

# The Top 5 Business Drivers for Customer Service Transformation projects

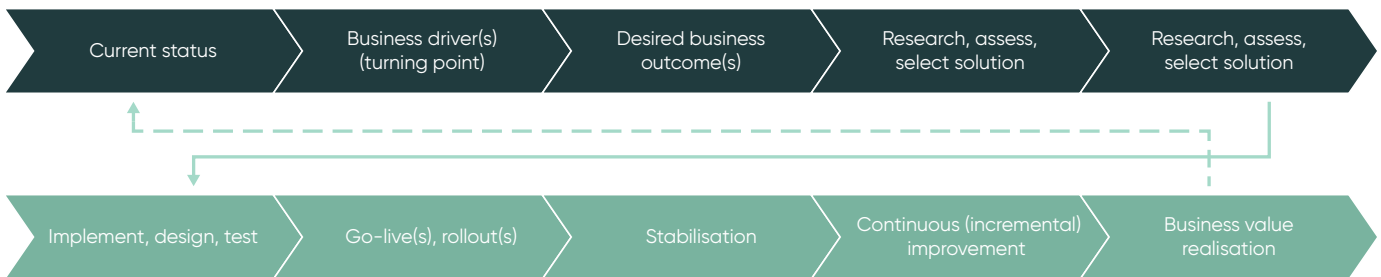


# Championing the customer service transformation

Readers of Customer Experience Magazine will have seen my recent article; *Customer Service Transformation: 10 Steps to Heaven*.<sup>1</sup>

As soon as it went online, I was flooded with questions and comments from ServiceNow colleagues, customers and partners. Most focused on business drivers (step two in my ten-step model), the catalysts for organisations to transform their customer service and/or customer support operations.

The 2018 Digital Transformation Survey shows that 68% of the businesses surveyed achieved a positive ROI from their digital transformation efforts.<sup>2</sup>



Ten steps for Customer Service Transformation projects

For an organisation to transform its operations, fundamental business drivers need to create what I call a turning point (and others call 'a compelling event').

Because transformation projects involve investment in money and people, organisations need to be convinced that the costs involved will be more than offset by the benefits.

Realising that a transformation needs to occur is the turning point of the conversation. In some cases, the turning point happens as the result of a crisis (an issue so severe that the future of the business is at stake), which gets the attention of the entire organisation. In other cases, more forward-thinking organisations create a sense of crisis. They note that 'storm clouds are coming', and start looking for umbrellas.

I've had the pleasure of meeting customer service leaders from organisations across many industries and geographies, and time and time again I see the same five business drivers behind customer service transformation projects:

Championing that the transformation absolutely needs to happen has been crucial in ensuring success for every project I've ever been involved in.



1. Improve customer satisfaction



2. Improve employee engagement



3. Reduce costs and improve efficiency



4. Increase business agility and innovation



5. Ensure compliance

Let's look at each in detail, with some real-life examples of organisations that have used customer service transformation projects to drive improvements.



## 1. Improve customer satisfaction

In my experience, improving customer satisfaction is the number one business driver for customer service transformation projects.

Organisations use several approaches to measure customer satisfaction. The most common is Net Promoter Score (NPS).<sup>3</sup> It provides a single numeric figure to indicate customer satisfaction at a given point in time.

Why does customer satisfaction matter? In today's world, customers always have a choice. A single bad experience can lose you a customer for life. On the other hand, great customer service can provide real competitive differentiation.

Improving response and resolution times, offering additional customer communication channels and increasing service hours can all drive improved customer satisfaction.

### Examples of this business driver

- Epicor Software identified improving customer satisfaction as the prime driver for undertaking its highly successful EpicCare customer service transformation project.<sup>4</sup>
- Optus recorded a 20% reduction in customer churn and a 10% increase in online sales as a result of its customer service transformation project.
- Broadcom achieved a 67% reduction in average resolution time for customer incidents through implementing its Customer Support Portal, as part of a major customer service transformation project.<sup>5</sup>
- The Tennessee Department of Human Services achieved a 70% reduction in citizen inquiry resolution times with ServiceNow CSM.<sup>6</sup>
- Basware achieved a 43% reduction in customer resolution times in just four months after go-live of its Le Mans transformation project.<sup>7</sup>

Organisations primarily look to improve customer satisfaction to drive revenue performance, through three distinct areas:



“

We went from the Fred Flintstone of customer service to James Bond. ”

– Landon Cook, Director of Customer Service, Tennessee Department of Human Services



## 2. Improve employee engagement

As with customer satisfaction, improving engagement for users and agents offers significant benefits:

- Less absenteeism
- Reduced attrition of customer service agents
- Easier attraction of high-quality candidates
- Increased likelihood of 'going the extra mile' for customers and colleagues
- Quicker time-to-value for new recruits

Improving the employee experience is part of the business rationale for almost all transformation projects, but in my experience, it is not usually the top business driver.

