



Accenture Australian Business Agenda 2008 Video Series

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Customer Relationship Management

Podcast Title: Creating and maintaining a customer centric organisation

Michael Pain

Hello and welcome to the Australia Business Agenda 2008 Video Series, a series of interviews with senior executives within Accenture's Australian Management Consulting and Integrated Markets practice. The Series tackles some of the key challenges facing organisations operating in Australia today.

Many companies are still placing operational excellence ahead of customer intimacy. Far too many organisations view good customer service as good enough, when they should be striving for great customer service.

This is the view of Ann Burns who leads Accenture's CRM practice in Australia. In this video, Ann will discuss strategies for establishing customer centricity and the importance of customer loyalty as it relates to competitive advantage and high performance.

Question

What is the difference between good and great customer service?

Ann Burns

The difference between good customer service and great customer service comes down to one thing – the intimacy of the relationship that you form with your customers. Does your customer trust you and do you fully understand that customer, understand their needs, their intentions and what is really important to them?

Question

Is this an important distinction?

Ann Burns

I think lots of companies take the view that good customer service is good enough. I have to say, the enemy of great customer service is just good customer service. Lots of companies have invested heavily in technology, and that technology has been focussed on cost reductions: getting the information or getting the call to the right place at the right time in the quickest amount of time. Many of the metrics that are used to measure performance are again focussed on efficiency rather than on customer satisfaction. I believe that in making those investments and increasing technology, we have alienated the customer, in some cases.

Question

How can organisations establish customer intimacy?

Ann Burns

Developing an intimate relationship in our technology-enabled world is particularly challenging. When we think through the access that we have through the internet, online channels or call centres, many of these capabilities are often located offshore, in a different country. Sometimes customers feel very alienated from the service provider with whom they have a relationship. I believe that tailored customer service, that is interactions that are tailored to the individual needs of a customer, are the key to unlocking the intimacy in a relationship. Technology is a great enabler. It provides us with data and information about a particular customer. If we collate it well we can really use it to build intimacy into our interactions with customers.

Question

Is there a link between great customer service and the bottom line?

Ann Burns

The link between great customer service and the bottom line, there are three elements that need to be considered. The first involves understanding the cost to serve. What does it cost you to deliver and service a particular customer segment? What does it cost you by channel? And what does it cost you on an overall basis?

Secondly, what is the revenue or the share of wallet that you should expect from a particular customer or particular customer segment? You must consider the costs and the revenue in conjunction with one another to understand what it does to your bottom line growth and your profitability. The third and final piece, which is often missed, is the element of forecast revenue or loyalty, that is, repeat business. The share of wallet, the extension of products and services within that share, ensuring that that customer remains with you as their service provider, continuing to frequent and support your business inevitably underpins ongoing profitability.

Question

What trends do you see in Australia?

Ann Burns

The research we have recently done here in Australia as part of a global survey has shown that many Australians are discontent with the customer service they are receiving. In fact, two thirds of those interviewed said they had switched providers in the last 12 months. This comes down to two major issues. The first is that many are spending a long time on hold; the average figure was in fact eight and a half minutes. From a business perspective I wonder how many companies are out there that would love eight and a half minutes to form a dialogue with customers, to understand what their requirements

are, to potentially offer them different products and services and really develop an ongoing relationship. Australian consumers are voting with their feet because they feel that the level of customer service they are getting is poor. This particularly occurs when they have to repeat information, or get transferred multiple times between different customer service representatives and really are not getting any satisfaction through the interactions that they are having.

Question

How are customer service expectations changing?

Ann Burns

In the work Accenture is currently undertaking, we are finding that customer expectations are rising very, very rapidly. For example, we are seeing the emergence of sustainability as a key buyer value that probably was not there three or four years ago. The work we are doing for many of clients right now incorporates sustainability as a key expectation for delivering great customer service. It is no longer good enough, for example, for me to buy my gas and electricity from the cheapest service provider. I also want to buy from a service provider that delivers the sustainability agenda, who gives me the opportunity to manage my carbon footprint. And so there is an example of new customer expectations really changing the way in which we offer products and services, in the way that we are helping our clients deliver differentiated customer experience and tailoring products and services to meet emerging customer needs and requirements.

Question

What can organisations do to improve customer service?

Ann Burns

In considering how to deliver great customer service there are a couple of things that are worthwhile thinking through in detail. The first is

how to put customers at the heart of everything that you do. Really thinking through: what is their perspective, what are their behaviours, what are their needs, what are their intentions? Making sure this is a consideration at every point at which they touch your organisation, whether that be the call centre or on the web or even back in the warehouse when you are picking products and services.

The second thing that I would consider doing is to make the connection in the metrics that you use to manage business performance, whether that be profitability and growth, but more specifically customer satisfaction and loyalty. If we think about the economics of profitability and growth, understanding the cost to serve of each customer segment together with the revenue or the share of wallet of each customer segment gives you a view of what you can potentially forecast in the future if that customer continues to return, continues to buy products and services, or expands the products and services that they secure from your company.

And finally, to create great customer service and that intimate relationship, there needs to be consideration of the overall ecosystem of how you deliver customer service. For example, many companies have a fairly complex operating model that is made up of third party sub-contractors, delivery agents, outsourced call centres or sales forces. Understanding how that operating model comes together across many different workforces is absolutely critical – viewing it as an ecosystem that is focussed on the customer, which needs to work together seamlessly to ensure that great customer service is the number one priority.

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