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Bringing Data + Digital Together to Deliver a Smart Interaction Center

Embrace Continuous Improvement To Power Customer Service Operations

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Consumer expectations for simple, intelligent and empathetic service have never been greater. Great customer service that delivers—and exceeds—what customers expect requires data-driven personalization strategies enhanced with artificial intelligence (AI) and digital capabilities.

Consumers now expect companies to know them, their buying habits and their preferences. They want to be advised, enabled and wowed. Companies that meet these demands will thrive. An enhanced experience can pay big dividends: 86% of customers are willing to pay a premium for great service. Conversely, companies failing to meet these expectations will lose customers to competitors who can.

Delivering exceptional experiences requires companies to combine customer-centric ways with new strategies and techniques empowered by data, analytics and AI. Organizations must build experiences on these four key principles:

CUSTOMERS ARE MOBILE, CONNECTED AND SMART AND CONTACT CENTERS NEED TO EVOLVE WITH THEM.

Customers should have options to connect via voice, mobile, web, social, chat or video. This requires integrating data from multiple sources and combining it into a single view of a customer that is accessible from any channel. This ability to provide seamless support across multiple channels is table stakes and contact centers need to have more access to whom the customer is and how to connect with them via personalized interactions at the right moment of their journey.

CHANNEL NEED TO BE ORCHESTRATED TO DELIVER CONTEXT AND INTENT SEAMLESSLY.

While many customers prefer self-service options, service reps need to proactively intervene when those options do not meet customer expectations. Those handoffs between digital and human intervention must be natural and seamless so that customers are not left frustrated and stuck in "repeat" mode. To accomplish this, every channel must be equipped to recognize customers are individuals and require experiences unique to their needs and persona. Biometric authentication, including voice, fingerprint and facial recognition, can now swiftly identify individuals. Platform-based solutions with data orchestration layers deliver an intelligent, single view of a customer across all channels by connecting data from underlying disparate systems. Combining these tools makes a seamless experience possible. After authenticating in one channel, customers can continue their journey in another channel that retains their login credentials, service needs and any other information pertinent to the experience.

ORGANIZATIONS NEED TO BE MINDFUL OF EMPLOYEE EXPERIENCE AS FUEL TO CX.

Some moments in the customer journey, such as a complex query or customer preference for voice interaction, demand human intervention. Digital agents may be equipped with personalization tools, customer analytics and insights to anticipate when help is needed, to rapidly respond with context-appropriate aid and to hand off problems that require assistance only a human can provide. AI solutions then augment the power of those human agents. Agents equipped with real-time data and next-best action insights into the customer's journey as it is unfolding can offer on-target recommendations and/or personal touches that help the customer feel valued.

DIGITAL AGE IS DRIVING CONTACT CENTERS TO BE MORE PROFIT-ORIENTED.

Businesses have started realizing the value of the service channel (the hidden channel), as a potential source of revenue and are looking at leveraging the 'sales through service' model, for additional revenue generation. The telecom industry has been an early adopter of the 'sales through service model' and gradually, the banking, insurance and travel industries are waking up to the potential of this promising channel. McKinsey reports that revenue potential is as high as 25% for credit card companies and 60% for telecom companies.

For example, advanced analytics help power the success of a large beverage manufacturer's move from a single-channel customer service approach to a fully omnichannel strategy, delivering always-available omnichannel support and e-commerce capabilities. The analytics provide relevant, personalized information based on customer segment, history and actions across voice, chat, video chat and web self-service tools. Since deploying the solutions, the company has increased their customer retention and acquisition by 15% and seen sales rise by $150 million.

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Embrace Continuous Improvement To Power Customer Service Operations

Continuous Improvement: The Contact Centers For Customer Service Playbook

by Kate Leggett and Art Schoeller
August 3, 2018

Why Read This Report

Companies struggle to deliver effective, personal customer service that meets customer expectations and doesn't break the bank. Application development and delivery (AD&D) pros can improve customer service delivery by solidifying existing foundations, choosing a pragmatic approach to benchmarking current operations, and investing in initiatives that have real impact. This report provides a framework for how to embrace continuous improvement for customer service.