A notable exception to this was at a UK-based retail financial institution. It named improving the customer service team employee experience as its clear number-one business driver for a major transformation project.

The company operated in a competitive labour market, and with antiquated, labour-intensive customer support systems. This resulted in:

- Over 30% annual customer service agent churn
- Over 50% agent churn in the first few months of employment

Addressing employee satisfaction was critical to the future of the entire business, and the primary driver for its transformation project.

### Examples of this business driver

Basware surveyed employees after completing their customer service transformation project, finding:



“

When employees are happy, they are your very best ambassadors. ”

– Jim Sinegal, Costco co-founder and former CEO

“

If you look after your staff, they will look after your customers. ”

– Richard Branson, Virgin Group founder

“

Employee experience will be as important, if not more so, than customer experience. ”

– Shep Hyken, Top Ten Customer Service/Customer Experience Predictions for 2019<sup>8</sup>



### 3. Reduce costs and improve efficiency

Reducing cost is often one of the most important business drivers for transforming customer services. But it is not something that organisations like to shout about. It's easy to talk to both external and internal audiences about investing to improve customer satisfaction. It's much harder to say that you want to reduce the costs of customer service and still deliver a message of 'customer focus' or 'customer centricity'.

However, organisations can often do both. By implementing customer self-service through a well-designed support portal, combined with appropriate knowledge articles that can provide answers to customers' questions, organisations can achieve both improved customer satisfaction and reduced operating costs.

**Reducing the cost of customer service operations usually means a focus on one or more of the following:**

- Focus higher cost support channels on high-value interactions to reduce average cost per customer service employee
- Reducing the volume of customer support interactions
- Shifting the mix of support interactions to lower cost channels
- Automating common customer service requests
- Removing 'swivel chair' activity and 'double keying'
- Reducing high-cost follow-on activity

Customer service and support operations are often thought of as cost centres. But they're actually a core contributor to customer satisfaction and efficiency improvement. And both of these are known to deliver economic impacts: cost reduction and bottom-line improvement for the organisation.

**Examples of this business driver**

- CDL reduced its service desk resources by 42% and dedicated technology specialist resources by 55%, and at the same time improved customer service levels by 7%.<sup>9</sup>
- Telstra implemented ServiceNow CSM as a key part of a \$3bn transformation programme,<sup>10</sup> improving customer satisfaction whilst reducing customer calls by 500,000, and unnecessary field technician visits by 40,000, a 55% reduction.<sup>11</sup>
- Thales Transportation Systems reduced the need for 8 FTEs, allowing it to redeploy resources to other parts of the business.<sup>12</sup>
- Shaw Communications achieved annual savings of 19,000 hours, or \$3.9M, with self-service solutions enabled by its transformation project.
- SwissRe uses customer self-service to achieve an ongoing 3% annual productivity gain.<sup>13</sup>



## 4. Increase business agility and innovation

There are many examples of legacy customer service systems preventing organisations from innovating or responding to business opportunities and challenges.

For example, Virgin Trains was unable to make any changes to its legacy customer support systems for over two years due to system instability, complexity and skill requirements.

Post-transformation, Virgin Trains is now making system changes for the benefit of customers and employees on a twice-weekly basis, helping them become a true 'disruptor' in the UK transport industry.

This has resulted in a "ServiceNow first – before we even consider another solution" approach from Virgin Trains. Ticket fraud management and detection in the transport industry has resultingly been completely transformed, thanks to the power of the ServiceNow CSM platform.<sup>14</sup>



Siemens Healthineers uses ServiceNow CSM to develop faster ways of working. With a 'minimum viable product' approach, it has reduced time-to-market, with on-time and on-budget project deliveries. This agility allows it to provide support for new products or new services, which could not be achieved on old legacy systems.



Tandem Corp has made impressive use of the built-in agility of its newly-implemented customer service management platform to expand from telecoms services into two new industry segments: insurance and retail. It has created two new revenue streams for the company, improving the experience for end-customers and completely disrupting both industries along the way.



## 5. Ensure compliance

There are two fundamental types of compliance, both of which can be significant business drivers for customer service transformation projects:

1. Regulatory compliance
2. Financial/operational compliance

Regulatory compliance is obedience to various rules under which organisations operate, whether that be financial, health and safety, food and drugs, etc. Failure to achieve regulatory compliance can result in large fines, restrictions on doing business, and in some cases, the ultimate sanction of loss of operating licenses.

