

# Are You Exceeding Your Customers' Expectations?

Strategies, Metrics, and Best Practices for a  
Customer-Focused Contact Center

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# Are You Exceeding Your Customers' Expectations?

Executive Summary .....	3
Introduction: Taking Customer Service to the Next Level.....	3
Table 1: Striking a Balance between Your Customers and Your Organization.....	4
Diagram 1: Proactive Approach to Exceeding Customer Expectations	5
unique situations, common ground .....	5
SkillSoft: Need for Standardized Business Processes .....	5
Jefferson County Public Schools: Need to Improve Services and Communications .....	6
Table 2: Examples of Customer Expectations .....	7
Service Based on Customer Segmentation and Lifecycle .....	8
Customer Service Strategies .....	8
Table 3: Examples of Customer Service Strategies.....	9
Customer Service Business Processes.....	9
Metrics: Begin with the End in Mind .....	10
Key Metrics for Customer Service .....	11
Table 4: Examples of Customer Service Metrics .....	11
Targets and Benchmarks.....	12
Five Best Practices for Exceeding Customer Expectations .....	13
Best Practice #1: Listen to Your Customers .....	13
Customer Satisfaction Surveys .....	13
Table 6: Frequency of Customer Satisfaction Surveys .....	14
Focus Groups .....	15
Best Practice #2: Set Aggressive Goals and Metrics .....	16
Best Practice #3: Innovate with CRM Technology Solutions .....	17
Best Practice #4: Transform Business Processes .....	17
Best Practice #5: Apply Lessons Learned.....	18
Table 7: Lessons Learned .....	19
Conclusions .....	19

# Are You Exceeding Your Customers' Expectations?

## **EXECUTIVE SUMMARY**

Customer service has become one of the burning issues confronting businesses. Very likely, you have already implemented one or more customer-focused strategies and some form of customer service system in your organization. At some point, you or your organization has probably been asked the question, “Are you meeting your customers’ expectations?”

The response is probably a simple “yes” or “no” answer. But to be successful today, organizations must go beyond just meeting customer expectations and work to exceed expectations. Organizations that take an approach to exceeding customer expectations focus on defining and executing very specific, proactive customer service strategies. Successful organizations are also likely to use technology to assist them in executing these strategies. Proactive organizations focus on metrics that are driven by business goals, further enabling them to be responsive to customer requirements. Metrics arise from the customer service strategy as reference points to keep the entire organization focused, to measure progress against business goals, and to allow for ongoing optimization of business processes.

While there are differences in each organization’s circumstances, there are also similarities. Looking at how other organizations work to exceed customer expectations through customer segmentation, customer service strategies, and business processes, you can probably find something in common with your own situation.

The organizations that we interviewed cited many examples of key strategies, processes, metrics, and best practices for exceeding customer expectations with the goal of improving customer satisfaction, loyalty, and value. While each individual story is unique, the benefits gained were consistent—more satisfied customers.

## **INTRODUCTION: TAKING CUSTOMER SERVICE TO THE NEXT LEVEL**

It should be of no surprise to you that customer service has become one of the burning business issues of the past few years. For businesses, customer service and support has a 10 percent to 25 percent greater impact on customer loyalty and revenue compared to branding, communications, marketing, and sales activities according to the Gartner Group.<sup>1</sup> In the public sector, government agencies are

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<sup>1</sup> Gartner Group, Key Issues, K-21-1190, October 17, 2003.

becoming more accessible to the public with around-the-clock help desks and one-stop online access to services.

In more immediate terms, you have, in all probability, experienced the increased demands customers are placing on your organization. Expectations for excellence in service and information continue to climb even through times of economic uncertainty. And this is true not only for your external customers, but for your own employees, particularly those who are providing customer support and deal with customer demands on a daily basis.

Very likely, you have already implemented one or more customer-focused strategies and some form of customer service system in your organization. This implementation could be in the form of tracking customers and issues through a single repository or using sophisticated analytical software to analyze previous interactions. Whatever you are doing, you are paying attention to customer demands and trying your best to keep pace with the escalation of those demands and expectations. At the same time, you are striving to meet organizational goals, which, in some instances, can be in direct conflict with your customer expectations. Table 1 outlines typical customer wants versus typical organizational needs.

Like most organizations, you may have already developed a knowledge base of what customers expect and have defined metrics to measure how well your organization meets those expectations. Of course, paying attention to customer demands and measuring satisfaction can present difficulties of its own. Many organizations find themselves in a reactive mode, constantly responding to customer problems, trying to interpret what a customer really wants, sending survey after survey, all in an effort to keep the customer satisfied.

