



Is the traditional contact centre model workable in today's fast-moving globalised business?

A white paper from CCA

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About CCA

CCA is the professional body for customer contact. The independent association represents over 800 corporate members, representing around 40% of people working in contact centres, and is recognised as the collective voice for the contact centre profession. CCA are committed to improving standards in customer contact for both the employee and fundamentally for the customer.

For more information call 0141 564 9010 or visit www.cca.org.uk

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Executive Summary

The world is changing rapidly for traditional contact centres. A new operating model is emerging to help directors and CEOs manage growing complexity and changing pressures on customer communications. Understanding the changing environment for communications is the first step to being ready to implement next generation contact centres.

This report highlights the pressure points for traditional contact centres. It offers six futures-based objectives for organisations which want to move with the times.

In just over 20 years, call centres have become critical to the everyday operations of organisations large and small, public and private. Along the way, contact centre directors have lived through the rush to set up sites, the challenges of recruitment and retention and the threats to UK contact centres from internet self-service and offshoring.

In 2007, the industry has matured to manage a wider spectrum of contact, be it e-mail, SMS, mobile, chat or post. The threats from the internet and offshoring may be subsiding, but today's contact centre director and CEO are left with a new set of challenges:

- Uncertainty in the national and global business environment
- Unresolved divides in the structure of organisations around delivery of voice and electronic channels
- Tougher regulatory frameworks
- Fast changing customer behaviours and needs, adding to multi channel complexity
- On-going operational efficiency requirements
- Needs to up skill and attract more qualified agents.

These pressures require the deployment of new contact centre models which have unique management and infrastructure characteristics to enable organisations to compete in today's global environment. The challenge is to deliver the three-fold objectives of improved customer experience, better operational efficiency and more engaged employees, even though these goals may seem to be mutually-exclusive.

For CEOs and directors of customer contact divisions, a key question remains: Is the traditional contact centre model workable in today's fast-moving globalised business?

Context – The pressure points on today's contact centres

With over 5,000 contact centres in the UK, and many more globally, the industry has become one of the most important functions of private and public sector organisations. The vital role played by contact centres is underlined by the fact that nearly 40 million UK adults have called an organisation in the past 3 months.

Oracle's own experience shows that while call numbers are static or rising slowly the total incidence of consumers contacting organisations is likely to have doubled in the years between 2000 and 2006. Much of this increase is down to growing e-mail contact, but web chat and SMS have also played a role.



As a result over 600,000 people work in the contact centre industry in the UK and the on-going problems of recruiting, training and retaining staff continue to be the main strategic challenge for contact centre directors.

“Getting the staff is still the biggest challenge...”
Contact Centre Director, Outsourcer

One response has been to offshore services to India and other countries, while another has been to drive up self-service provision. Both of these strategies have experienced a measure of success, but a key lesson from the last 3 years has been the resilience of UK based call centres.

The changing environment for customer contact

Pressure Point	Description
1.	Organisational Strategy: The need for speed and responsiveness.
2.	Winners & Losers in Organisational Strategy: Who will win the customer experience in the future?
3.	Tougher Regulatory Frameworks: Changing processes and behaviours.
4.	Fast Changing Customer Needs and Behaviours: Can the industry keep up?
5.	Operational Efficiency Drivers on the Increase: CEO’s want more for less.
6.	Recruiting and Retaining the Knowledge Worker: A new challenge.

The “death of the call centre”, predicted by some over the last 5 years, has been transformed into a conversation around its future. A move towards a new generation of contact centres is now a realistic outcome of this debate. There are a series of pressure points which are driving this change:

Pressure Point 1 - Organisational strategy: the need for speed and responsiveness. An uncertain business environment means fast changing requirements for customer contact

Clichéd as it sounds, there is no escaping the fast changing business environment that is driven by the expansion and contraction of organisations. In both private and public sectors, contact centre directors face the need to be flexible and responsive in a world of mergers and acquisitions, growing and declining operational scope and intense competition. Well known brands of yesteryear no longer exist – Eagle Star, Inland Revenue, Rover and Safeway for example. The membership of CCA represents some of the largest organisations and their experience in the last 2 years highlights the volatility of the business environment:

- RBS has acquired other banks and financial services providers and faced the challenge of integration of systems and cultures to raise standards to a consistent level
- Tesco has set up a new direct shopping service which required the opening of new contact centres
- Royal Mail now operates in a highly competitive market, where once it had a near monopoly on business post
- HMRC has faced the on-going task of administering family tax credits and student loans, where once its scope was mainly collection of tax
- Sky has launched broadband and telephone services requiring advanced technical support functions.

