** If brand promises are important, then contact centers need to embed them in their quality, coaching, and training activities.
5. **Hire and promote based on brand fit.** Agents should be screened on their ability to deliver on the brand promises and the path to success for everyone in the contact center needs to include some measure of how well they support the brand.

It's time to treat contact centers as a critical component of your brand mix.

Contact Centers Need More Purposeful Leadership

I really like this quote from Stephen Sadove, CEO of Saks:

"I have a very simple model to run a company. It starts with leadership at the top, which drives a culture. Culture drives innovation and whatever else you're trying to drive within a company — innovation, execution, whatever it's going to be. And that then drives results."

Linda Heasley, president and chief executive of The Limited, has an interesting way of looking at her role. She takes on the responsibility of re-recruiting her employees. Here's how she put it:

"I believe that my associates can work anywhere they want, and my job is to re-recruit them every day and give them a reason to choose to work for us and for me as opposed to anybody else."

Roy Williams, head coach of the University of North Carolina's men's basketball team, listed his three guiding principles of leadership:

"(1) Everyone on the team must focus on the same goal. It's my job to effectively communicate those goals to the team; (2) Emphasize those goals every day; and (3) Understand that although everyone has a common goal, individuals also have goals, needs, and dreams that must be cared for."

Good leaders don't think of themselves as managers, they view themselves as coaches that motivate and empower their employees to deliver great results for the company as well as for the individual employees.

In my previous post *The Customer Experience Evolution Of Contact Centers*, I defined four core customer experience competencies. These represent the key elements that contact centers need to master in order to evolve with the times. One of those competencies is something I call *Purposeful Leadership*.

Organizations need to (re)introduce a clear purpose for their organization that is more compelling than just more profits or operational efficiency in the contact center; a *raison d'être* that aligns the myriad of day-to-day decisions.

Here are some steps for building more purposeful leadership in your contact centers:

- **Develop a clear purpose.** While shareholders want growth and profits, these objectives aren't compelling enough to align decisions. So executives must clearly define what makes their company special from the standpoint of customers and employees. Ask yourself: What do we want to accomplish as an organization?
- **Act consistently.** Agents can tell what's really important by looking at what decisions contact center executives make and how they spend their time. So execs need to make sure that they act consistently with what they say is important. Corey Booker, Mayor of Newark, once shared this advice that he follows: *"My mom used to say that who you are speaks so loudly that I can't hear what you say."*

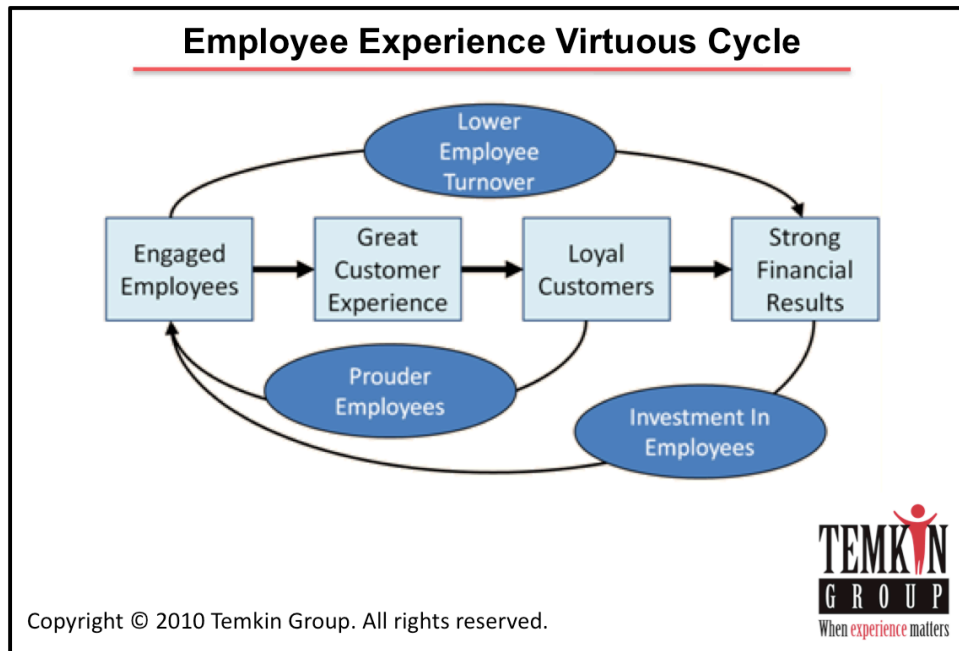
- **Embed it into the HR fabric.** Companies need to make sure that their HR practices reinforce the company's purpose. Tony Hsieh, the CEO of Zappos told me that the company's 10 core values, that start with "Deliver Wow Through Service" and ends with "Be Humble" are the cornerstone to how he runs the company. He hires, fires, and promotes people based on how well they support those values.
- **Market to employees.** Firms shouldn't just assume that agents understand what's important. They need to maintain internal marketing campaigns to get the message out. Execs should develop plans for touching all employees, from recruiting materials to new hire training to ongoing communications.