This is an update of a previously published report; Forrester reviews and updates it periodically for continued relevance and accuracy.

Key Takeaways

Customer Service Is A Key Company Differentiator
Failing to meet customer expectations is costly to companies and causes customer defection. Companies must embrace a continuous improvement mindset to stay competitive. Conversely, great customer service boosts customer loyalty and aids in competitive differentiation.

Solidify Customer Service Foundations Before Embarking On Improvements
Customer service teams must align customer service project objectives with company objectives, build solid cross-functional governance programs, and invest in technologies that will support current and future efforts.

Iterate Processes And Applications To Achieve Customer Service Success
Big-bang approaches to improving operations rarely work. Smart project teams focus on small initiatives that deliver measurable results. They also continuously measure results and take corrective action early to keep initiatives on track.

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with Daniel Hong, Sarah Dawson, and Shayna Neuburg
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Poor Service Frustrates Customers And Escalates Costs

Successful customer service operations boost customer retention and average customer lifetime value — ultimately influencing profitability and revenue. However, implementing a world-class customer service program is hard, and companies still focus on cost control or tactical measures to put out fires. Only 21% of global purchase influencers at firms that are prioritizing improving customer experience are creating a dedicated user group for customer experience initiatives.[1]

However, failing to meet customer expectations is costly. Forrester estimates that unnecessary service costs to online retailers due to channel escalation are $22 million, on average.[2] In addition, poor customer service experiences lead to customer defection and service loss, with 47% of US online adults very likely to abandon their purchase if they cannot find a quick answer to their questions.[3] Continuously improving customer service delivery is no longer a nice-to-have — with so much at stake, it's an imperative. AD&D leaders in customer service struggle with:
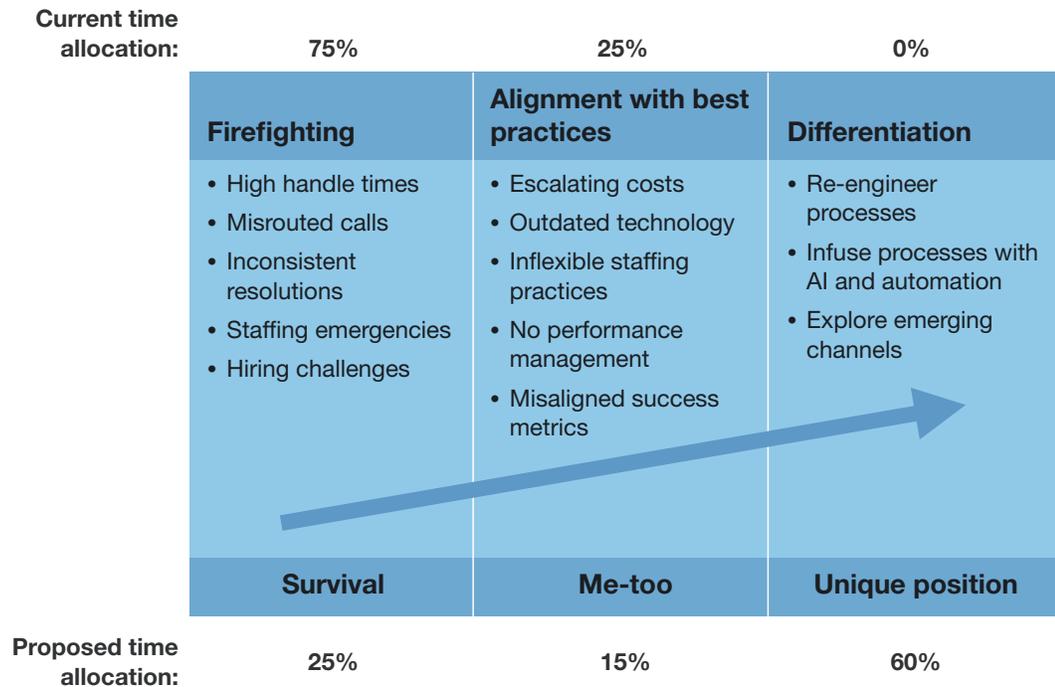
› **Delivering consistent omnichannel experiences.** Your customers are dealing with only one company, and they expect to see that same company no matter which communication channel or touchpoint they use.[4] The alignment of current governance processes and policies — siloed efforts for mobile, web, phone, etc. — results in a fractured experience for customers depending on which device and communication channel they choose.