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The implications are clear. Preparedness to change, integrate and merge operations is likely to be an on-going requirement and should be planned for by CEOs and contact centre directors. The need to be agile, flexible and responsive is at a premium. The requirement to integrate different contact centre architectures, databases and systems is vital in these ever increasing and less predictable situations.

“Legacy systems and lack of joined-up systems are still the biggest break on change.”
Contact Centre Director, Government Agency

Pressure Point 2 - Winners and losers in organisational structure: Who will own the customer experience in the future?

The contact centre has long been the ‘800lb Gorilla’ of sales and service functions for many organisations. Representing over 50% of the total operating costs, with thousands of agents, the voice-based contact centre has sometimes been isolated from corporate HQ but has retained its importance. In recent years, the e-service division or its equivalent has taken on growing importance as customers’ willingness to use newer channels has grown. Rather than creating an integrated channel experience, the result has been ‘siloed’ and fragmentation of operations. The nirvana of a ‘single view of customer’ seems as remote as when it was first mooted in the 1990s. But increasingly, CEOs are demanding unification channel structures. Moreover, this extends to the provision of service across national boundaries, as the need to maximise the efficiency of operations across global sites is highlighted.

Inevitably, the question ‘who owns customer contact?’ is a contentious subject for future years. Some CEO’s will see primary responsibility lying with the call centre director while others see the emerging e-services division as being in the ascendancy. For organisations offering global service, the issue has another dimension of geographic responsibility. Importantly, a concern of driving efficiency through multi-site global operations must be to ensure that local sites are still empowered to tailor operations to local customers and employees.

“We are gaining efficiency through consolidating around a global platform, but we’ve got to make sure we cater for the differences between markets and customers by giving local managers control.”
Call Centre Manager, Leisure Company

Pressure Point 3 - Tougher regulatory frameworks: Changing processes and behaviours.

The range of regulatory requirements on organisations grows, through national and European legislation. The death of the cold call has long been predicted, but in 2007 it has become a near reality with half of all households registered with the Telephone Preference Service. Data protection regulation is becoming more pressing, with greater enforcement, as customers become aware of their rights, particularly from European Union legislation. External and internal auditors increasingly require clear records of customer contact in the event of complaints, mis-selling scandals and for the prevention of fraud.

Contact centre directors will be required to show clear audit trails and be able to access contact history to demonstrate compliance. Many organisations are in the process of implementing call recording systems. Looking more to the future, European Union legislation seems destined to regulate the provision of service – as it has already done in airline travel – placing even greater requirements on contact centres.

Pressure Point 4 - Fast changing customer needs and behaviours – multi-channel consumers: Can the industry keep up?



As consumers, we are richer, more diverse and demanding. This cocktail has driven up the number of contacts to organisations. Peoples' confidence with new communication channels, has led to the CCA Industry Council acknowledging that the industry in general has been slow to keep pace with consumers' growing demand for accessibility - using channels like e-mail, SMS, chat and possibly even iDTV and video conferencing. Two-thirds of the UK population regularly use the Internet, there are more mobile phones than people and 3G services are being developed quickly (though not necessarily adopted as quickly). The 'Thumb Generation' and M-Age cohorts of consumers are becoming economically attractive to organisations, and sources of revenue for government. This cohort find, communicate and network through social and collaborative networks such as facebook and various blog and community sites. These will also have an impact on businesses looking to communicate with prospects and customers. Web 2.0 is serving to highlight the inefficiencies of multi-channel interaction services currently offered. The next generation of agents are also used to this level of technology in their personal life and expect to use these in the work environment. Using widgets, igoogle personal portals, blogs etc is second nature. Some organisations are taking the lead - LloydsTSB was the first major bank to launch SMS banking in the UK. Others like HMRC have been keen to encourage citizens to complete self-assessment online. BA has succeeded in growing online sales of tickets.