How purposeful is your contact center leadership?

Employee Engagement Is Job #1

One of my 6 Laws Of Customer Experience is that **“Unengaged employees don’t create engaged customers.”** It’s that straightforward; customer experience is fully dependent on employee experience.

Engaged employees are huge assets for any company; with payback from better customer experience as well as from lower employee turnover. This relationship can be seen in a model that I call the “Employee Experience Virtuous Cycle.”



According to research by Gallup, every one-tenth-of-a-point increase in employee engagement resulted in an increase of \$100,000 in profits for each Best Buy store.

In a previous post *The Customer Experience Evolution Of Contact Centers*, I defined four core customer experience competencies. These represent the key elements that contact centers need to master in order to evolve with the times. So it’s no surprise that one of those competencies is *Employee Engagement*.

One of the companies that is best known for its engaged employees is Southwest Airlines. If you’ve ever flown on Southwest, then you’ve probably noticed that everyone from the call center agents to the in-flight crew seem friendlier than other airlines.

But employee engagement doesn’t happen by accident. It needs to be a very explicit part of the company’s strategy. Here’s a quote from the founder of Southwest Airlines, Herb Kelleher:

“If you create an environment where the people truly participate, you don’t need control. They know what needs to be done and they do it. And the more that people will devote themselves to your cause on a voluntary basis, a willing basis, the fewer hierarchies and control mechanisms you need.”

Building engaged employees takes a lot of communications. A key takeaway is that you need to communicate, communicate, and then communicate some more. Hilton's CEO, Chris Nassetta, captures this point very effectively:

"I want every team member involved in our enterprise, which is over half a million team members serving our guests, [to have] a common vision, mission, values and key strategic priorities so that [they all] understand why we exist... When you are communicating with that large group of people there are challenges. But if you are disciplined about it and if you really focus on multiple forms of communications and you are consistent about how you communicate, you can get that kind of alignment."

Some companies implement processes for institutionalizing communications across their companies. Ritz-Carlton, for instance, uses what it calls its "Lineup" before every shift where the company messages are delivered in an intimate setting and where teams share stories about great and poor customer feedback.

In addition to intense and ongoing communications, companies need to invest in their people. This is not just about pay scales and compensation. Successful contact centers need to provide the tools and training to make it easy for agents to interact with customers.

Engaging agents also means listening to them. Companies need to actively get feedback from employees about what's working and what's not working. But don't ask them for this feedback unless you're committed to do something about it.

There's a lot of good that comes from engaging your employees.

12 Questions For Identifying A Customer-Connected Contact Center

Do contact centers interact with customers? Absolutely. Are they really connected to customers? No.

In a previous post called *The Customer Experience Evolution Of Contact Centers*, I defined four core customer experience competencies. These represent the key elements that contact centers need to master in order to evolve with the times. One of those competencies is called *Customer Connectedness*.

