

Changing Our Focus From Cost to Customer

by

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Introduction

It's not everyday that a company's name becomes synonymous with a new way of doing business. But, then again, The Hartford Experience is no run-of-the-mill business initiative.

A few years ago, The Hartford Financial Services Group, a powerhouse in the investment and insurance field, laid the groundwork for a bright future. The company understood that its success in an increasingly competitive world relied on strengthening its brand by relentlessly improving the experience of its customers. Customer solutions, ease of doing business, and extraordinary service would be the hallmarks of the company's new initiative that every employee would be responsible for delivering. Provide The Hartford Experience and customers will choose The Hartford.

A crucial arena for delivering The Hartford Experience lay in the company's call center interactions with customers who purchased auto and homeowners insurance through the AARP Automobile and Homeowners Insurance Program from the Hartford. The Hartford wanted to build a better understanding of its customers' impressions of its service and, in so doing, offer a better experience to them while simultaneously addressing issues of cost and scalability.

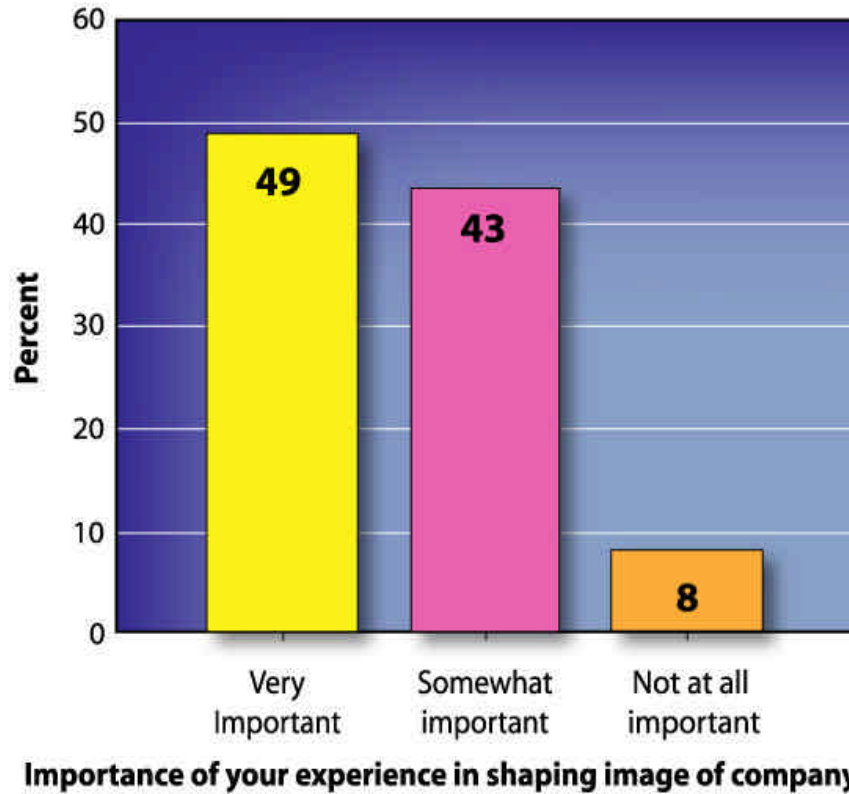
Traditional call handling statistics generally force an organization to handle more calls in a shorter space of time, requiring more of an 'automaton' rather

than a 'human' response. Needless to say, this can easily result in uninterested and seemingly impolite agents, and unimpressed customers.

The Hartford's thinking, therefore, was to move away from a 'cost focus' to more of a 'customer focus.'

According to research conducted at Purdue University's Center for Customer-Driven Quality, there are two future trends that should be of interest to call center managers, namely: 1) quality management in call centers will be driven by such key performance indicators (KPIs) as first call resolution, average hold time, average number of transfers, and more; and 2) quality management in the call center will be driven directly by caller satisfaction scores. These will include percent perfect scores on the question "overall how satisfied were you regarding your calling experience (referred to as percent "top box"), and percent worst scores on the same question (referred to as percent "bottom box"). The main difference in these future trends from the past is less dependence on just monitoring representatives' performance to determine quality.