The overall trend is for consumer demand to be in advance of organisational capacity to deliver. E-mail is the most common form of communication in the workplace now, yet many organisations are unable to offer a seamless service. Benchmarking studies show that consumers often receive no response to their e-mails. Mobiles fill 'dead time' for some while commuting and travelling, but SMS services tend not to be two-way, denying people the opportunity to respond to outbound texts from organisations.

"When we send them a text with a delivery date we took the view that if they wanted to respond they could. Other organisations are fearful of the costs of handling the response."

Director, Department Store

These newer channels can drive improved service but they do create further systems complexity and are often 'bolted-on' to existing infrastructures. Full recording of contacts regardless of channel choice, across the organisation remains an on-going challenge. Customers do not want to, or do not like to, continually repeat their details or contact history. For the agent, there are decisions which need to be made about offering blended seats or focusing on specialisation with particular channels.

Pressure Point 5 - Business efficiency drivers on the increase: CEO's want more for less

The high costs of customer contact are under constant scrutiny. Some at board level question the economic value of contact. Some senior management rate the product, brand and price as more important factors in customers' mind. Convincing the board of the contribution that service makes to satisfaction, word of mouth recommendation and loyalty remains an on-going task.

In the meantime, reducing operating and capital expenditure will be prioritized. The two main strategies are to increase self-service and to improve processes through failure reduction as well as 'one and done' initiatives. In the case of the former, persuading customers to switch to lower cost media has proven slow work for many apart from high profile successes like BA and National Rail Enquiries. Reducing demand failure, increasing 'one and done' are worthy goals but proving difficult to achieve.

"The number of new marketing initiatives and campaigns and products means we're always going to have process failure and enquiries to resolve."

Contact Centre Director, Media Company



Finding 'quick wins' and using real time measurement to assess variability in performance are important to contact centre directors monitoring the impact of new initiatives or customer behaviours on their organisation.

Pressure Point 6 – Recruiting and retaining the knowledge worker: A new challenge

Success with self-service, diversity of the customer base and more complex products and services mean the capability and skill requirements of agents are rising. NHS Direct offers nurses on the phone while a pet insurance provider has vets. HMRC has such a breadth and range of services that agents must be more highly trained than ever to offer consistent service.

The implications of this trend are significant. There are some key factors second-generation contact centres need to address for their agents if they are to be elevated closer to 'knowledge workers' status:

- Firstly, contacts needs to be distributed throughout the organisation to find the relevant expertise. For example, a question about a nuisance tree may need to be diverted to the only tree expert.
- Secondly, attracting knowledge workers may require setting up more home working and flexible working arrangements.
- Thirdly, integrating intelligent knowledge bases to assist agents should be prioritised.
- Fourthly, desktops which are clunky to operate and require too much 'togglng' will cause frustration and slow down speed of response.

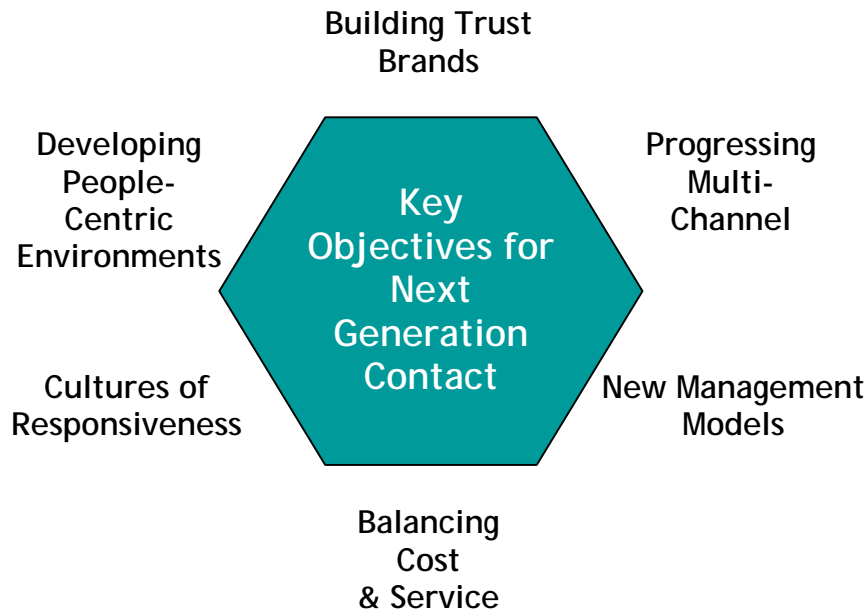
How will the new generation of contact centres be configured?

