



CUSTOMER REACH

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The Missing Link?

A question I often ask call center operators is, “would you be happy receiving the service you provide to your customers?” This question most frequently is rewarded with a few moments of silence. While there are certainly a number of quality operations providing very good service in terms of access, answer quality, ease of use and first call resolution, it seems to me that an ever increasing percentage of call centers fail on one or more of these points.

So in today’s world where call centers are our primary communication channel with our customers why do so few businesses grasp the fact that providing good customer service is good for their business? I suspect the answer to this question lies in part with the challenges associated with proving the premise. How can you identify the value the company derives from good customer service? Intuitively we know that a satisfied customer is preferable to a dissatisfied customer. We know that a satisfied customer is more likely to continue to purchase the products and services we offer...the challenge becomes proving it.

We do not operate in a vacuum, the call center isn’t the only communications channel, though it is the most pervasive¹, we deal with so the exercise of attributing credit, or blame for an action is incredibly difficult in most organizations. Did the customer renew their membership because of the flawless execution and provision of customer service when they called the call center or was it the result of a spectacularly creative renewal mailing or the effective email reminder that was sent or perhaps it was the impact of the new socially responsible advertising ads that ran on television the week they renewed. As you can see the answer to the question what caused the renewal will depend upon who you ask. Each of the appropriate departments will take the credit and/or deny the blame depending upon the situation.

The American Customer Satisfaction Index (ACSI) at the University of Michigan has endeavored since 1994 to try to identify the exact linkage between customer satisfaction and the economic success of a business. ACSI on their website states that “A basic tenet of the ACSI is that satisfied customers represent a real, albeit intangible, economic asset to a firm”. So how can we join the dots, if the acknowledged authority considers the linkage to be an intangible?

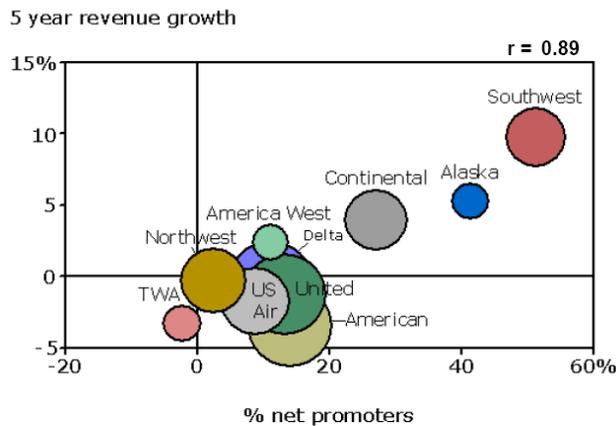
One of the most effective ways to do so is to assess the impact that individual transactions have on the satisfaction of the customer. One approach to doing this is the Net Promoter™ approach developed by

¹ 92% of customers form their opinions about a company based on their call center experience,- Purdue University



Satmetrix®. This approach based upon research that showed that the highest correlation between customer behaviors was if the customer was likely to recommend a particular company to a friend or colleague. The research showed an 80% correlation to customer behavior to this question versus less than 10% correlation with “easy to do business with”. The Net Promoter approach breaks down the ‘Likely to Recommend’ responses into two groups; those who had a recommend rating of 9 or 10 on a scale out of 10, and those whose rating was 6 or under. By subtracting the 6 and under group from the 9 or 10 group you produce a Net Promoter score. In a assessing the revenue growth for major airlines over a 5 year period, Satmetrix correlated 79% of the variance in growth rates to the differences in the Net Promoter score. The chart below illustrates these results.

Figure 4. %Net Promoter vs. 5-year Revenue Growth Rate for US Airline Companies



The correlation coefficient of 0.89 indicates that firms who have higher %Net Promoter scores also enjoy higher long-term growth rates (e.g., Southwest), whereas firms who have lower %Net Promoter scores also suffer from lower long-term growth rates (e.g., TWA).

* Bubble size represents 2001 domestic revenue

TRG research has over the past few years focused on a similar but not identical approach to linking customer behavior with customer satisfaction. In numerous customer satisfaction studies we see a strong correlation between customer behavior and the customers’ response when questioned regarding the opinion of the company/organization based upon their most recent interaction.