Financial/operational compliance refers to Service Level Agreements (SLAs), Service Level Targets (SLTs) and Operational Level Agreements (OLAs) that organisations have established. These can either be as part of a contract with customers, or as an aspirational target against which performance is measured. By definition, failure to achieve these targets can result in direct financial penalties and/or customer satisfaction issues.



Virgin Trains is a great example of an organisation transforming its operations to improve performance and comply with regulatory compliance benchmarks. It used the rich data from ServiceNow CSM to help it meet the customer complaint target set by the UK regulator Office of Rail and Road (ORR) for the first time in eight railway periods.

### Examples of this business driver

B3 increased its customer issue resolution SLA to

98%

Telia increased its SLA for fulfilment performance to over<sup>15</sup>

93%

Grocery Outlet achieved an all-time-high SLA rate of

96%

## Conclusion

In my experience, the five business drivers highlighted here make up the vast majority of the 'turning points' that push organisations into undertaking customer service transformation projects.

The examples I've shared show that:

1. Organisations can achieve multiple positive outcomes by transforming their customer service operations (e.g. reduced costs and improved customer satisfaction).
2. Improvements in one business driver can deliver knock-on benefits in another (e.g. improved employee engagement can drive better customer experiences, which in turn leads to an improvement in customer satisfaction, etc.)

ServiceNow Customer Service Management solutions can create seamless customer experiences and intelligently fix problems before customers even know they have them. Find out more by visiting our website:

[servicenow.com/solutions/csm.html](https://servicenow.com/solutions/csm.html)

I hope you have found this whitepaper informative and useful, and I look forward to your feedback, comments and questions.



## Ian Ashby

### Director, Customer Service Transformation

Ian Ashby is a business change and transformation expert. Prior to joining ServiceNow, he was Senior VP of Global Support at Epicor Software Corp. His prior experience includes over 20 years in customer service and commercial management roles with the likes of Avaya, Exony (now part of eGain) and Cable & Wireless.

## References

- <sup>1</sup> [cxm.co.uk/customer-service-transformation-10-steps-to-heaven/](https://cxm.co.uk/customer-service-transformation-10-steps-to-heaven/)
- <sup>2</sup> [constellationr.com/research/constellation-research-2018-digital-transformation-study](https://constellationr.com/research/constellation-research-2018-digital-transformation-study)
- <sup>3</sup> [customer.guru/net-promoter-score/industry/technology-computer-software-prepackaged-software](https://customer.guru/net-promoter-score/industry/technology-computer-software-prepackaged-software)
- <sup>4</sup> [servicenow.com/customers/epicor.html](https://servicenow.com/customers/epicor.html)
- <sup>5</sup> [servicenow.com/customers/broadcom-seamlessly-integrating-acquisitions.html](https://servicenow.com/customers/broadcom-seamlessly-integrating-acquisitions.html)
- <sup>6</sup> [servicenow.com/customers/state-of-tn.html](https://servicenow.com/customers/state-of-tn.html)
- <sup>7</sup> [servicematters.servicenow.com/2019/02/26/putting-customer-support-driving-seat/](https://servicematters.servicenow.com/2019/02/26/putting-customer-support-driving-seat/)
- <sup>8</sup> [linkedin.com/pulse/ten-customer-servicecustomer-experience-predictions-2019-shep-hyken/](https://linkedin.com/pulse/ten-customer-servicecustomer-experience-predictions-2019-shep-hyken/)
- <sup>9</sup> [servicenow.com/customers/cdl.html](https://servicenow.com/customers/cdl.html)
- <sup>10</sup> [online.isentialink.com/afr.com/2018/01/16/35c6ba9b-1a95-45e3-b3e3-80f43474c300.html](https://online.isentialink.com/afr.com/2018/01/16/35c6ba9b-1a95-45e3-b3e3-80f43474c300.html)
- <sup>11</sup> [telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/200618-Telstra2022-Briefing-Materials.pdf](https://telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/200618-Telstra2022-Briefing-Materials.pdf)
- <sup>12</sup> [servicenow.com/customers/thales.html](https://servicenow.com/customers/thales.html)
- <sup>13</sup> [servicenow.com/customers/swiss-re.html](https://servicenow.com/customers/swiss-re.html)
- <sup>14</sup> [servicenow.com/customers/virgin-trains.html](https://servicenow.com/customers/virgin-trains.html)
- <sup>15</sup> [servicenow.com/customers/telia.html](https://servicenow.com/customers/telia.html)