› **Offering a one-size-fits-all level of service.** Many companies have only just started to explore personalized customer service, using rule-based or simple decisioning based on the past purchase history, interaction history, and personas of their customer base.[5] Most companies offer the same level and quality of service for all customers, leading to missed opportunities for targeted cross-selling and upselling.

› **Improving efficiencies.** A customer service experience must be efficient. However, agents often use multiple disconnected applications to resolve a single customer issue. Service managers cannot enforce a standardized discovery process across the applications that agents use, which hurts agent consistency and productivity, increases training times, and leads to a higher level of agent turnover due to frustration with the tool set.

› **Providing reactive, not proactive, customer service.** Customers want full disclosure of issues with the products and services they have purchased. They want to be notified, for example, that a new software patch is available for their device before they detect the problem. And better yet, they want this proactive service to happen, whenever possible, behind the scenes, so problems are addressed before they occur. Companies that proactively engage their customers typically do so via one-way communications that are siloed across channels and often lack personalization.[6]

Shore Up Your Customer Service Foundation

Customer service organizations are oftentimes unable to focus on strategic initiatives that fundamentally move the needle on the quality of service operations. Tactically, this means that customer service organizations (see Figure 1):

› **Are mired in tactical firefighting.** Many customer service organizations do not correctly categorize incoming contacts and struggle to route calls to the right agents. They do not empower agents with relevant information to address a customer question. They struggle to accurately forecast contact loads due to poor workforce management practices and staffing challenges. These issues lead to high handle times and transfer rates, increased costs, and poor customer satisfaction scores. They also use up management resources on tactical firefighting activities to adhere to established service-level agreements.

› **Fail to adopt best practices for customer service.** There are well-established best practices focused on technology, business processes, and organizational activities for all aspects of customer service operations — from handling incoming calls and call resolution to managing staff and forecasting. But many customer service organizations fail to embrace these best practices, which leads to undifferentiated and suboptimal service.[7]

› **Spend little time on differentiation.** Consumers contact customer service at an increased rate, and over a greater number of channels, compared to historical contact volumes. Contact centers react by adding headcount, which is economically unsustainable. Attention to daily firefighting activities and a limited focus on best-practice alignment mean that contact centers can't put plans in place to fundamentally transform operations to get ahead of escalating costs by re-engineering processes, adding AI and automation wherever possible, and exploring emerging channels.

FIGURE 1 Companies Must Set Their Sights On Strategic Differentiation, Not Firefighting

Current time allocation:	75%	25%	0%
	Firefighting	**Alignment with best practices**	**Differentiation**
	• High handle times • Misrouted calls • Inconsistent resolutions • Staffing emergencies • Hiring challenges	• Escalating costs • Outdated technology • Inflexible staffing practices • No performance management • Misaligned success metrics	• Re-engineer processes • Infuse processes with AI and automation • Explore emerging channels
	Survival	**Me-too**	**Unique position**
Proposed time allocation:	25%	15%	60%

Source: Andrew Reise Consulting

GET YOUR BASICS IN PLACE

To provide a consistent, value-added experience across all communication channels, AD&D pros at customer service organizations need to get their basics in place and:

› **Define specific customer service objectives.** You can't measure something you haven't defined. Creating baseline objectives for customer service that align to your company brand proposition allows you to focus the program directly on desired customer behavior and guides the direction of the program.

› **Build a solid governance program.** Most companies offer multiple touchpoints to interact with their customers, such as social, mobile, web, digital (email, chat, messaging), and voice, each of which is typically owned by a different functional organization.[8] Companies must invest in solid governance programs to ensure consistent policies for technology purchases, deployment, integration, data sharing, business process execution, and measurement of success.