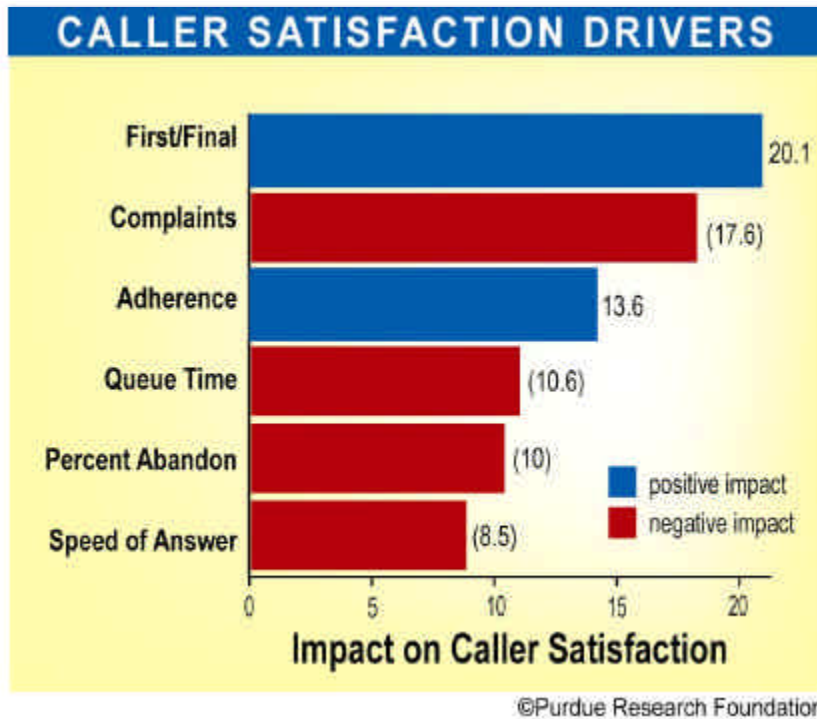
What this implies is that call recording and analytical software allows managers to monitor not only the individual agents, but gives an overall review of how the call center impacts the customer and enterprise brand. In a recent study conducted by researchers at the Purdue Center for Customer-Driven Quality, a statistical sample of American consumers were asked "How important is your experience in calling a company on your image of that company." The results are shown below (reference our Kelly Services White Paper, 2003 at BenchmarkPortal.com).



The Hartford project's aim therefore was to address specific operational business problems within call centers, as follows:

- Focusing on First Contact Resolution (FCR) to reduce repeat contacts
- Reducing the cost of inbound contact center operations through efficiencies
- Improving the customer satisfaction with the call experience
- Ensuring a consistent and high quality service experience with each customer contact
- Increase customer retention

From our benchmarking and secondary research, we know that FCR correlates highest in driving customer satisfaction as shown in the figure below (reference our IBM White Paper, 2003 at BenchmarkPortal.com).



The Challenge

And, so it would prove for “The Hartford Experience” as well. The Hartford’s FCR was somewhere in the range of 65-70%—good, but some 10-15 points lower than ‘best in class’ organizations. Here was a significant opportunity to improve the effectiveness of each contact, while at the same time creating scale of efficiency for expense saving. Indeed, an improvement to 80% would translate into productivity efficiency savings of 3% or 4% a year.

The second priority was average caller hold time. Up to 35% of current call handling time was eaten up in a hold status—by reaching a best practice of 15-20%, an additional 2% could be saved annually.

With improvement in just two metrics promising a significant return, it was time to find a solution. And so, a plan was hatched, out of which came the CEMS (Customer Experience Management) System. This is a business strategy that captures, evaluates and analyzes customers’ experiences to allow the organization to continuously improve processes and establish and measure sustainable improvements—or, in other words, all the ingredients for what would become “The Hartford Experience.”

The resulting challenge was to install a system to record 100% voice and screen data across three separate call centers and 2,000 customer service representatives—located in Southington, Oklahoma City and San Diego.

Initially, The Hartford was told it couldn't be done. At this time in 2001, a system of this magnitude for 100% customer experience capture did not exist in the world. However, those involved weren't convinced. The company had the coaching skills, its process management could easily devour data of this type, and it had the ability to design systems around change management and utilization of this data.