**TABLE 1: STRIKING A BALANCE BETWEEN YOUR CUSTOMERS AND YOUR ORGANIZATION**

Typical Customer Wants	Typical Customer Needs
<ul style="list-style-type: none"> <li>• Customers want to choose their service and communications channels (in-person, phone, self-service, email, fax, chat, etc.)</li> <li>• Customers want you to know them and their preferences.</li> <li>• Customers want fast and accurate resolution to their questions.</li> <li>• Customers want personalized interactions, offers, and promotions.</li> <li>• Customers want a seamless experience.</li> </ul>	<ul style="list-style-type: none"> <li>• Higher customer satisfaction.</li> <li>• Increased customers retention.</li> <li>• Increased customer loyalty.</li> <li>• Profitable customers.</li> <li>• Lower cost of service.</li> <li>• Maximization of lifetime value of a customer.</li> <li>• Higher employee satisfaction.</li> <li>• Return on investment.</li> </ul>

A reactive mode of customer service can have a significant negative affect on customer satisfaction and can be exhausting for any organization. It erodes employee morale and stresses the organization at critical and vulnerable points.

A proactive approach, on the other hand, focuses on appropriate strategies and actions. Instead of being driven by the effort to measure customer service, the organization maintains focus on metrics that are driven by business goals. Stress is reduced, orderly processes take the place of “fighting fires,” and information is used to proactively address customer needs. The chart below summarizes the processes and activities that are characteristic of a proactive organization.

### Diagram 1: Proactive Approach to Exceeding Customer Expectations

1. Understand market and customer expectations
2. Segment customers based on multi-dimensional criteria
3. Define customer service strategies and goals based on customer segments
4. Define core business processes that support service strategies
5. Develop metrics which are quantifiable and actionable
6. Build organizational support and capability
7. Implement strategies and action plans
8. Measure, analyze, and interpret information

““We’ve been able to identify customer expectations, measure them, and then with feedback, adjust the process and make corrections or adjustments.”

—Elliot Cohen

Assistant Director of Technology and Support, Canon Information Technology Services (ITS)

This white paper focuses on answering these questions:

- What are some potential customer service strategies, key processes, and benefits?
- What are the right metrics to measure customer service?
- What are the real benefits?
- What are the best practices to achieve those benefits?

### UNIQUE SITUATIONS, COMMON GROUND

Your organization may be unique, but whether serving a dozen customers or millions, many organizations face similar challenges in meeting and exceeding customer expectations. The following two case studies are examples of two very different types of organizations that face similar challenges.

#### SkillSoft: Need for Standardized Business Processes

SkillSoft, headquartered in Nashua, New Hampshire, has 2,500 customers. It provides training software and offers more than 4,500 courses used by 4.5 million online users. The customers are supported by more than 80 field support agents in three support centers located around the world. SkillSoft has revenues of over \$190 million and 1,282 employees.

The company recently merged with SmartForce, another vendor of training and training software. The merger presented the company with the challenge of a newly expanded customer base, and the incorporation of the merged business entity that was used to different sales processes and solutions for customer service.

SkillSoft executives looked for solutions that could help them standardize business processes and accountability across the organization while providing a seamless view of the entire customer lifecycle. They selected and implemented Oracle's PeopleSoft Enterprise CRM solution.

The solution led to a single, centralized repository for customer information, resulting in a better view of the information throughout the customer lifecycle. It also led to a shortening of the customer service cycle by instituting standardized processes and best practices.

Brian Witchger, Vice President of Sales Operations for SkillSoft said of the new system, "The integration between our customer and support systems enables SkillSoft to quickly identify support issues that customers have so we can proactively recommend solutions. Having this information really builds credibility with a customer and enables our sales and support teams to act as a business partner."

There were additional significant benefits as well. A centralized case management system enables SkillSoft to monitor issues from multiple customers in a single view and recommend consistent, cost-effective solutions as well as address issues at a macro level before they became support issues

Don Verrocchio, Sales Operations Manager at SkillSoft, said, "We decided to not take a Band-Aid approach. By tracking customer issues from all three of our support centers, we can quickly identify any product issue, fix the product, reduce the number of calls, and increase customer satisfaction."

SkillSoft was able to reach this new level of customer service for several reasons. They had top-level management support, and they created the system in a methodical fashion. Starting with a well-defined customer service strategy they built out a framework of metrics that supported that strategy and gave them the focus they needed to complete the task.