The traditional factory based – or Fordist – approach to management served first generation call centres well. The focus on process, rules and tight controls enabled the industry to manage millions of calls effectively and efficiently. It provided a strong HR process and framework which ensured that hundreds of thousands of people in the UK could be recruited, trained and deployed in frontline customer contact. Although the media and some customers have adopted a critical stance towards call centres, the vast majority of consumers and businesses valued the time saving and convenience of the call centre revolution. In fact over 60% of consumers say that excellent service is the primary reason why they retain loyalty to an organisation, even though they could buy a product or service more cheaply elsewhere.

A new generation contact centres are beginning to be deployed by organisations. These operating models retain what is good from the past, while adapting to meet the challenges of the future. For example, the industry is shifting focus from measures like AHT (average handling time), but is not losing sight of abandoned calls. Equally, measuring customer satisfaction is more important to today's contact centres, but this does not negate the need to be realistic about customer value.

New contact centres models will be more flexible and responsive to changing environmental and operational requirements. The rigidity of traditional management models, including top-down hierarchies and attempts to control customer behaviour will be replaced with a more collaborative and interactive approach at all levels. With agents and team leaders, empowerment will grow. With customers, their ability to choose service channels and interact at different times will increase. Measurement will be based on the outputs of operations – sales, customer satisfaction and brand impact.

So what are the key objectives of new contact centre models?



Objective 1

- Building trust brands

New contact centre models will receive a stronger mandate from the CEO to protect and build a trust brand. As the advertising guru WPP's Jeremy Bullmore said "People build brands like birds build nests: from the sticks and scraps they chance upon". This reflects the vital role that contact plays over time in reputation building. More and more trust brands are a response to the growing power of consumers, facilitated through online communities. Put a brand name and 'sucks' into Google and for many a trail of criticism emerges. Disgruntled and dissatisfied customers, rightly or wrongly, will have more impact in the future. When Northern Rock had its recent spate of deposit withdrawal, the bank was as active in monitoring and responding to online debate and comment as it was dealing with mainstream press. Listening to the views of customers, learning and then changing will become the footprint of organisations which build trust.

"If customers trust you, their much more willing to do business with you, to be less price-sensitive and remain loyal."

Customer Research Manager, Supermarket

Putting in place measures which drive the right behaviours in new contact centres is vital. It means consulting with customers before deploying new services and building usability through iterative research. Going beyond 'one and done' and simple satisfaction scores, organisations will want to ensure the maximum possible benefit is gained from customer contact. In a world where it is harder and harder to get the attention of people for marketing purposes, this will be a great capability.

Objective 2 - Progressing multi-channel management

Our survey of CCA members revealed that over 80% have multi-channel service offerings in place. Progress has been good, but channel diversity means more will be done in the future to offer the range of media which consumers require. Examples include:

- Voice recognition technology, including voice ID
- Responding to e-mails consistently and quickly
- Co-browsing



- Call-backs
- Enabling two-way SMS messaging
- Offering messaging using new 3G functionality and location based services
- Possible interaction through iTV
- Improved use of knowledge bases on web sites
- Development of avatars.

Integration of these channels will be an on-going task and require either updated systems capability or the ability to link together different technologies and databases seamlessly. As soon as one application of technology is incorporated, then others will emerge. Incorporating both contact management, CRM and transactional databases to provide the much promised single view of customer will also require on-going attention. This task is challenging when the dimension of transaction type is added – sales, returns/warranty claims, account details and questions, helpdesks, loyalty programmes, etc.

