

Love your customer

Four leaders embark on their journey to customer centricity -
Find out how they are tackling the barriers head on.

Prepared by: Sean Tomlinson, Head of Consulting, Private Sector



Overview

We are all customers.

We have all experienced the frustration of waiting on a phone trying to find someone to help us only to get shunted from department to department.

We have all experienced the frustration of finding offers only available to new customers, when our intuition tells us loyalty should be rewarded. We have all experienced the frustration of "*computer says NO*".

This frustration is driven by friction in the organisation's system due to misalignments between the goals of the organisation, their staff and their customers.



Customers feel the cost in terms of time wasted or opportunity missed. Organisations feel the cost in failure demand and lost business. Employees feel the cost in terms of stress levels and demotivation.

The only outlet for this frustration is the customer's revenge. Whether in small ways by simply talking about the frustration, through the active decision to switching supplier, or in much bigger ways, such as through concerted campaigns, each of these actions is driven by frustration. The outcome is the same for all of them: damage to the organisation.

Customer-centric organisations seek to remove this friction by aligning their goals with the goals of their customers and their staff, lowering overall levels of frustration - and usually the actual cost of delivery along with it.

In our previous paper 'Building the Customer Centric Financial Services Enterprise', Sopra Steria outlined its 4-step approach to ensuring alignment of organisational goals to those of the customer.

In this paper, the reality of starting a customer-centric journey is explored through interviews with 4 business leaders. They share their insights into the practicalities of overcoming the organisational, cultural and IT barriers to being a customer-centric organisation. What becomes clear is that there is no single answer to achieving customer-centricity, but you have to begin the journey somewhere.

Sopra Steria's 4 step approach

- Step 1: Identify the customer purpose for each service
- Step 2: Plan the customer journey to achieve the purpose
- Step 3: Identify the services required along the customer journeys and build the supporting organisation accordingly
- Step 4: Provide access to the service offerings by whatever channel the customer chooses



"44% of people surveyed by the Customer Contact Association believe that most companies do not care what their customers really think."

Eva Eisenschimmel: CMO, MD of Customer,
Digital and Telephone Banking - Title: "Love your customer"

When you receive an email from Eva Eisenschimmel her standard signature includes a logo saying "Love your customer". This simple statement of intent underpins her approach to customer centricity. "They may not love us, but if we can demonstrate through every interaction we have that we love our customer, and inform our decision making on that basis, what better way to change attitudes?"

And in her role as MD of Customer, Digital and Telephone Banking at Lloyds Banking Group (LBG), she is responsible through her teams for a huge number of customer interactions. Unsurprisingly this is where she has started to initially identify, then change the customer journey.

Her telephone banking operation is the channel through which more than half of all complaints for LBG are received. This volume could become overwhelming, but she has turned this to advantage in becoming the early warning system for the bank's Risk teams. **"Complaints management is a proxy for customer service,"** explains Eva. There has been a real focus on complaints as the mechanism through which organisational change can be generated. The bank's simplification programme has sought to process engineer the most common causes of complaints, through root cause analysis. A product of this has been savings to the bank, which themselves can be reinvested to further **improve both customer and employee engagement.**

Eva asserts: "It becomes a virtuous circle, and if we take out PPI complaints we now have amongst the lowest number of complaints in the industry."

It helps to have a Chief Executive who "gets it". Antonio Horta-Osorio has made a number of public pronouncements on the importance of a relentless customer focus. He has demanded much less focus on sales targets and has admitted that his own industry has been "complacent, non-customer focused and inefficient".

Taking so public an approach at the most senior level in the bank creates a tension for positive change that Eva has been harnessing. She believes the positioning to adopt with the public is one of "humble confidence", recognising that while they may not have all the right answers, they do have a customer focus that will help them plan and execute effectively. As custodians of a bank with a long and rich heritage, in her mind, there is no diminution of the intent to be the best bank for customers. "Lloyd's culture

is about sale THROUGH service," she insists, whilst recognising that this is in some instances aspirational. **"Customer service must be the start of our journey to rehabilitation in the customers' minds. We must take the long-term view on relationships - trust is so important."**

So if complaints management, leading to reengineering of customer service is the start point for Eva, what comes next? "Part of our simplification approach is to look at the products we sell. Overall banking products are too complex, which makes assessment of value across suppliers very difficult for our customers".