### **Jefferson County Public Schools: Need to Improve Services and Communications**

The customers for Jefferson County Public Schools in Colorado are very different from those at SkillSoft and it faced different challenges. With more than 85,000 students, Jefferson County Public School system is larger than most U.S. cities. It faced budget cuts and experienced a declining student enrollment. Jefferson County sought a strategy that would enable it to improve its services and communications while addressing its financial limitations.

"We should be doing the same things that we see in commercial call centers around support. All organizations can benefit from business process and technology improvements, increased service levels, and metrics," commented Don Jenkins, Executive Director of IT Production Services Jefferson County Public Schools.

“We have the same issues that commercial call centers have and we want world-class metrics to enable us to provide technology improvements, service levels and metrics. We want to have the same world-class accountability and standards. We started by hiring people from the private sector who know how to run a call center. We have instituted best practices on our help desk and set goals for response time to level 1 and level 2 calls,” according to Jenkins at Jefferson County Public Schools.

Jefferson County needed to segment its IT customer base (teachers, principals, community and employees) in terms of communication and services that each require. In order to do that, it had to develop processes, procedures and standards for each type of call and service, and match it to their idealized and segmented customer base. That strategy, while somewhat different from the SkillSoft example, shares commonality in the need for standardization of processes in order to meet the individualized needs of its customers.

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While there are differences in each organization’s circumstances, there is some common ground. Looking at how other organizations deal with customer expectations, customer segmentation and lifecycle, customer service strategies, and business processes, you can probably find something in common to your situation or other organizations.

#### Customer Expectations

A great deal has been written about becoming customer-centric, understanding customer expectations, and operating with the customer as the focus. Table 2 shows specific examples of some customer expectations of the organizations interviewed for this white paper.

**Table 2: Examples of Customer Expectations**

<p>“Our clients are unique and they expect different things from us. The issue for us is to be nimble and flexible to respond to the needs of clients based on their requirements. For the clients that we are trying to attract and have long term and broad relationships with, we need to be responsive.” Dan Watchorn Vice President of CRM The Co-operators General Insurance Company</p>
<p>“Our customers expect to get to an agent as quickly as possible. Once they are connected, they expect to be treated professionally and courteously and have their question answered the first time around.” Elliot Cohen Assistant Director of Technology and Support Canon Information Technology Services (ITS)</p>
<p>“When our customers call, they are expecting to get an answer to their question right then and most of the time that happens.” Sherrie Southern Director of Financial Systems State of Georgia</p>
<p>“Our customers expect us to answer their questions promptly and accurately.” Glenn Teal Portfolio Manager for Citizen and Customer Services, Manukau City Council in Auckland, New Zealand</p>

Whatever your customer's expectations; the challenge is to respond to those expectations in a way that aligns with your organization's business goals including controlling costs and increasing profitability.

### **Service Based on Customer Segmentation and Lifecycle**

Companies generate profits by creating deeper relationships with their most valuable customers. The ability to segment and manage customers based on their value and potential makes it possible to identify high-cost, unprofitable customers and stop losses by moving them either up or out of the value chain. More importantly, segmentation enables organizations to identify their best, most valuable customers and allocate resources accordingly—reducing customer defection rates among those they can least afford to lose.

Segmenting customers is a critical step to better understanding them. Examples of customer segmentations include:

- Age, gender, income, family status, special interests, etc., for individuals
- Revenues or budget, number of employees, number of locations, etc.
- Geography: local, regional, national, world-wide
- Preference for self-service, full-service, 24/7 access, etc.
- Interaction and/or purchase history

While there is always a need for core customer service strategies and processes that cut across different customer segments, organizations that seek truly differentiated service that exceeds customer expectations will incorporate customer segmentation data into customer service strategies and key business processes, and design programs to manage the interactions and relationships for these different segments. By doing so, these organizations increase customer loyalty through more personalized service and create an environment for more profitable interactions over the lifetime of the customer relationship.

### **Customer Service Strategies**

Good customer service begins with a thorough understanding of the needs of each customer segment followed by a well-defined customer service strategy designed specifically for that segment. To be successful, each strategy should include a clear set of objectives, metrics to measure results, and the business processes that will be used to achieve them. The strategy must make the organization better by focusing on the customer and proactively working to predict and respond to customer needs, issues, and requests. Table 3 shows examples of customer service strategies from some of the organizations we interviewed