› **Deploy technologies that will be supported in the long run.** The customer service technology landscape is complex. It comprises best-in-breed and suite solutions from vendors that have gone through acquisitions in the past several years as this technology sector has consolidated.[9] Make

sure you invest in the right choice of technology from a viable vendor. Put effort into integrating customer service solutions with other front- and back-end systems that are required to support the customer journey.

Be Pragmatic When Improving Operations

Based on our research across industries and our conversations with customer service leaders, we've identified three areas of focus that you should be continuously evaluating to deliver on-target service.

STAY ABREAST OF CUSTOMER EXPECTATIONS

Start by understanding who your customers are — and their expectations for support and channel preference. Specifically:

› **Shore up the foundations of self-service.** Forrester data shows that 40% of US online adults prefer to use web, mobile, or voice self-service over speaking with an agent on the phone.[10] Furthermore, Forrester data also shows that 37% of US online adults prefer to use digital customer service rather than speak with a live person on the phone.[11] Understand industry- and demographic-specific customer channel preferences. Use this data to architect a channel deployment road map aligned to your customers' expectations.

› **Understand the journeys that customers want to take with you.** Customers want to be able to start an interaction in one channel and continue it in another without having to restart the conversation. Map these cross-channel journeys to effectively support customers. Make sure that channels are integrated, that the context of an inquiry can be passed from one channel to another, and that customer service agents have access to a customer's interaction history across channels.

› **Collect structured and unstructured feedback.** After every interaction, irrespective of communication channel, survey your customers on the effectiveness of the service delivered. Associate this feedback with the customer record, and use it to personalize future interactions. Map this feedback to the customer service agent, and use it for targeted coaching. Collect unstructured feedback via social listening and speech and text analytics to understand and act on emotion in customer service interactions.

BENCHMARK OPERATIONS AGAINST BEST PRACTICES

There are well-defined best practices for building high-quality customer service experiences that align with customer expectations.[12] Continuous improvement efforts should include periodic benchmarking of current operations against this best-practice framework. Your analysis will pinpoint the process, technology, and organizational improvements most in need of innovation:

› **Process.** Make sure that your case management, omnichannel communication, and field service processes are consistent across channels. Pay attention to routing interactions to the right agent; ensuring appropriate case dispositioning; resolving issues efficiently; supporting agents with knowledge; and presenting the right data to the agent to allow for personalization and differentiated service experiences.

› **Technology.** Modern customer service applications are at the heart of providing good service experiences. AI-powered agent desktop solutions effectively support agents over the breadth of engagement channels. They include insights that drive decision making and help guide agents through complex processes. These applications should also be easily integrated into your ecosystem and scalable to current and future needs.

› **Organization.** Customer service agent training, management, and career pathing to ensure employee satisfaction are the most overlooked business practices within contact centers. Pay attention to the culture within your organization, leadership practices, collaboration methods, education, and performance measurement approaches to decrease attrition.

MONITOR SUCCESS METRICS TO ASSESS CUSTOMER SERVICE PROGRAM EFFECTIVENESS

Customer service decision makers struggle to quantify results of customer service projects, as measuring success can be difficult. It's easy to become distracted by the sheer volume of metrics available for tracking operational activities and then fail to deliver on key business goals.

To keep customer service continuous improvement projects focused, closely track a small number of key performance indicators (KPIs) that support operational success. These are high-level metrics that are typically reported to executive management, and they should form a Balanced Scorecard of cost, satisfaction, revenue, and compliance. Once you've defined KPIs, choose operational metrics that measure granular activities, such as agent productivity, which are aligned to the KPIs. Project teams must set clear objectives for these metrics and measure their progress to build confidence in their ability to execute and win executive support for ongoing work (see Figure 2).