The next challenge is in customer segmentation. With simplified products and services it's a big job to convince people of the need for more effective segmentation. "Many execs assume we should be servicing all customers with all our products and services and shouldn't be trying to reduce our market." Of course the intent is to maximise the effectiveness of the product offer to the largest market to which it is targeted, but it is "sometimes hard for people to take this point of view".

Eva is also an advocate of an improved switching capability. The bank's research shows that the hassle of switching (or the perception of it) is one of the primary drivers of "loyalty". She welcomes the moves to improve the mechanisms for account switching and firmly believes that - with the focus on simplification and segmentation and the efforts they have been making in responding to customer complaints - LBG is well positioned to be a net beneficiary of this initiative.

And of course Eva is a customer herself. She recognises a truly memorable experience as one that has been thought through and designed to deliver a **level of personalisation, which isn't intrusive but is a cut above the norm.** "Many bank customers tar us all with the same brush. We can't sweep this under the carpet," she observes. In terms of a response to this environment "Love your customer" as a statement of intent is hard to beat.

Endsleigh Insurance

Paul Nicholas: eCommerce Director

Title: "Managing the customer expectation"



We're behind you

"Customer expectations are dynamic and will change according to their particular circumstance," says Paul Nicholas, the eCommerce Director for Endsleigh Insurance. It's his explanation for why he believes a one size fits all approach to customer service will never provide consistently good results for customer satisfaction. Not only are all customers different, but also all customers are different every time they contact you.

"Customers want natural communication, a level of interactivity and transparency that recognises them as a person even if they are choosing to work with technology," he continues. In Paul's view it is addressing the human needs of the customer that sets apart world-class customer service from the rest. Whilst in a technology role, he sees that centring the process on the needs of the customer is what will give the business value from its technology investment.

So, how does he start the process of creating a customer-centric experience?

Firstly, by methodically looking for the gaps between customer and organisational requirements. His team have created a process model for all the core business processes which asks for each process the specific questions:

- What does Endsleigh want to achieve?
- What does the customer want to achieve?

Resolving and facing up to the differences between the answers is a key step on the route to a customer-centric approach. Some areas such as pricing can open up pretty fundamental questions over the nature of business and customer service. But the experience of working towards a resolution helps the company be much more focused on the alignment of their respective goals.

And it's not all tough questions. Paul has been surprised at the level of alignment in outcome in some processes.

"Customers and the organisation both typically want customer service calls to end as quickly as possible, it's just that the reasons why they want them to end may differ."

His second approach is to deliberately seek out the customer service levels that may be explicit or implied in the organisation about which the company would not normally seek to publish. "There are some service levels deemed appropriate internally, often for heritage reasons where for example a department has traditionally had to deal with large backlogs, but which might make us blush if we were to publish them externally". He has found that in some areas it has been relatively simple to improve the service

level target because the process has already been improved, but the target has been left in place. Others have been trickier and this is where investment in technology support or a review of the process is being focused. "If there are areas we would be embarrassed to publish externally, this must be a good place to start," explains Paul.

Endsleigh is part of the Zurich group and there is some sharing of back office service processes. Endsleigh's success with the gap analysis approach has led to the same approach being used for Zurich customers. Of course, the target market for the two brands is different, and this leads to some key differences in the requirements of the customers at different stages in the process. For example at Endsleigh the customers' requirements (often students living away from home for the first time) need on occasion to take into account their parents requirements. The technology needs of the different customer bases also reflect the different age ranges and their levels of adoption of new technology.

Paul is a real advocate of transparency in customer service and he has been advocating use of more balanced business cases. **It's the gaps in expectations of customers and the organisation which he sees as driving transformational change.** As he says, "the change might drive reduced numbers of customer services agents but this shouldn't be the reason for the change, just the outcome."