The Solution

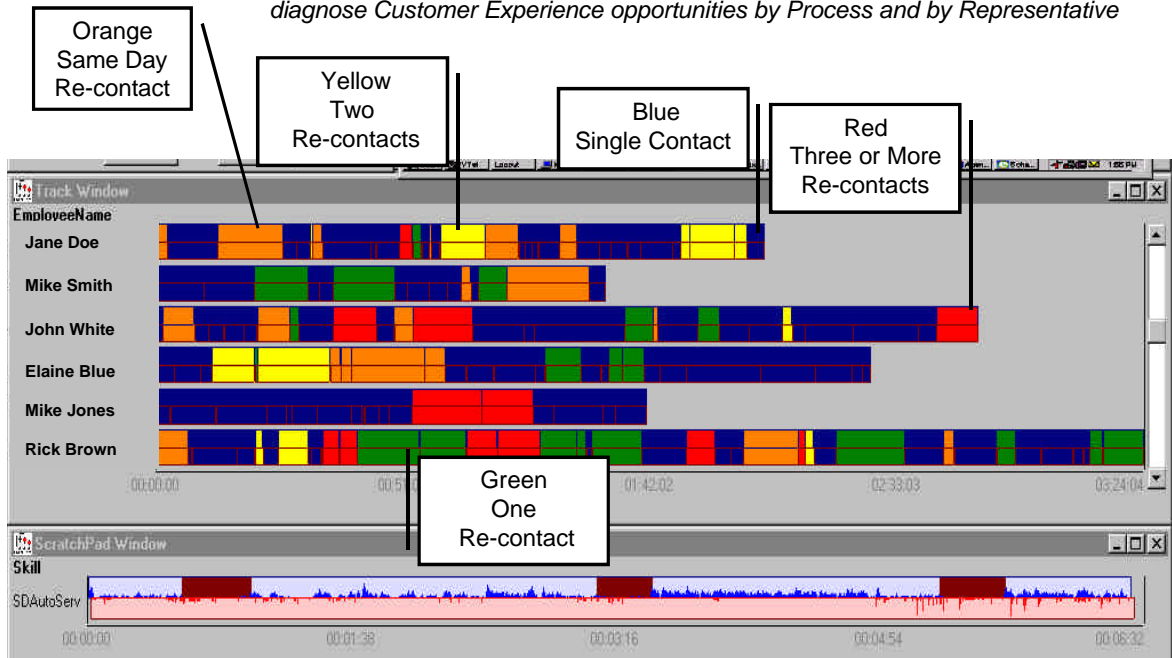
A technology supplier was found, and its engineers quickly achieved the voice capture part of the equation. The requirement of 100% screen capture across multiple sites—virtually unheard of in the industry—proved a little trickier; however, in partnership with The Hartford's IT Department the “seemingly impossible” was also achieved.

Further designs and refinements led into analytical front ends for front-line managers to help them focus on coaching relationship building and behavioral change within the contact center environment. These designs were cutting-edge from a standpoint of profiling the customer experience and bringing it into the contact center environment. For example, incorporated into the CEMS was Replay Studio (a feature to help find and diagnose the customer experience), and Performance Manager (with its team and unit scorecards).



First Contact Resolution Application

Data Visualization Techniques help Front Line Managers and representatives diagnose Customer Experience opportunities by Process and by Representative





One of the most important attributes about the above screen is that quality monitors can “cherry pick” those calls that have one or more attributes that are out-of-line with other calls. For instance, a) maybe the call length was much longer than average, b) maybe the amount of hold time was much longer than average, c) maybe the talk time was much longer than average. So instead of just “randomly” monitoring calls and finding little to improve, with the new system, monitors can select only those calls having a very high potential for improvement. This makes the overall process much more efficient and effective.