FIGURE 2 Key Performance Indicators And Operational Metrics For Customer Service Initiatives

	KPIs measuring customer service outcomes	Operational metrics measuring activities
Agent productivity metrics	Cost of service	• Average handle time • Average talk time • Dead air percentage • Number of cases handled • Number of holds per call • Agent turnover • Agent training time to proficiency
Service operations metrics	• Conversion ratio • Cross-sell/upsell revenue generated • Number of product upgrades • Fines or penalties incurred	• Forecasted versus actual contact load • Contact volume by communication channel • Average contact value • Policy/regulatory compliance • Schedule adherence • Shrinkage • Service level • Service-level agreement adherence • Escalation rate to second-tier support • Number of contact transfers • Abandon rate • Average speed of answer
Customer satisfaction metrics	• Net Promoter Score (NPS)* • Customer effort score • Customer lifetime value • Customer retention • Likelihood to recommend • Reluctance to switch brands	• First-contact resolution • Recontact rate • Contact quality • Postcontact survey results • Number of holds during a call • Social posts and sentiment analysis

* Net Promoter and NPS are registered service marks, and Net Promoter Score
is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

Case Studies: Big Visions Are Achieved Through Continuous Efforts

Customer service operations are moving away from being managed as cost centers to being managed via a pragmatic balance between cost of operations and customer satisfaction metrics. This focus requires an understanding of and alignment with a company's overall customer engagement strategy and a continued evaluation of customer requirements. It also takes an organization that is agile — quickly able to execute on changes and brave enough to invest in new technologies to exploit new insights.

CASE STUDY: AUSTRALIA POST TRANSFORMS ITS CUSTOMER SERVICE WITH NEW TECHNOLOGY

Australia Post (AusPost) collects, processes, and delivers parcels all across Australia and internationally. It also provides third-party agency services that connect consumers, businesses, and government bodies. The quality of its customer service suffered due to an inefficient, 14-year-old homegrown system that prevented agents from tracking parcels in real time, as it was not integrated with the company's back-office SAP solution. To transform its customer service, AusPost:

› **Implemented new technology and merged business units.** AusPost, with the help of Bluewolf (IBM), implemented Salesforce's Communities and Service Cloud offerings and integrated these solutions with Genesys and SAP. It merged three customer-facing business units using different CRM tools into one unit in order to standardize customer engagement.

› **Improved reporting and simplified the agent experience.** This project helped reduce costs and increase accountability through better reporting. AusPost saw over 100,000 customer portal logins in the first month — with a 70% revisit rate — and 1,000 new registrations for its business portal, with most customers having it as their preferred medium of contact. AusPost also simplified the agent experience. Searching for a parcel request now takes two screens and 11 clicks instead of nine screens and 160 clicks. This project is serving as a foundation for an enterprisewide digital transformation.

CASE STUDY: A MAJOR TELECOM PROVIDER ALIGNS TACTICAL INITIATIVES TO COMPANY STRATEGY

A major US wireless telecommunications provider was facing strategic threats: stagnant growth; a saturated market for wireless products and services; low customer loyalty, which resulted in high churn numbers; and lack of differentiation in the quality of services it provided to its customer base due to its aging technology infrastructure. The wireless telecom provider worked with Andrew Reise Consulting to undertake an end-to-end continuous improvement project in which it:

› **Gathered customer feedback and assessed its technology maturity to find gaps.** The company gathered customer feedback, which allowed it to clarify its expectations for customer engagement, and performed journey mapping to understand its customers' typical behavior, channel choices, and current areas of failure. It then performed an assessment of current

technology against a customized maturity model. Once the company prioritized capability gaps, Andrew Reise Consulting helped it break down its transformation initiatives into a road map, consisting of 35 process and technology initiatives, spanning five years.

› **Established a governance structure to map its initiatives.** The company solidified the coordination of work plans, risk, issue management, and communications for the 350 full-time resources involved in the project. Each initiative mapped to the overarching program objective to boost average revenue per user, reduce churn, and increase the number of new customers. After the first year, the company was tracking benefits realization at a macro level and the program was on track to realize an ROI of approximately 225%.

Recommendations

Prove The Value By Starting Small

Improving customer service operations is often a daunting task. It requires transformation in organization, technology, processes, and metrics. This is a valid long-term goal, but it is important to start with something manageable. AD&D pros and customer service leaders should concentrate on building initial proof points to validate their vision and engage the rest of the organization. Concentrate on managing your scope by:

› **Ensuring a cohesive end-state vision.** A vision for the future helps organizations speed up their decision making by immediately ruling out options that cause them to diverge from their goals. However, it is important not to over-focus on crafting the perfect vision. Aim for good enough and recognize that this vision will need to change over time.