Customer Connectedness requires much more than just answering the phone, chatting online, or responding to emails. It's about aligning your business to the ongoing needs of customers.

Kerry Kramp, CEO of Sizzler, captured the essence of this competency when he discusses how Sizzler dramatically improved its results:

"We kept our finger right on the pulse of the guests' feedback, As they gave us indications of what they liked — either verbally or through the product mix, what were they ordering — we kept adapting our business to the direction that they wanted us to head in."

If you are wondering how well your contact center has embraced *Customer Connectedness*, answer the following 12 questions:

1. Do you collect (or sample) customer feedback for every interaction?
2. Do you systematically and quickly respond to customers who give negative feedback?
3. Do you share customer feedback immediately with agents and supervisors?
4. Do you recognize and celebrate agents and workgroups that get good feedback from customers?
5. Do you use customer feedback as a core catalyst for agent coaching?
6. Do you update your quality monitoring criteria based on analyzing customer feedback?
7. Do you update your scripts based on analyzing customer feedback?
8. Do you update your routing based on analyzing customer feedback?
9. Do you update your training curriculum based on analyzing customer feedback?
10. Do you target training to specific agents and workgroups based on analyzing customer feedback?
11. Do you adjust staffing levels and schedules based on analyzing customer feedback?
12. Do you analyze feedback within unstructured content like call center notes, inbound emails, chat transcripts, and call recordings?

A truly *Customer-Connected* contact center would answer "yes" to all of those questions.

If you were one of the many contact centers that did not answer "yes" to all of those questions, then there's work to do. One of the key ingredients of building *Customer Connectedness* is a strong voice of the customer (VoC) program.

Good VoC programs are built around a concept that I call “LIRM” which stands for:

- **Listen:** Identify the right points in time and the right mechanisms for collecting feedback from customers.
- **Interpret:** Use the right analysis to uncover insights and distribute those insights in a way that people see what’s most relevant for them.
- **Respond:** Take action on the insights; ranging from contacting customers based on their feedback to embedding customer insight inside of core processes like product development and strategic planning.
- **Monitor:** Track the effectiveness of your VoC program and make adjustments over time.

It’s time for your contact center to do more than answer phones, respond to emails, and interact through chat. Start collecting and responding to their feedback.

Reinforcing Good Customer Experience In The Contact Center

We've finally reached the end of this series focusing on *The Customer Experience Evolution Of Contact Centers*. The previous five posts have highlighted four core customer experience competencies: Purposeful Leadership, Compelling Brand Values, Employee Engagement, and Customer Connectedness.

Now it's time to talk about how to reinforce those competencies.

If you measure average handle time (AHT), then what do you think you're going to get from agents? Shorter calls. While customers aren't generally looking for long calls, they do want agents to take care of their issue without getting rushed off the line. So contact centers need to de-emphasize purely operational metrics like AHT and introduce some customer-centric metrics like customer satisfaction. Every contact center should be asking customers how *they* would rate the interaction.

In the eBook, *The Six Laws Of Customer Experience*, the 5th law is: *Employees do what is measured, incented, and celebrated*. It's really that clear. Companies need to recognize that they create systems that determine the attitudes and activities of employees. So if we want the contact center to be customer-centric, then we need to adjust what is measured, incented and celebrated in conjunction with each of the four competencies.

Here are a few ideas for Purposeful Leadership:

- Measure how agents rate the communications skills of their supervisors and contact center managers.
- Incent managers and team leaders to take courses in communications and leadership.
- Celebrate leaders that demonstrate good leadership skills by calling them out in staff meetings, quarterly meetings, and appreciation letters from senior executives

Here are a few ideas for Compelling Brand Values:

- Measure how well agents understand the brand attributes.
- Incent agents to take eLearning courses that provide deeper training about the company and its brand.
- Celebrate agents that demonstrate the core values of the brand by calling them out in staff meetings, quarterly meetings, and appreciation letters from senior executives.