The Results

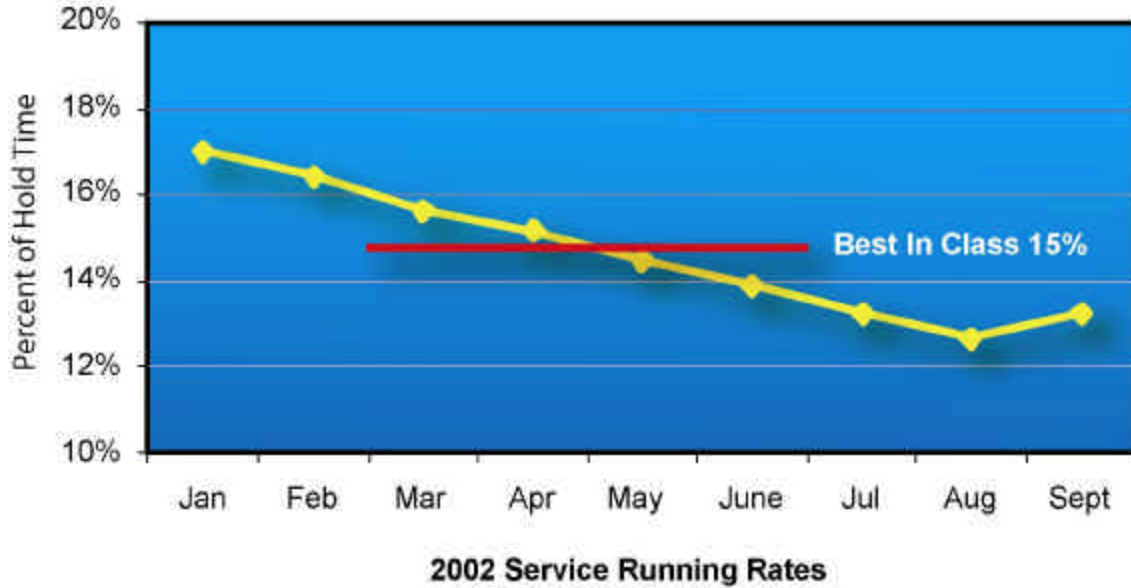
The question is: how did it do? Well, the results were startling.

Within 150 days, the world’s first 100% voice and data customer maintenance system was up and running.

As the CEMS infrastructure was rolled out to each of The Hartford’s three sites, the power of listening, and now watching the customer experience, caused immediate behavioral and process changes in the key metrics of hold time and first contact resolution:

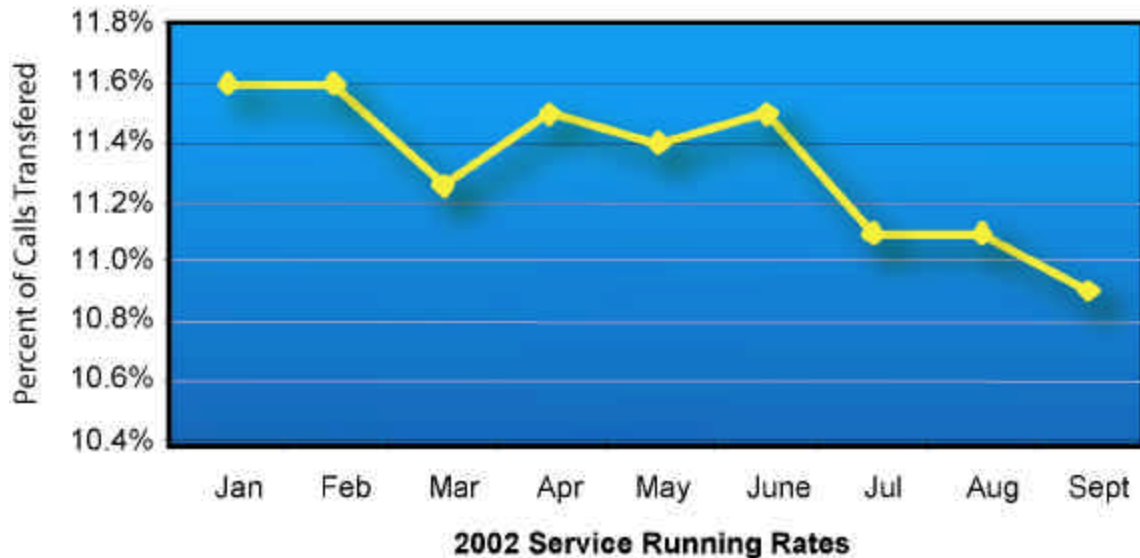
- Hold time dropped from 70 to 53 seconds on average for each call—greater than was originally expected (see 1st chart).
- Transfer rates dropped by almost 20% (see 2nd chart).
- FCR increased from 74.9% to 78.1% in eight months (see 3rd chart).