**Table 3: Examples of Customer Service Strategies**

The Co-operators General Insurance Company	Manukau City Council in Auckland, New Zealand	Cognizant
<p>"We are a client-centric organization. We are focusing on a strategy that looks at process and technology that allows us to acquire, service, and retain clients that meet the profile that we are looking for. This is not just a distribution strategy— it is an organizational strategy. Implementing CRM forces us to re-think our organization. We are building a series of initiatives that bring product and distribution together." Dan Watchorn Vice President CRM</p>	<p>"Our strategy has four key elements. Number one is to build customer-centricity into our systems. Historically, governments are not good at this. Two, we are adding a 360-degree view of our customers. We want to know about every relationship they have with the City and how they communicate. Three, we will take time to move from customer transaction management to CRM. Lastly, we want to have a single format for name, address, etc. so that we can identify each citizen the same way." Glenn Teal Portfolio Manager for Citizen and Customer Services</p>	<p>"One strategy is to implement a new CRM solution that will allow us to better connect with our prospects and customers. We grew 60 percent last year and have outgrown our current system. It's all about getting the right information to the right people at the right time. Make sure that you listen carefully and stay focused on the business objectives. Don't get too caught up on just technical issues." Peter Grambs Vice President CRM Practice</p>

For many organizations, a key strategy is to drive incremental revenue while providing service. In addition to tailoring customer service interactions based on customer segmentation, organizations can use this same data to conduct targeted marketing and selling while they service customers. As response rates on direct marketing programs continue to decline and increasingly strict "Do Not Call" legislation hampers direct marketing strategies, the customer service contact center has become an obvious and increasingly critical hub for cross-sell and up-sell activity. Indeed, revenue generation is increasing becoming an expectation of the service center. The implications are simply that organizations must capitalize on every customer interaction to drive relevant offers based on specific, individualized customer needs and history.

**Customer Service Business Processes**

As each organization considers various strategies for handling customer service issues, the core business processes that they can employ are basically the same including:

- Customer or account inquiries – process for handling inbound questions and requests
- Problem resolution – process for how problems are captured, escalated, resolved, and tracked
- Service dispatch – process for sending resources to fix a problem

- Service tracking – process for track the progress of the status of service requests
- Customer analysis – process for analyzing customer information and behavior
- Customer communications and feedback – process for communicating with and collecting data from customers

To execute service strategies that meet customer expectations and organizational goals, you must design, execute, and manage business processes that are unique to your industry and business. At the same time you must be able to impact the effectiveness of your strategies by implementing business process in such as way so that they can be easily and quickly modified to adjust for changing customer needs and market conditions. And lastly, business processes must be executed consistently across all of your customer interaction channels. With each interaction, customers expect you to demonstrate a well-planned and executed approach for dealing with customer service.

### **METRICS: BEGIN WITH THE END IN MIND**

Defining the right metrics through the framework of a well-crafted strategy is a critical element in the development of a proactive customer service strategy—this is true, whether setting higher service standards, changing customer policies, reengineering business processes, or implementing new CRM software.

Metrics arise from the customer service strategy as reference points to keep the entire organization focused, to measure progress against business goals, and to enable ongoing optimization. The development or refinement of a customer service strategy and metrics is often the most challenging aspect of implementing high-quality customer service.

The Gartner Group<sup>2</sup> notes that the challenge of creating metrics is to ensure that:

1. They are part of a wider performance management initiative
2. The frequency of changes in the business necessitates changing which metrics may be important at any given time (as a result, they need to be fresh relevant and continually updated)
3. Their measurement requires perseverance, patience and process, and is based on growing insight over time
4. Organizational barriers are overcome to enable them to become ingrained in the enterprise culture

Benefits will emerge as organizations combine the best people, processes, data, and technologies, but organizations must also look at those metrics that can have the biggest impact on meeting organizational goals. There are many issues that emerge

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<sup>2</sup> Gartner, Decision Framework, DF-22-7541.

around the task of identifying metrics, not the least of which is defining those which are most important, visible, and quantifiable. It is also important to consider the implications of formulating and reporting on metrics in terms that the business users within your organization can interpret, analyze, and proactively take action on.

### Key Metrics for Customer Service

Identifying the appropriate metrics for your organization will be a function of your industry as well as the type of customer that you serve. Table 4 shows examples of the most common customer service metrics being tracked and measured by the organizations that they interviewed. As you will see these metrics apply to various functional areas such as operational, employees, and financial as well as metrics that are customer-focused.

