

Proactive Service – Not What You Thought

By: Gil Kochavi, Director, Synergy, April 2009



1. Summary

Proactive Service is a term most of us are familiar with. Many organizations utilizing this tactic do so by proactively updating their customers using digital channels such as e-mail and SMS, in order to save the customer the effort of referring to the organization.

More advanced organizations take it a step further and initiate service calls to customers, in order to precede the customer's referral to the organization, and to significantly enhance the customer experience.

In this article we will examine proactive service tactics, why and when they are required, and how to effectively provide proactive service.

2. The Problem

A few weeks ago, I read a transcript of an interview with Bill Price, co-author of "The Best Service Is No Service: How to Liberate Your Customers from Customer Service, Keep Them Happy, and Control Costs".

The author presents a (slightly extreme) perspective, maintaining that customer service is at the bottom of the organizational "food chain", and that all faulty actions or processes performed by the organization's different departments and that affect the customer, are followed by the customer referring to service centers. Theoretically, it is safe to say that had all the organization's departments been properly managed, the volume of calls to service centers would have been significantly lower.

For example: had the invoice been clear enough, and had every customer been given guidance or preemptive explanation regarding future payments, the number of customers calling due to unclear charges in the invoice would have been significantly lower.

The author maintains that organizations should rethink their service centers' streamlining strategies, and shift from developing technological tools that deal with the ever growing call volumes, to performing organizational processes which would help decrease the customer's **need** to contact the service center.

This is a common problem for most organizations with a service center/array. The number of customers is constantly growing, and the volume of customer referrals grows accordingly, which, in turn, causes an expansion of the service center.

Customer service managers have to cope with the main task: complying with the Service Level Agreement (SLA) initially defined (since at this point they can't go back), and are equally required to show improvement in service levels, while dealing with strict limitations on manpower quotas in service centers.

3. The Solution

The ultimate solution for this problem includes two key factors:

- Proactive service
- Self service

The proactive service will reduce the customer's need to refer to the service center, and the self service will enable the customer to have his problems (should they arise) solved via self service channels.

Proactive Service:

In order to effectively provide proactive service, updating the customers in advance isn't enough. A comprehensive process should be implemented, in order eradicate the problem from its roots, rather than dealing with its consequences later on.

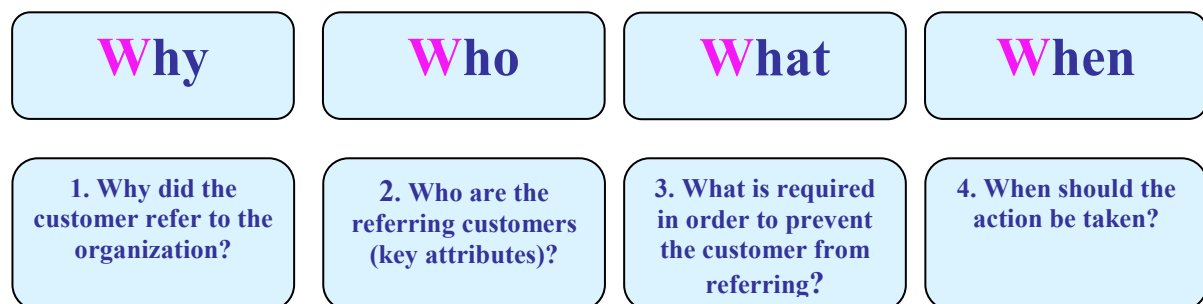
For instance: if customers are calling to ask whether their refund cheque is ready, we have two options:

1. The trivial option: send an SMS to the customer, with an update on when the cheque will be ready + an update when the cheque is actually ready.

2. The ultimate option: understand why the customers had to receive a refund in the first place, and provide an effective solution to reducing this occurrence. In addition, update the customers already in the process via SMS on when the cheque will be ready and when the cheque is actually ready.

Obviously, the trivial solution deals only with the byproducts of the problem, whereas the ultimate solution deals with its roots, and provides answers aiming to eliminate the problem as much as possible, be it via organizational processes and restructuring, or by using different technological tools.

The process that needs to be implemented comprises of mapping the reasons of customer referrals to service center, and for each referral, answering the following questions:



Most organizations implementing proactive service processes focus mainly on questions 1 and 3 (why the customers referred and what is required in order to prevent them from referring). These processes are only partially effective, and usually do not yield the needed results.

Understanding the characteristics of customers who refer to the service centers and a clear definition (based on analysis) of the timing for each action, will result in a significant uplift in the efficiency of these results.

From previous proactive service processes we have implemented in different organizations, we have witnessed the following results:

- A decrease of 20-25% in referral volumes (among referrals tagged as relevant for action)
- A 20% improvement in service centers efficiency (a 20% increase in referral solutions by existing manpower)
- A decrease of 50-60% of daily referrals from customers in information issues, achieved by a preceding contact with the customer via digital means (SMS, email and IVR).

Self Service

The idea of decreasing the volumes of customer referrals to service centers by offering self service solutions has been excessively discussed in the past. Several key principles should be maintained in this regard:

- Providing a solution for the customer's main issues
- Offering multi-channel self service capabilities (internet, IVR, SMS)
- Providing a selection of solutions (changing contact channels at any point)
- Enhancing the customer's experience (simple processes)
- Incorporating self service with proactive service (mainly in informative issues, and focusing on incoming IVR).

Self Service and Proactive Service

Since both types of service aim to achieve the same goals, the organization should implement a solution that combines both techniques.

The proactive service will assist in diverting customers to self service channels, both before and during referral to the service center.

For example: a customer who scheduled an installation of a product today and also called the service center today. It is highly likely that he is calling in order to make sure the installation will indeed take place on time. Preempting this with a voice message informing the customer of the installation time as soon as he calls, will prompt most customers to end the call as soon as the message is heard, thus eliminating the need for a service representative to take the call.

4. Conclusion

Evidently, an effective proactive service project entails of more than just the proactive referral to the customer. This is a multi-disciplinary project, focusing on each of the following components:

- Understanding the referral (service)
- Analyzing the organizational work processes
- Analyzing customer behavior (customer analytics)
- Enhancing customer experience (CRM)

A project which takes into account each of these issues will produce the most effective results by reducing volumes of referrals to the organization while enhancing customer experience.

About Synergy

Synergy is a consulting company specializing in information based customer management, assisting organizations to maximize the business potential of their end customers, while providing them with tools of improving their marketing, service and retention activities.

Synergy's solutions revolve around customer management, and include Analytical CRM, Operational CRM, Loyalty and Web solutions, as well as Marketing Resource Management solutions.

Synergy was established in 2003 and operates from Israel, the UK and Poland, working with local and international organizations. Among our customers are the foremost industry leaders in the Israeli and international markets, in industries such as communications, finance and retail, among which are banks, credit card companies, insurance companies, mobile operators, internet service providers, international call providers and television networks, as well as large membership clubs in the food, fashion and aviation industries.

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