Each individual interaction with a company or organization regardless of the channel within which the interaction occurs can only result in one of three following results:

- The interaction Improves our opinion of the company,
- The interaction erodes our opinion of the company,
- The interaction leaves our original opinion of the company unchanged,

The above three options force customers to articulate their opinions into positive, negative or unchanged. By viewing subtracting the negative (erode my opinion of the company) from the positive (improved my opinion of the company) we are able to assess and assign a Net Loyalty value. In one client vertical a strongly positive Net Loyalty score correlated to an almost 50% increase in revenues.

TRG has a research study underway which we believe demonstrates a strong and significant correlation between actual customer behaviors and the impact of individual customer interactions. TRG anticipates



publishing this research at the end of Q1 2006. Please contact TRG if you would like to receive additional information on this research.

Determining the linkage between customer satisfaction and actual customer behavior is still a work in progress, however the use of Net Promoter and Net Loyalty scoring can help your organization make the translation.

For more information on Satmetrix visit their website at <http://www.satmetrix.com/>.

For more information regarding the TRG research Customer satisfaction study please send an email to info@thetaylorreachgroup.com.

Let us know what you think of this article or any suggestions you have for future issues by email at feedback@thetaylorreachgroup.com.

Another Year...

So where does the time go? It seems only a few moments ago it was March and now here we are in December. Another year is wrapping up and a new year waiting for us around the next corner. Traditionally this time of year is a time for giving thanks for what we have and have achieved and for contemplating what the future has in store for us.

I am sure that many of you, like me are thankful to be working in such a vibrant and dynamic industry. The call center business may be many things but it is surely not dull. With billions being spent on research and development each year we see a constant stream of interesting and exciting technologies; IP Telephony, CRM, mobile convergence, web-chat, workforce management all have seen new and exciting developments in the past twelve months.

And what have we achieved? Certainly we can examine this question from the point of view of our own departments and companies. From this point of view we handled billions of calls, emails and web-chats. We affected tens of billions of dollars of commerce. We provided gainful employment to millions of people around the globe and hopefully we demonstrated that despite the ubiquity of call centers in all of our lives, at work and at home, familiarity does not necessarily breed contempt. Hopefully we demonstrated that direct interaction with customers and prospects through a call center isn't just the most cost effective manner of handling these transactions but we can also add significant value through these transactions.

Let us know what you think of this article or any suggestions you have for future issues by email at feedback@thetaylorreachgroup.com.



Newsworthy

In this regular column we review the latest news, predictions and trends impacting on the Customer Interaction Industry.

More than 119 Million calls abandoned since Jan 2003

Figures obtained by the Liberal Democrats in the UK state that over 119 million calls to government agencies have been abandoned since the beginning of 2003. This reflects an abandon rate of 36.6%. The worst agency abandoned 79% of their calls!

The government cited the welfare system as generating huge call volumes and said it has since simplified the system.

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Lifeline urges callers to be patient with outdated phone system

Telephone suicide prevention service Lifeline Australia has urged callers not to give up if their calls are unanswered because the charity's outdated Telstra phone system is struggling under the growing number of calls.

Dawn Smith, chief executive of Lifeline Australia, told reporters a "primitive" telephone system with a lack of national call rerouting meant callers could not always get through to a counselor.

"We are really sorry but please keep trying," Smith told NEWS.com.au. "Try in another half an hour". Counseling calls can take a long time - 23 minutes is the average.

Lifeline's telephone system directs all calls to the nearest local centre and if all those lines are busy the call can be diverted to only three other neighboring call centers before the automated message kicks in. Early this year community outrage forced Telstra to back down on plans to ditch the free hosting of the Lifeline telephone system when a three-year deal ran its course. In February federal Parliament earmarked an extra \$10 million in funding for Telstra to upgrade and host the Lifeline network. A new system, which Smith estimates will be operational in 12 months, is being installed to use all of Lifeline's call centers nationwide.