**Table 4: Examples of Customer Service Metrics**

<ul style="list-style-type: none"> <li>• Overall satisfaction</li> <li>• Percentage of calls resolved on first call/first resolution</li> <li>• Time on calls, hold/wait times</li> <li>• Abandonment rates</li> <li>• Average resolution time</li> <li>• Pass through rates</li> <li>• Fulfillment time</li> <li>• Customized support (such as self-service)</li> <li>• Channel usage (e.g., self service via the web, phone, etc.)</li> <li>• Number of support calls by same customer</li> <li>• Increase in renewal rates/incremental purchases/community support</li> <li>• Cross-sells and up-sells</li> <li>• Decrease in call volume</li> <li>• Cost to serve</li> <li>• Customer lifetime value</li> <li>• Customer profitability</li> <li>• Percent of inquires generating leads</li> </ul>	<ul style="list-style-type: none"> <li>• Employee deployment and utilization</li> <li>• Cost of operations, order accuracy, order placement, lead time, cost to replace an order, and support an order</li> <li>• Number of outstanding calls</li> <li>• Percentage of calls resolved via self-service</li> <li>• Percentage of customers meeting target profitability goals</li> <li>• Customer value</li> <li>• Employee satisfaction</li> <li>• Employee morale</li> <li>• Training time</li> <li>• Employee compensation</li> <li>• Employee turnover</li> <li>• Cost per call</li> <li>• Cost per channel (e.g. self-service, email, etc.)</li> <li>• Cost of hiring and training a new customer service employee</li> <li>• Incremental revenue</li> </ul>
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In order to exceed customer expectations for customer service, you must first meet the basic expectations of your customer with every service encounter. Factors that determine overall satisfaction include, first call resolution, hold/wait times, resolution time, self-service options, how many times the customer had to call before having resolution and level of customization in the support that is received.

To exceed expectations you must experience improvements in areas such as abandonment rates, pass through rates, fulfillment time, use of self service, renewal rates/incremental purchases/ community support, decrease in call volume, cost to

serve, increased customer lifetime value, customer profitability and the percentage of inquiries that generate leads.

Organizing your business to offer the highest opportunity to exceed customer expectations for support will prove a worthy investment of time and consideration. Maximizing employee deployment and utilization will ensure that resources are well placed and that the cost of operations is well managed. Another significant factor in your organizations' overall ability to serve your customer is the level of employee satisfaction and morale. Satisfied employees are much more likely to serve your customers well. Improving employee satisfaction and lowering employee turnover rates requires a focus on training, defining clear business process, and providing effective and efficient tools and technology.

Well-trained and satisfied employees are more likely to place an emphasis on accuracy and quality of the services they provide.

As your organization focuses on the metrics that make sense for you, you will have the opportunity to reduce the cost per call, cost per channel, cost of hiring due to turnover, and will increase the opportunity for incremental revenue.

Many of the metrics that are discussed are critical to your business regardless of your industry. Everyone will benefit from improving operations to exceed customer expectations for customer service.

### **Targets and Benchmarks**

Establishing targets and benchmarks is a critical component of any actionable metric. The targets must be attainable, measurable and aggressive enough to challenge your organization. Without such measures, it will not be possible to gauge the improvements and overall success of your customer service strategies.

First call resolution is one of the most common high-level metrics employed. Many organizations say that reaching a 90 percent plus rate of first call resolution is an important target in order to increase overall customer satisfaction.

Long & Foster set a more realistic target in the beginning of their CRM implementation. Mayur Raichura, Director of e-Commerce and Application Development said, "Before our PeopleSoft CRM implementation, our first call resolution rate was 30 percent. The other 70 percent of issues were assigned to field technicians for resolution. When we began our CRM implementation, our goal was to improve first call resolution rates to 60 percent. We now have achieved 90 percent first call resolution. We have been able to accomplish this because we took the opportunity to change the quality of our help desk personnel and because of PeopleSoft's CRM knowledge management functionality, which provides us recommended solutions and trends."

SkillSoft was also able to improve first call resolution rates. They increased the "closed on initial contact" resolution rate by 10 percent by using centralized, efficient, standardized solutions data.

By reducing the time that a customer spends on hold or has to wait for an email response, SkillSoft has been able to increase customer satisfaction and at the same time, monitor service against service level agreements. “Our goals include one minute call wait and 6-hour turn around on email. Our PeopleSoft CRM solution enables us to track these measures and ensure that we are meeting our stated goals,” states Witchger of SkillSoft

Manukau City Council has also found setting clear targets helpful as they consider how they will serve their citizens and proactively track the relationship that each citizen has with the City Council.

“We want 80 percent of our calls to be answered in 20 seconds or less. We want no more than 5 percent of our calls to be abandoned before they are answered and our goal is to have no more than 20 percent of calls needing to be referred on to a specialist department within our organization”, says Glenn Teal, Portfolio Manager for Citizen and Customer Services, Manukau City Council in Auckland, New Zealand.