Hold Time Improvements

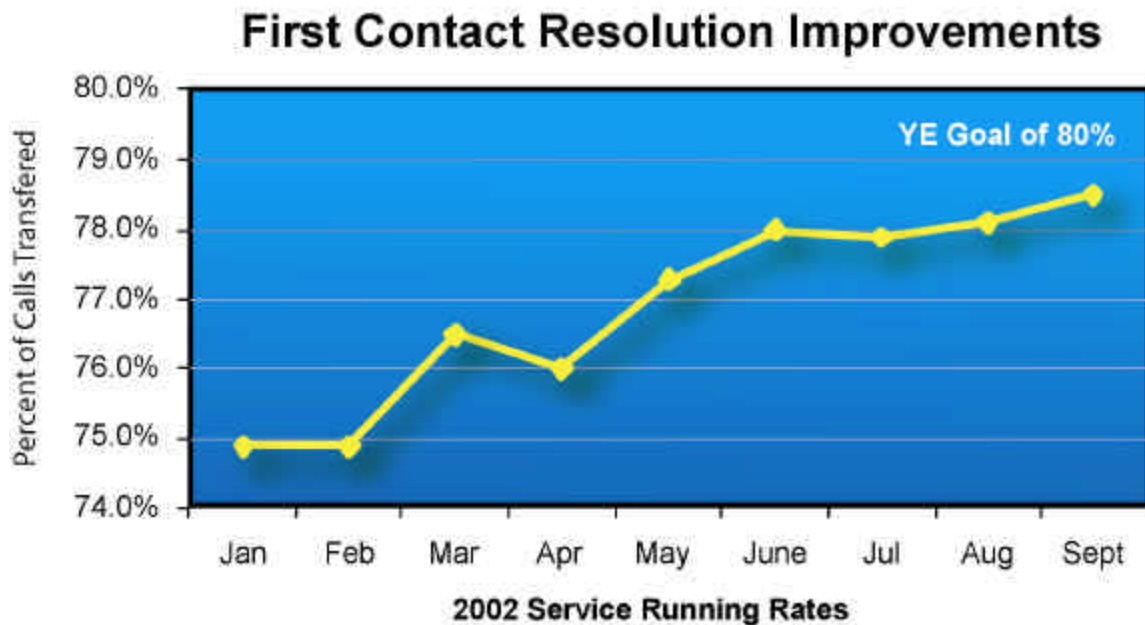


Hold time saw a significant impact as it moved from 70 seconds on average for each call down to 53 seconds in August. This was a 17 second reduction, greater than what it was anticipated in the original estimates. We saw significant impacts for our two key areas of first contact resolution and average hold time, but we then began to see broader areas of involvement from the organization and application of the platform that we had installed.