It's not always easy to get buy in around the business, but he firmly believes that "Customer engagement has to earn the right to future change through the results - in the first instance it requires a leap of faith, but the results speak for themselves if you manage rigorously against key indicators".

Transparency also extends to the use of information available in the organisation. For example he can see the benefit of making recordings of calls available to customers so they can go back and listen to the conversation again - in case they didn't understand properly the first time, or forgot a key point. "Data we hold on our customers can be valuable to our customers in ways that we don't understand. Making it available to them could ensure we are providing real added value and exceeding their expectations."

Royal Bank of Scotland



Steve Whitty: Head of Customer Experience & SDMC
Title: "99% is not good enough"

For Steve Whitty, head of Customer Experience in Strategy and Architecture at Royal Bank of Scotland (RBS), a former career as an engineer in the aviation industry has shaped his rigorous approach to the customer experience. "Putting a plane up in the air that is only 99% fit for service simply wouldn't be tolerated. It has to be 100% or nothing."

Putting 100% into delivering a great customer experience has provided the rationale for a change programme at RBS since 2008. And again we can see Steve's aviation industry background coming to the fore as he advocates process re engineering as a path to achieving customer centricity. "Instead of looking at our core processes from a cost perspective, we looked at them as if we were the customer, at a very granular level" he explains. "We asked ourselves what the customer wanted during each customer journey and which touch points are the most important with the bank and considered both their practical need and emotions at each moment of truth."

This has been a big piece of work for RBS that focused initially on its Retail banking business but has now moved into other divisions. "We started with a deep dive into the customer experience, looking at all products in Retail," Steve continues. "We encountered a fragmented operating model where different departments and functions who all contribute to the end-to-end customer experience needed to work more effectively together."



This siloed model is not an unfamiliar picture across the financial services sector. What does it mean for the customer? That they have to repeat the same information time and time again at different points of interaction? That they are getting conflicting information from different channels - online, contact centre, in branch? By viewing these operational silos purely from the customer perspective, RBS began to change the customer experience. "We looked at the core services relating to key customer events: opening an account, looking for mortgage funding or a loan, buying an ISA, applying for a credit card, visiting a branch, handling complaints, etc. **And we asked what process changes we needed to break open the silos and deliver a seamless customer experience.**"

The fact that this programme of process review and re-engineering has been Group led, as opposed to in-division, has been an important factor in its success. This allowed objective and transparent information to be analysed and used to mobilise change in pursuit of a common goal: delivering a great customer experience 100% of the time.

For Steve achieving consistent customer relationship management across channels and products has made it easier to measure results. Importantly, though, the metrics used are service, not cost-based. "Measuring success based on levels of customer service is a big change for any organisation. It's one that the leadership needs to have the courage to take."

"We asked ourselves what the customer wanted during each customer journey and which touch points are the most important with the bank and considered both their practical need and emotions at each moment of truth."

LV=



Peter Sinden: Customer Services Director
Title: "Employee Engagement is the key"

People power. It's a term that's often used to illustrate how change has been brought about and in the case of insurer LV=, the people in question are its employees. Peter Sinden, LV= Customer Services Director, explains: "Our vision is to be the UK's 'best loved insurer'. It's a vision that our employees wholeheartedly support - as they voted for it."

LV= polled its employees about the company's strategic direction. Staff were asked to vote for the strategy they preferred based on three options: company profitability, being the best place to work, or to be the best loved insurer for customers. The customer experience option was the outright winner and LV='s strategy and vision reflect this.

What does it say about the company? Peter continues: "In asking our people to play a part in our strategic direction, they really bought in to our approach to customer engagement and got behind it. **We have built a culture where we encourage staff to speak up about any process failures or customer irritants, so that we can improve the customer journey.** Some of the best ideas to improve the customer experience come from our front-line staff and it's important that they feel empowered to voice them."