## **FIVE BEST PRACTICES FOR EXCEEDING CUSTOMER EXPECTATIONS**

The organizations we interviewed shared some best practices that they discovered or incorporated into their efforts to exceed the expectations of their customers. Table 5 below is a selection of five of the best practices that you may want to consider for your customer service initiatives.

1. Listen to your customer through customer surveys and focus groups
2. Set aggressive, but realistic goals and metrics to push people to stretch
3. Use CRM technology to innovate how to best serve your customers
4. Transform business processes
5. Capture and apply lessons learned

### **Best Practice #1: Listen to Your Customers**

Most everyone would agree that listening to customers is essential to an organization’s success. While the importance of listening to your customers is obvious, many organizations fail to fully listen and understand what customers are trying to tell them. The key to understanding your customer is in providing feedback mechanisms and processes that will enable you to understand more about your customer than they do themselves. Customer satisfaction surveys and focus groups are two popular methods for listening to customers.

#### **Customer Satisfaction Surveys**

Our research indicates that independent customer satisfaction surveys are the first step to measuring your organizations ability to meet and exceed customer expectations for service. It is the most common best practice tool that is used by organizations to capture customer feedback. “If you really want to improve

customer service, you have to use customer satisfaction surveys,” advises Cognizant’s Peter Grambs, Vice President CRM Practice.

At Canon Information Technology Services (ITS), Elliot Cohen, Assistant Director of Technology and Support notes, “To measure customer satisfaction, we do surveys. We also measure first call resolution, handle time, wait time and professionalism. Since implementing the PeopleSoft CRM Service solution a year ago, we have seen improvement in all areas. We are also part of a bench-marking consortium and we have hit “best in class” for the past eleven months.”

What is the typical frequency for customer satisfaction surveys? “Long & Foster conducts customer satisfaction surveys twice each year, providing us with feedback that enables us to be proactive and responsive to our customers,” notes Raichura, Director of e-Commerce and Application Development. Table 6 shows examples of the frequency of customer satisfaction surveys for those organizations interviewed for this white paper.

**Table 6: Frequency of Customer Satisfaction Surveys**

Organization	Internal or Third Party	Frequency
Business Link for London	Third Party	Three times a year
Canon ITS	Internal and Third Party	Daily
Cognizant	Third Party	Annually
Jefferson County Public School	Internal	Every other year
Long & Foster	Internal	Twice a year
Manukau City Council	Third Party	Annually
PeopleSoft Enterprise	Third Party Internal	Quarterly On-Demand
SkillSoft	Internal	Twice a year
State of Georgia	Internal	Not regularly
The Co-operators General Insurance Co.	Internal and Third Party	Annually and Daily for Claims

The Co-operators General Insurance Company uses input from customer satisfaction surveys from multiple perspectives. The Company’s marketing department surveys its customer directly and through focus groups. The company’s claims department conducts claims satisfaction surveys and in one government

province, the government regulator requires these claims survey results to be posted on its website alongside the results of competing insurance companies.

Dan Watchorn, Vice President of CRM at The Co-operators General Insurance Company, said, “This adds a level of challenges for our business to exceed both the corporate goals and the results of our competitors. We use the information to gauge our performance. Utilizing the results of the surveys, we are able to improve our services to our clients and continue to increase customer satisfaction ratings.”

Once results are tabulated, organizations may want to publish them not only internally, but also externally to their customer base. We found that most often, organizations preferred to work with a key group of customers and selected advisors. SkillSoft’s Witchger comments, “We have published our results to our advisory group. Our largest customers are involved in our advisory forums that meet four times a year.”

### **Focus Groups**

Listening to your customers in direct feedback sessions is another best practice and when utilized in conjunction with customer satisfaction surveys can be a very powerful communications tool. Focus groups provide an opportunity to strengthen customer ties by forming stronger one-on-one customer relationships. They provide an opportunity to drill down more deeply into specific issues with customers and to capture levels of understanding not available in a survey format. Focus groups also offer an opportunity for organizations to identify ideas that can be applied to future product development and organization planning and strategy. By working closely with your customers, you will gain increased insight regarding their issues and concerns enabling you to serve them in a more proactive way.

Business Link for London is able to keep in-depth records of interactions with customers as a result of their CRM solution, but they don’t only rely on that source. Marlene Cassell, Director of Client Management and Project Sponsor at Business Link for London comments, “We also have customer focus groups. Using a third party facilitator, we hold focus groups once each quarter. We try to give everybody a wonderful experience. Customer satisfaction surveys tell us where our areas of for improvements and focus groups enable us to continue to customize our services.