New contact centres models will have sophisticated methods for segmenting customers and delivering appropriate levels of service depending on segment. A simple approach will be to look at customer value, and to incentivise self-service where appropriate. More sophisticated approaches will identify potential and future value, influencing power of customers and attitudes towards the organisation.

Objective 3 – New management models

Many of the leading contact centre managers that make up the CCA's membership are shifting away from the command and control management styles. Much of this is being driven by the adoption of new measurement models, which focus more on outputs – like customer satisfaction, sales generated, transactions completed effectively – rather than inputs. These management models require effective strategy and organisational design, but then leave call centre managers, operational managers, team leaders and ultimately agents to meet the set/prescribed measures/goals/objectives.

Related to this is a second management model objective – to become more integrated with the rest of the organisation and escape the 'silo straightjacket'. Having traditionally been operated at a geographic distance, some are seeking to integrate more effectively with marketing, operations and senior management. This underlines the importance of linking customer contact with CRM and in influencing new product development as well as identifying where failure exists in an organisation.

Objective 4 - Balancing cost and service objectives

Balancing costs of service with goals for customer satisfaction and brand building remains the 'art and science' which distinguishes the great contact centre directors from the good. Too often the pendulum swings between these often competing objectives and over time imbalances occur in customer contact performance. Either service levels are 'cut to the bone', damaging brand, or raised to the extent that satisfaction rises but costs spiral out of control.

The requirement to manage costs on the one hand, while letting go of traditional measures to control efficiency, like Average Handling Time, will make the role of contact centre director even more complex and demanding. Requirements for real-time management information and feedback loops to all employees will be greater.



Objective 5 – Cultures of responsiveness

The pace of change in the business environment, in technology and customer behaviours will require even greater responsiveness from contact centre directors than ever before. In the area of marketing, more and more products, services and offers are being launched than before, requiring different support levels. In government, new initiatives and policies are driving contact to the public sector, with citizens who are demanding even higher levels of service. This underlines the importance of integration with the rest of the organisation's key functional areas and also that integration is an on-going process as mergers and changing scopes occur.

"We're taking over two contact centres with the merger. It's going to be a lot of hard work to complete integration!"

Contact Centre Director, Leisure and Travel Company

Having a mindset and infrastructure which enables responsiveness and change will be an important differentiator going forward. This means overcoming the challenges of incompatible systems, legacy systems and different call centre platforms. For some this will mean a complete overhaul of technology architectures, while for others the issue will be one of 'patching together'. Virtualisation of customer contact, across different sites to handle different contact volumes and allow home working will be desirable.

Objective 6 – Developing people-centric environments

'Same as it ever was' – people are the most critical component of traditional and new contact centres. As some of the largest employers in the UK, with enviable track records of providing reliable and safe working environments, contact centres are experienced in creating people centric environments. Many famous people have worked in centres before going on to achieve their life's ambition: contact centres teach us all about the pleasures and complexity of dealing with the public.

The growth in self-service will mean that agents will face greater challenges in terms of range of contacts handled, complexity and emotional calls. This will lead to a transition towards the recruitment and training of 'knowledge workers'. Keeping these people happy and performing will require more open and less 'top down' approaches to HR. As Guy Fielding of CM Insight remarked at a CCA Business Briefing, knowledge workers are best managed by the HSPALTA model: 'Hire smart people and leave them alone'.

Another impact will be requirements for better knowledge storage, transfer and availability for agents to respond to complex queries from customers. Finding the expert in the organisation to answer difficult queries may be necessary, requiring organisations to transfer contacts effectively and seamlessly. Ultimately, the option of using home working to attract knowledge workers may be necessary.

Summary

Is the traditional contact centre model workable in today's fast-moving globalised business? The answer is that new contact centre models are required and already being adopted by some organisation. These are responding to particular pressures in their industries or because they have visionary leadership. The role of CCA will be to help guide contact centre professionals towards these new models and to raise at the same time. Version 4 of our Global Standard will address many of the issues required to implement a new generation contact centre. Are you ready?