Callcentres.net

HSBC opens major Sri Lankan call centre

Global banking giant HSBC has opened a US\$ 31 million call centre in Sri Lanka as local financial markets dived following two days of military unrest in the North.

"We are not unduly worried about the situation here in Sri Lanka. HSBC has been around in this country for over 100 years," said HSBC's Alan Burton. Sri Lanka had to beat off serious contenders like India to clinch the HSBC deal and secure its place in the global call centre business.



HSBC's new call centre has a 1,666-seater capacity and can employ up to 3,000 people. "The Sri Lankan unit is primarily a banking operation to service our work in the US and UK," explained HSBC Sri Lanka COO Malcolm H Wagget.

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Americans most impatient callers, Asians wait longest

Americans are quicker to abandon calls than consumers throughout the rest of world, according to new research.

Preliminary research from Dimension Data's worldwide contact centre survey has found that callers in North America are willing to wait an average of only 37 seconds for their calls to be answered. The rest of the world exhibits greater patience -consumers in Europe, the Middle East and Africa are willing to wait 67 seconds before abandoning a call. People in Asia-Pacific are the most patient at 72 seconds.

And as email interaction becomes a larger part of customer service, one in 10 Interactions worldwide are now handled this way. In North America, the wait time for an email response to a query averages 11 hours, while Europeans will wait 25 hours, and consumers in Asia Pacific will wait 28 hours.

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Ask the Experts

The following are actual questions posed to the TRG experts. You can pose your questions on our website.

Ask the Experts will return next month.

Inside TRG

TRG introduces 300% guarantee

TRG backs Consulting Services with a Guarantee of Results

Toronto- Colin Taylor, The Chairman and CEO of The Taylor Reach Group, Inc. today announced that the company is backing its consulting services with a guarantee, "We guarantee that when our customers ask us to implement recommendations we have made, they will realize a 300% Return on Investment in 4 months", said Taylor. In supporting this guarantee Taylor stated "We can make this guarantee because our track record has secured results in excess of this level on each and every engagement we have completed".

TRG supports development of call center User Group

Over the past few months we have been working with a client who has a large number of call centers providing customer service to their clients. These centers have historically operated independently and focused on their local



region or market. The client saw the potential benefit of bringing the managers of these centers together and sharing best practices. This month marked the first User Group conference and it was attended by call center managers from every region. More than 14 people met for two days shared challenges, TRG attended the meetings and conducted workshops and seminars around topics such as forecasting, staff budgeting, skills & competencies, telephony, agent training to name a few. Each attendee left with tangible and actionable ideas that they could implement in their center immediately.



Case Study

In this regular column we review the successes that TRG is part of.

TRG Drives Service Level Improvement in 6 weeks

TRG helped an established services organization dramatically improve their service level in only 6 weeks through an integrated approach to service delivery.

The Challenge:

This very successful services organization faced a number of challenges; high turnover, low agent productivity, incomplete and inadequate training materials. All of these deficiencies lead to continued poor service performance. The company's service level was very unsatisfactory with very few calls being answered in 20 seconds, and more than 35% of all calls abandoning. They sought out the guidance of TRG to improve the service performance of their call center.

The Process:

TRG worked with the center to implement a revised hiring and training process. In addition TRG mapped all processes operating in the call center.

The Solution:

New hiring practices were implemented to recruit for the desired skill sets. The process mapping resulted in revision to many of the processes to align them better with the objectives of the business. Workforce management was introduced to support more accurate forecasting and scheduling.

The Result:

By implementing the recommendations made, the company improved the service level 10 fold and at the same time reduced abandoned calls by more than 75%.

Turnover dropped by more than 90% in the same period. 



The Taylor Reach Group, Inc. provides Strategic and Operational customer interaction consulting services that deliver Operational Innovation breakthroughs in Contact Center operations.

Award winning service and more than 100 years of industry experience serving 'Fortune 1000' companies. Extensive North American and International experience with both captive (in-house) and outsource centers.

Delivering Operational Innovation to your Contact Center

Contact Center Consulting, Customer Satisfaction, Contact Center Technology, Privacy, Supply Chain and General Management consulting services provided.

Award winning service...Reach Beyond!

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