“The best practices are to do regular independent customer satisfaction surveys, work closely with a customer advisory board to plan and execute customer-facing programs, and participate in user group organizations. We are active in all of these things and they are good ways for us to find out what our customer needs are,” comments Oracle’s Mark Sherman, Director of PeopleSoft Product Support.

It is impossible to overstate the importance of customer programs. Insight provided by focus groups, advisory groups and other similar activities will enable you to understand more about your customer than you could possibly know from customer satisfaction surveys alone. The more you know about your customer the

more targeted you can become with programs to increase your customers' satisfaction with your organization.

## **Best Practice #2: Set Aggressive Goals and Metrics**

Research shows that organizations must push themselves to set aggressive goals and metrics. You may be surprised to learn that your organization can exceed expectations and should therefore set aggressive goals in order to push the organization to peak performance and results for customer satisfaction. While a consumer-focused call center may focus on service levels based on customer feedback on products, a government organization may be more focused on quality of service and constituent support.

Cohen at Canon notes, "Service level is the most important metric that we evaluate as we consider the effectiveness of our service offerings. What our customer tells us they want is what drives our changes. We originally had a measurement in our PeopleSoft CRM solution to measure our first call resolution based on our criteria. Then we decided to focus on our customer perception of resolution. We went from looking at this metric from a system perspective to focusing on customer satisfaction reports."

"We monitor our goals and metrics for customer service on a daily basis. Using the tools of our system, we are able to track our service performance. We undertake an annual customer satisfaction survey in which we measure a host of customer perception and service quality issues. An index of 90 percent or greater is our target," comments Teal at Manukau City Council.

Oracle's Mark Sherman agrees, "The bar has been raised in the past few years. Ninety percent is the starting point. It is very difficult to compete in the market if your customer satisfaction is less than 90 percent."

Other industries may find that having a 360-degree view of the customer is the most critical factor in providing opportunities for exceeding customer expectations.

Cognizant's Grambs said, "It is important to listen to customers and to respond to their needs. You have to have data about customers available so that they don't have to make an effort to get support. Make it easy to do business with you."

Organizations are finding that customers are demanding more customized service and they expect to have a satisfactory experience with your organization when they need service. Your organizations' ability to exceed customer expectations will be defined by your ability to proactively identify the expectations, monitor, measure, and make changes when warranted.

"We look at metrics in terms of decreases of call volumes, renewal rates of our customers, and business metrics. If we are meeting the performance metrics that have been agreed to in a contract, then that enables business transformation, it increases the speed to launch new products, it increases customer loyalty, and it enables success," notes SkillSoft's Witchger.

### **Best Practice #3: Innovate with CRM Technology Solutions**

CRM software provides organizations with the technology tools to innovate and improve customer service. Traditional CRM software for customer service was aimed toward the efficient management of customer cases. But as customer service needs have evolved, so too has CRM software. The latest generation of CRM customer service software, such as that offered by Oracle's PeopleSoft Enterprise, is designed to exceed customer expectations, while controlling service costs and maximizing revenue. Unique innovations include:

- The ability to automatically guide service agents through the resolution process, which ensures consistent service delivery based on best practices
- The ability to tailor the level of service delivery and experience based on a particular customer profile or segmentation, such as a "platinum" customer
- The ability to deliver relevant cross- and up-sell offers during the service interaction, based on customer profile or segmentation, thereby driving incremental revenue from every service interaction
- The ability to easily integrate with various front office and back office systems so that agents can get a complete 360-degree customer view from one screen

At The Co-operators General Insurance Company, Watchorn shares, "As a result of our CRM implementation, we will capture more information on our clients in one central location and we will be able to analyze it better. The goal is not just to do more surveys, but also to collect the interaction and analyze what we already have. Today our data is not centralized, but stored in multiple systems, hard copy files and there is no easy way to access and analyze it. A central source to collect interactions will allow us to utilize information in a more effective way."

Jenkins at Jefferson County Public Schools, comments, "I look at CRM as having limitless possibilities. Whether the principal wants to get parent and community feedback or provide informational marketing, PeopleSoft CRM is the right tool. I believe CRM will fundamentally change the way we communicate with parents and the community."

### **Best Practice #4: Transform Business Processes**

Another best practice cited by several organizations focused on transforming core business processes, which can be facilitated with the right technology. "When implementing CRM technology, you must understand and develop your business processes to meet your business goals, and then apply technology," comments Jim Patrice, Vice President of Product Support at Oracle.