› **Building an iterative communication plan.** A fully fleshed-out communication plan needs to consider all of your stakeholders. But to begin, concentrate on building traction with a few key peers and significant C-level sponsors. The rest can follow as you build a stronger case based on real results.

› **Focusing on improving one cross-touchpoint customer journey first.** It is impossible to map every single customer journey. Instead of falling victim to endless analysis, identify one key cross-touchpoint journey that both appeals to your customers and is a current pain point — for example, supporting customers over the phone and web simultaneously. Use this as a proof point and ensure that you can measure the results.

› **Identifying one key process to make cross-functional.** Rather than try to transform your entire change process at once, begin with one key process. Make it cross-functional by thinking differently about who attends project meetings and who approves projects. Bring customer insight to the table from whatever source you can — no matter how imperfect it may seem to begin with.

› **Constantly reviewing progress and taking corrective action.** Companies often operate strategic planning processes that plot out three- to five-year visions that they refresh every year and routinely review. In this way, you can easily identify projects that no longer deliver real value for either your organization or its customers. Understand that the pace of change in consumer behavior is quick. This means that something that you planned 12 months ago may now be a waste of time — and don't be afraid to kill off projects that have become irrelevant.

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Supplemental Material

SURVEY METHODOLOGY

The Forrester Analytics Consumer Technographics® North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US) was fielded in March 2017. This online survey included 4,513 respondents in the US between the ages of 18 and 88. For results based on a randomly chosen sample of this size,

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there is 95% confidence that the results have a statistical precision of plus or minus 1.5% of what they would be if the entire population of US online adults (defined as those online weekly or more often) had been surveyed.

Forrester weighted the data by age, gender, region, and income to demographically represent the US online adult population. The survey sample size, when weighted, was 4,513. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Ipsos fielded this survey on behalf of Forrester.

COMPANIES INTERVIEWED FOR THIS REPORT

Andrew Reise Consulting

Bluewolf (IBM)

Dimension Data

Verint Systems

Endnotes

[1] Source: Forrester Analytics Global Business Technographics Priorities And Journey Survey, 2018.

[2] When consumers switch from the web to phone, email, or chat, a company's cost to serve them goes up dramatically. Forrester built models to add up the unnecessary cost that a retailer might incur as a result of missed self-service opportunities. Calculations showed an extra $22,567,967 in sales and service costs that could have been avoided if the website had enabled users to complete their goals. See the Forrester report "Websites That Don't Support Customers Waste Millions."

[3] Source: Forrester Analytics Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).

[4] Organizations must work toward providing seamless cross-touchpoint customer experiences. See the Forrester report "The Unified Customer Experience Imperative."

[5] Targeted offers, rules-driven or based on predictive analytics, are a core ingredient of a customer service strategy of cross-selling and upselling. See the Forrester report "2018 Customer Service Trends: How Operations Become Faster, Cheaper — And Yet, More Human."

[6] Proactive chat success requires paying close attention to identifying the right customers at the right point in their journey and then creating personalized, relevant engagement that shows customers that they are valued. Follow six steps to do this right. See the Forrester report "The Six Key Elements Of Proactive Chat."

[7] See the Forrester report "Assess Customer Service Capabilities To Pinpoint Opportunities For Better Service."

[8] Customer service operations leaders are often the primary purchasers of technologies for customer service. Yet marketing also purchases technologies such as social listening solutions, enterprise feedback management solutions, and social media technologies that are of value to customer service. For more information on customer service strategy, see the Forrester report "Channel Management: Core To Your Customer Service Strategy."

[9] See the Forrester report "The Forrester Wave™: Customer Service Solutions For Enterprise Organizations, Q2 2017."

[10] Source: Forrester Analytics Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).

[11] Source: Forrester Analytics Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).

[12] Forrester has a best-practice framework for customer service that defines more than 150 best practices that drive customer retention, customer loyalty, reduced cost, and increased revenue. See the Forrester report "Assess Customer Service Capabilities To Pinpoint Opportunities For Better Service."

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