Here are a few ideas for Employee Engagement:

- Measure the engagement of employees via survey questions like "how likely are you to recommend <COMPANY> as a good place to work?" or "How proud are you work at <COMPANY>?"
- Incent employees to provide feedback on customer insights and improvements in their job design.
- Celebrate good ideas submitted by employees.

Here are a few ideas for Customer Connectedness:

- Measure agents and work team on customer feedback scores in areas like customer satisfaction.
- Incent workgroups on First Call Resolution or whatever elements appear heavily linked to customer satisfaction.
- Celebrate good feedback from customers within every shift and staff meeting

If you want to make your contact center more customer-centric, make sure that you measure, incent, and celebrate the right behaviors and attitudes.

About The Author, Bruce Temkin

Bruce Temkin is Customer Experience Transformist & Managing Partner of Temkin Group. He is widely viewed as a leading expert in how organizations build differentiation with customer experience. He has worked with hundreds of large organizations on the strategies, operational processes, organizational structures, leadership, and culture required to sustain superior customer relationships.

Bruce is the author of Customer Experience Matters (experiencematters.wordpress.com), one of the most popular blogs in the space, where he regularly posts insights on topics such as customer experience, branding, and leadership.

Prior to forming Temkin Group, Bruce was Vice President & Principal Analyst with Forrester Research. During his 12 years with Forrester, he led the company's business-to-business, financial services, eBusiness, and customer experience practices. Bruce was Forrester's most-read analyst for 13 consecutive quarters and was one of the most respected analysts in the industry.

Bruce authored several Forrester's most popular research reports on customer experience including "*Experience-Based Differentiation*," "*The Customer Experience Journey*," and "*Voice Of The Customer: The Next Generation*." He created Forrester's Customer Experience Index, which rates more than 100 firms on their overall customer experience. He also led the creation and updates of many of Forrester's customer experience evaluation methodologies and training workshops.

Prior to Forrester, Bruce co-founded and ran a couple of Internet start-ups. He also held management positions with GE, Stratus Computers, and Fidelity Investments.

Bruce has been widely quoted in the press, including media outlets such as New York Times, Wall Street Journal, and Business Week.

Bruce is a highly demanded public speaker who combines deep expertise with an engaging, entertaining style. He has delivered keynote speeches at hundreds of industry and corporate events; often recognized as the top speaker. At Forrester's inaugural Customer Experience Forum in 2009, for instance, his two sessions received the top ratings of the event.

Bruce holds a master's degree from the MIT Sloan School of Management, where he concentrated in business strategy and operations. He also holds an undergraduate degree in mechanical engineering from Union College.

About Temkin Group

Temkin Group is a customer experience consulting firm with one simple goal for its clients: increase customer loyalty by becoming more customer-centric. We combine customer experience thought leadership with a deep understanding of the dynamics of large organizations to help senior executives accelerate their results.

Temkin Group was formed based on four core beliefs:

1. **Customer experience drives loyalty.** Our research and work with clients has shown that customers experience influences how much people buy from you, switch away from you, and how often they recommend you.
2. **Improvement requires systemic change.** Companies can improve customer interactions in isolated areas, but they can't develop competitive advantage until customer experience is embedded in their operating fabric.
3. **It's a journey, not a project.** Building the capabilities to consistently delight customers doesn't happen overnight. Companies need to plan for a multi-year corporate change initiative.
4. **We can help you make a difference.** Transformation efforts aren't easy, but leading your company to be more customer-centric is worth the effort. Temkin Group can help organizations accelerate their results and avoid many of the bumps along the way.

Temkin Group Services

Temkin Group services include:

- **Interactive workshops** to instill a common mindset, vocabulary, and approach across an organization.
- **Strategic reviews of customer experience plans** and objectives to identify opportunities for accelerating efforts and avoiding missteps along the way.
- **Assessments of customer experience competencies** to identify and close critical gaps.
- **Senior executive sessions** to ensure appropriate levels of alignment and commitment.
- **Executive coaching** to help executives leading customer experience efforts.
- **Speeches and webinars** to teach customer experience concepts.