

# Eliminate Those Pesky Customer Contacts!



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Customer Interaction Centers, call centers, help desks and the like are a mainstay of customer care regardless of industry. Yet for most customers a call for assistance represents an encounter of last resort ... mostly because the product or service did not perform as expected in the first place. For example:

- The anxious bank customer calls because their funds are not available for check they deposited yesterday at the ATM machine.
- The purchaser of a new software package calls for help, when they find the program does not work on their system.
- The patient calls their HMO about the status of their medical claim, when their doctor says he has not been paid.

In the new book, "Lean Solutions," Womack and Jones call these call centers and help desks part of the 'failure industry.'

As customers we've all been there -- calling a company for information, and inquiry, or problem resolution. All too often, we then complain about how long we're left on hold, how many times we have to call back or have to wait for them to call us. Once we get through we are frustrated at how long the call takes and that our request for service cannot be completed. In response to this cry for service, managers have recognized that a focus on "abandonment rates," "time to answer" and "first-time call resolution and closure" is critical.

Despite best intentions, companies are discovering that these and other measures should not be the first priorities for most service & support inbound call centers.

### *Many calls are unnecessary*

After analyzing numerous call centers, and thousands of individual phone calls, we can safely say that many calls are unnecessary (most in some situations). The key question becomes "should we get the call that all?" So before redesigning how calls are managed, a couple of key questions need to be answered. One, how many calls would be eliminated if something else was done right the first time? Two, how many calls would be eliminated if something were done differently?

The answers to these questions can be found, but not easily. A rigorous root cause analysis of numerous phone calls is required to pinpoint the real solutions.

For instance a leading HMO was shocked to find out that half of all calls were non-value added, and should not have occurred at all. The providers (doctors and hospitals) data was not up-to-date or accurate, creating 11 percent of the phone calls. Another 20 percent of the phone calls could potentially be eliminated if there were a closer partnership and timely sharing of accurate information between the HMO and the provider group. Plus, 19 percent of the phone calls would not have occurred had the HMO done a better job educating their members.

The same phenomenon occurs in industry after industry:

- We found the majority of billing inquiries to a leading telecommunications company would not have occurred if the phone and related services were installed right in the first place.
- The calls to the bank regarding check clearing would not occur if expectations were managed up-front (e.g. 2-days for in-state and 4-days for an out-of-state check).
- Likewise, for the software company, managing customer expectations and providing clear initial instructions would eliminate the bulk of the calls.

### *The right measure and real value*

The ramification is that, for the customer interaction center as a whole, a broader overall measure is required. For instance, Call Centers and Help Desks might measure “customers per employee or per seat” (total customers/total interaction center employees or seats) In other words, the center gets credit for serving customers, whether they call or not. This measure encourages the center to provide the rest of the organization with useful feedback on the calls, with the intent of eliminating a large portion of the calls altogether. It also enables the center to juggle the relative priorities of the micro-measures (e.g. “call resolution,” “talk time,” etc.) in a way which best enhances to overall measure of “customers/employee” or “customers/seat.”

For example, in the Health Care case the majority of customer calls should not occur at all. Calls occur when customers, and doctors, expectations are mismanaged, or claims are submitted improperly, and claims are paid slowly. The value proposition should revolve around the interaction center’s ability to define root cause of the calls and assist the organization in reducing call volumes, through fixing the ‘upstream’ process failures. The value proposition is in lowering service cost per customer, whether that customer is actually served or not.

The next logical extension of promoting the value of service/support in this manner is to price services in this manner. This could work

much like the way doctors are paid fixed capitation rates for prospective patients, whether they actually become a patient or not. A customer interaction center (in-house or outsourced) could promote and price their services on the basis of cost per customer (whether they interact or not). This payment scheme encourages the interaction center to continuously help the overall corporation improve their operations and service delivery processes based on knowledge gained from customer contact. Plus, since the interaction center will be paid on the basis of the entire customer base, there is great incentive to help the overall corporation drive acquisition, retention, and referrals ... while driving down the number of service recovery contacts.

Therefore, the real value of a service and support operation is in designing and providing the most customer-centric and profitable solution to customer care. In other words, the value is in the capture and use of information to strive for flawless service delivery.

It is ‘service cost per customer’, not the ‘cost per seat for service recovery,’ that counts. For example, let’s assume an interaction center management team eliminates calls and call time amounting to 40% of the call handling effort ... and takes on a 500-seat center and turns it into a 300-seat center. Assume in that in either case the center supports an installed base of 1,000,000 customers. The 500 seats supported 2000 customers/seat, while the 300 seats support 3333 customers per seat ... a dramatic improvement in productivity, and better service (the customers do not call when the product or service works right in the first place).

Assume the center was paid on the basis of a “capitation” rate at .015 dollars per hour per customer. This equates to \$15,000 per hour to handle the customer base, whether it takes 500 seats or 300 seats. (Plus there is an incentive to help sign up new customers, and to sign them up properly so there is no need to call for help later.)

Perhaps, the center and the rest of the organization could split the savings. Even when traditional ‘per agent, per hour costs’ are used, the benefits are clear. A 300-seat center at \$40

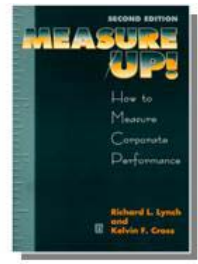
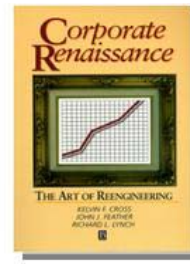
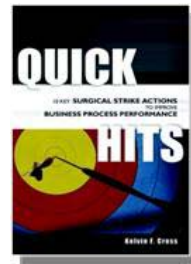
per agent hour is a lot cheaper than the 500-seat center at \$30 (\$12,000 per hour per hour versus \$15,000 per hour ... a 20% savings). The value in the higher agent-hour price is for the expertise in the root cause analyses, feedback, and assisting in the fix (which will eliminate contacts), not just the day-to-day management of calls and contacts. Presently properly, the interaction center is not high priced ... even at \$40 per hour per agent.

An effective and efficient process for customer care, and elimination of service recovery, comes from a detailed understanding of the facts regarding volumes and types of calls, root cause of those calls, and a rigorous feedback mechanism. Excellent service delivery means eliminating the need for excellent service recovery.

Give me a call and ask about RootCalls<sup>SM</sup> Analytics – our approach to rapidly identifying:

- calls that are unessential and can be eliminated,
- call time that is unproductive and can be streamlined,
- the significant root causes, and
- what specific actions are needed to get results quickly.

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