Transfer Rate Improvements

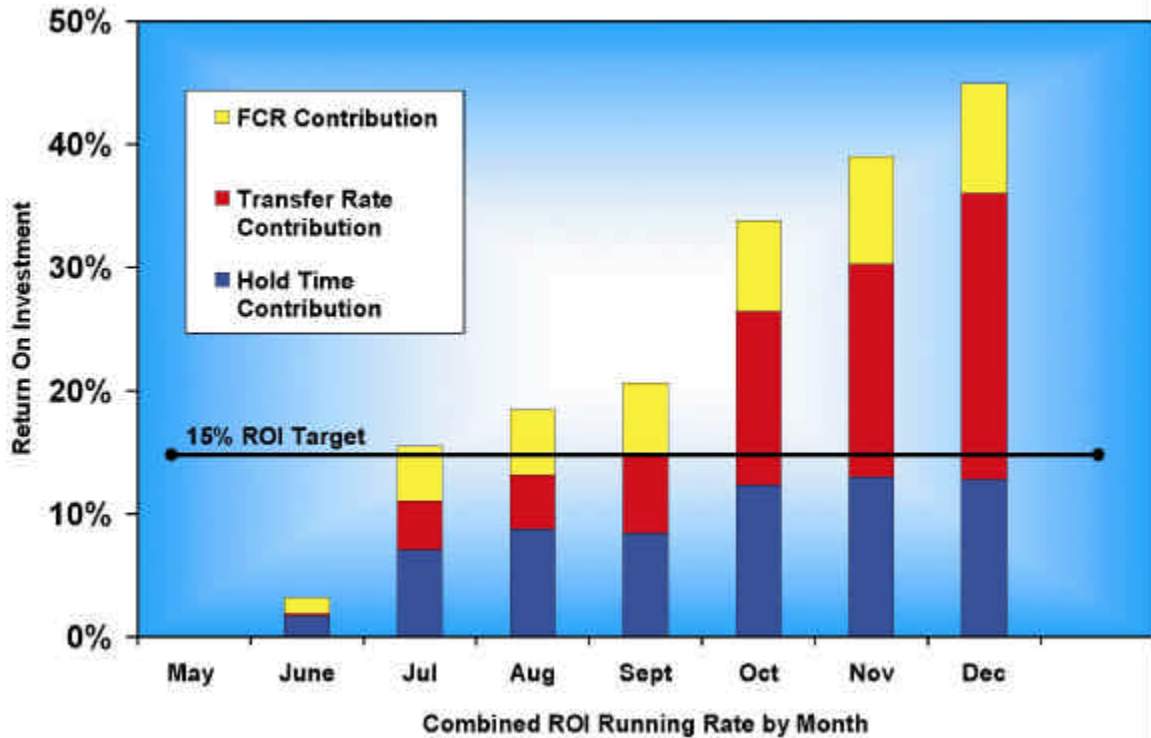


Transfer rates decreased as inefficient processes were surfaced, and representative ownership of customers grew. In addition to other areas, representative satisfaction level with coaching and quality improvement processes were significantly increasing. Employee comments around the system were extremely positive in its ability to give them consistent and immediate feedback on the success of their training, their coaching, and their ability to service the customer.



First contact resolution moved from 74.9% in January to 78.1% by August. We were learning new things about FCR every day, but for the first time we had a way to understand what was causing customer re-contacts, what processes were driving those contacts, and how we could review each and every call.

The Hartford's goal was to achieve a 15% return on investment running rate by year-end in the rollout year. It reached that in 60 days after releasing the system into production, and future estimates on savings run significantly higher.



Finally, managers and employees alike were quick to praise the new CEMS approach.

“It is that much easier to make clear job expectations, identify behavior trends, and draw connections between actions and customer satisfaction,” a manager reported.

And a customer service representative (CSR) reported: “When listening to putting someone on hold, I have become very aware of how long that is. It made me aware that while I have them on hold, to try and not answer questions that may come up from another agent during that hold time.”

All in all, a remarkable performance from a project that was supposedly impossible to achieve.

While earlier investments in call centers helped to cut costs, they often failed to fully take the customers’ needs into account. Today, we are seeing a very real shift in emphasis toward the customer experience in order to increase loyalty and market share.

CEMS means that for the first time The Hartford had a way to understand what was causing customer re-contacts, what processes were driving those contacts, and how it could review each and every call. By listening to what the customers wanted, providing key staff with the information necessary, and by changing its focus from costs to customers, the company is improving its service and delivering ‘The Hartford Experience’.

End of Article

Author Biographies and Company Info:



Dr. Jon Anton is the director of benchmark research at Purdue University's Center for Customer-Driven Quality. He has published 23 books and 96 papers on customer service and call center methods. His education includes a Doctorate of Science and a Masters of Science from Harvard University, a Masters of Science from the University of Connecticut, and a Bachelor of Science from the University of Notre Dame. Dr. Jon can be reached at: DrJonAnton@BenchmarkPortal.com.



Tom Hammond has been in the Financial Services industry for over 17 years. His experience ranges from development and direction of Direct Response Marketing, Operational Research for Segmentation and Customer Satisfaction, Executive champion of Contact Center projects, like CTI, advanced routing, speech application, and virtual reps. More recently, he has been focused on Customer Experience Management strategies, and Contact Center optimization. Tom is the VP of Contact Center Strategy for The Hartford. He is based in San Diego.

About BenchmarkPortal, Inc.

BenchmarkPortal is the custodian of the Purdue University Center for Customer-Driven Quality database of contact center metrics, the largest in the world. It provides reports, products and services for contact centers in the areas of operational metrics, customer satisfaction measurement and agent satisfaction measurement. For more information about BenchmarkPortal, call Dr. Jon Anton at 805.614.0123 extension 50, or visit our Web site at: www.BenchmarkPortal.com.