LV= is clearly taking a different route to its competitors on its customer-centric journey but one that ultimately leads to the same type of process change we have seen in organisations adopting different strategies. LV='s employees are on the front line of customer care and they experience every customer woe, worry and niggle. By encouraging them to flag up issues or concerns, the business can go direct to the heart of customer dissatisfaction and put changes in place to deliver a great customer experience.

The choice of the word 'woe' in the previous paragraph is deliberate. In a concerted campaign to encourage staff to voice their suggestions for improvement, LV= asks staff for feedback on aspects of their work, processes and, importantly, customer interaction, that leaves them asking 'Why On Earth (WOE) do we do that?' Peter explains: "We have a programme of activity aimed at getting employees to talk about their 'WOEs'. We have an online forum where staff can pose questions to senior management, Q&A sessions at employee roadshows and regular team meetings where staff are encouraged to put their ideas forward. The Why On Earth programme is having a considerable impact on our business. **We estimate that benefits from WOE changes suggested in 2012 will deliver around £2m in savings this year.**"

So it seems that actively engaging employees in the customer experience can make a difference, not just by improving the processes that have an impact on the customer, but on the company's bottom line as well. "We've given our staff the confidence to ask difficult questions on behalf of their customers," says Peter, "and our research shows us that 93% of our people believe their team constantly looks for better ways to serve its customers."



"We've given our staff the confidence to ask difficult questions on behalf of their customers,"

A blurred office scene with three people in business attire. A man in a light blue shirt is in the foreground, looking towards the right. A woman in a white shirt is in the middle ground, holding a blue folder. Another person is partially visible on the right. In the foreground, a silver laptop is open on the left, and a clipboard with a pen and a document with a bar chart is on the right. The background is a bright, out-of-focus office space with large windows.

"A Gallup workplace survey indicates that only 17% of employees are fully engaged by their employers and that of these 75% believe their customer experience is significantly better than their competitors."

Summary

The need to 'love your customer' is paramount. Frustration on the part of dissatisfied customers can quickly turn into loss of revenue and even damage to once-strong reputations. However, while setting sail on the customer-centric journey has moved from being a nice-to-have plan to a must-have strategy, it is clear that the point of embarkation is very much dependent on your individual organisation, its culture, processes, structure and executive will.

At LBG a shift from a sales culture to a relentless focus on the customer has paved the way for a shift in the customer journey. At Endsleigh Insurance centring processes on the needs of the customer has the benefit of both allowing the business to meet customer expectations and deriving value from any investment in the technology designed to enable this process change.

For RBS taking cost out of the equation and replacing it with a 100% customer perspective is enabling consistent customer relationship management across multiple channels. And at LV= putting power in the hands of its people has given the insurer tangible grass-roots insight into its customer pains and the process changes needed to ease them.

So who is right? All roads, it seems, lead to the same place. Improved processes, the removal of siloed operations, heightened employee engagement, transparent customer interactions: whichever path you choose to follow, the one single truth is the need to love your customer.

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Customer Experience - General observations*

General Market Conditions

Despite challenges around discovering what customer centricity means, organisations are embracing it anyway.



Customer focus is now a strategic imperative



Customer experience is increasingly becoming an integral part of an organization's value chain



Innovations leads next-generation customer service



Transformation in Customer behaviour



Customer-centric technologies are on the rise

Customers main Priorities, Challenges & Concerns

Understanding customer values and adopting the right culture, technology & skills are key drivers.



Customers are now demanding much more



Increasing individualisation of customer needs



Behaviour & buying patterns



Increasing technology adoption



Customer's perceptions and impact

About Sopra Steria

Sopra Steria, European leader in digital transformation, provides one of the most comprehensive portfolios of end to end service offerings in the market: Consulting, Systems Integration, Software Development and Business Process Services. Sopra Steria is trusted by leading private and public organisations to deliver successful transformation programmes that address their most complex and critical business challenges. Combining high quality and performance services, added-value and innovation, Sopra Steria enables its clients to make the best use of information technology.



www.soprasteria.co.uk

SOPRA STERIA
Three Cherry Trees Lane, Hemel Hempstead, HP2 7AH
+44 (0)370 600 4466 - info.uk@soprasteria.com

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