For example, Oracle's PeopleSoft Enterprise CRM solution, helps to transform and enforce business processes by providing "out-of-the-box" processes that allow information and transactions to be more tightly linked across different parts of the organization including supply chain, human capital management, and financial

management systems. The software brings together enterprise-wide data to deliver key insights about profitability, customer value, trend analysis, and operational performance to all levels of users throughout the organization. Prepackaged modules deliver key performance indicators and alerts, multidimensional analysis, advice, and offer management. As a result, customer service representatives are able to deliver world-class customer service with customer value scores, customer churn indicators, and call center performance summaries. And marketing managers are able to create highly relevant marketing programs by segmenting customers based on sophisticated modeling tools, analyzing customer behavior, and identifying future trends.

At Canon, Cohen comments, “Before we implemented PeopleSoft CRM Support, we had forty-one different business processes. After our implementation, we were able to reduce that to nineteen processes by consolidating similar processes and using workflow in PeopleSoft.”

Marlene Cassell at Business Link for London, reports, “We have been able to reduce 400 business processes down to 40. We’ve increased the annual capacity of customers served from 1,500 to 100,000 and we’ve had a 13 percent improvement in our customer satisfaction ratings since implementing our new system.”

Transforming business processes is not only about streamlining the number of processes you rely on, but it is also about how you execute them. Often times, customer service employees find themselves relying on word of mouth, informal notes, or luck when applying service strategies. By leveraging innovative technology capabilities such as a business rules engine organizations can automatically drive consistent interactions across all of their communications channels.

“Make certain that customers have a process that allows them to call one place, one number, one person and expect not to be transferred or to have to call multiple numbers,” comments Canon’s Cohen.

### **Best Practice #5: Apply Lessons Learned**

As your organization contemplates new customer-focused strategies, changes business processes, gathers customer data, and implements new technologies, consider applying some of the lessons learned from the organizations interviewed for this white paper. Table 7 summarizes those lessons learned such as communicating change, senior management support, measured progress, and be prepared to make changes.

**Table 7: Lessons Learned**

Lesson Learned	Quick Insights
Communicating changes and the value of the changes to customers and employees is critical.	Communicate Change • Define value in terms that customers and employees can easily understand • Involve stakeholders in the change process – early and often • Ask for feedback and ideas to help influence the process • Acknowledge where customers and employees are doing a great job • Respond to the top needs of customers and employees
Ensuring that senior management supports and properly funds the customer service strategies is critical.	Invest • Identify an executive level “champion” • Marshall sufficient human resources • Select technology that is flexible and configurable
Make measured progress. Implement over a period of time that makes sense for your organization, your employees and your customers.	Show Results, Minimize Impact • Define ROI metrics up front • Do not implement too fast or all at once • Minimize the impact of change on customers
Be prepared to make organizational changes and personnel changes if necessary.	Remain Flexible • Be flexible in considering other options • Balance business metrics with customer satisfaction and the impact on your customer

The ultimate test of a best practice is whether or not it results in an efficient and effective solution for an organization. Watchorn of Co-operators General Insurance Company says, “Our CRM strategy is designed to be a win for clients, win for agencies and the sales force, and a win for the company overall. Our approach to best practices are based on focusing on what our clients need and our ability to develop strong, long term client relationships with our target clients producing long term growth and profitability. We have to be proactive. We need to focus less on maximizing growth in one product line at the expense of broader relationships. Our organization strategy is resonating with our clients as a whole.”

**CONCLUSIONS**

Not just meeting, but exceeding customer expectations requires organizations to plan and implement customer service strategies that cut across business processes and workflow, people, and technologies. The every day challenges, while sometimes significant, can be addressed and overcome. It is the risk of not addressing customer service issues with available, proven metrics, best practices, and

technology solutions, like those from Oracle's PeopleSoft Enterprise, which we believe must be confronted.

Organizations must close the gap between meeting customer expectations and exceeding those expectations. Customer service should be proactive, not just a response. The difference is between appeasement of the customer and delighting the customer. Delighting the customer requires a planned and orderly approach. Organizations that implement customer services strategies and become more proactive can reap significant benefits and even unexpected gains. Proactively seeking improvements in overall quality, utilizing employee resources more effectively, and automating processes are a few of the strategies that your organization may wish to pursue.

The organizations that we interviewed cited many examples of key strategies, metrics, best practices, and lessons learned for improving customer satisfaction and loyalty with the goal of exceeding customer expectations. Both public and private organizations that have implemented CRM technology tell us that they are achieving significant and often unexpected gains. While each individual story is unique, the benefits gained were consistent—more satisfied customers.



Are You Exceeding Your Customers' Expectations?

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