

The customer experience: has the customer been forgotten?

This communiqué outlines the presentations and panel discussions that took place at the inaugural ea Consulting Group Thought Leadership Breakfast in Sydney, Australia on 27 September 2011.

Attended by representatives of financial services organisations, other corporates, selected media and members of ea Consulting Group, three expert panellists presented their unique views and insights into the question: The customer experience: has the customer been forgotten?

A white paper on the subject is available at <http://www.eacg.asia/category/media/>

Background

While many financial services organisations have the best intentions when it comes to their customers, too often they lose sight of the customer while they focus on the bottom line. Getting the customer experience right is more critical now than ever, as our uncertain economic climate means retaining or growing a loyal customer base can make the literal difference between an organisation's long term success – or failure.

Panellist 1: Jason Millett

“Beware the open kimono...”

Jason is a Director of MillStreet Consulting P/L, which specialises in improving the customer experience using IT solutions. Prior to that, Jason spent three years at Westpac Banking Corporation in various senior GM roles across consumer financial services, in CIO roles and overseeing productivity and process excellence. Before joining Westpac, Jason spent eight years in various senior executive roles at the Commonwealth Bank, including leading major IT programmes. It was during his time at the Commonwealth that Jason was awarded the PMI Australian Project Manager of the Year in 2006.

Changing customer needs and growing expectations, many of which are driven by technology, was a key thrust of Jason's address.

With his strong IT background and current focus, Jason took the audience through some of the critical factors affecting the success – or otherwise – of financial services organisations' use of social media. Within this context, he considered what customers really want – and financial services organisations' ability to provide it and keep up with rapid change.



On social media: it's all about the platform

He believes that most organisations are failing to make the most of what's on offer and not rising to the challenge of engaging effectively with the customer, many having adopted innovation for its own sake rather than with any real view of how it might help the customers or indeed, the business.

Disturbingly, Jason also considers that many organisations have ineffective strategies to protect themselves on the various social media platforms on which customers are now engaging with – and about – their banking and finance experiences.

He colourfully likens the current state of Facebook and, to a lesser extent, Twitter commentary on financial services organisations as the equivalent of banks revealing their ‘open kimono’ to the world.

“We tell our kids to beware of what they say and do online and in social media yet we have the banks out just as exposed,” he said.

What do customers really want?

In Jason’s view, customers are looking for a consistent, reliable relationship with their financial institutions, and one in which they get it right ‘first time, every time’.

Anathema to this desire for consistency and reliability is the need for customers to have to repeatedly explain themselves across the various ‘silos’ of any organisation in which there is no ‘single view’ of the customer. This is particularly the case where the advanced nature of technology might reasonably lead customers to expect their needs to be swiftly and appropriately addressed.

The super highway of social media and advent of online communities where individuals can air their opinions and share their experiences at will gives the customer more ‘say and sway’ than ever before. If banks and other financial services organisations don’t respond by putting customers at the centre of their product and service offering, they will lose the game.

The need to differentiate themselves by virtue of their service is all the more pressing because of the commoditised nature of much of what financial services organisations have to offer. In other words, all things being equal, it will be those that distinguish themselves – and don’t disappoint – by providing a superior customer experience that will win out. This is especially the case when banks are increasingly recognising the opportunities and are making switching easier than ever before.

Finally, in answer to the question: ‘has the customer been forgotten’, Jason says no. But, he warns, the industry needs to seriously lift its game before customers forget their banks and move on to something more relevant, engaging and satisfying.

Panellist 2: Gerd Schenkel

“The twitching corpse of current expertise”

Gerd is Executive Director of Telstra Digital, a new business unit of Telstra charged with the consolidation, operation and development of all digital sales and service channels of Telstra’s Consumer, Business and Enterprise customers. Before his Telstra role, Gerd founded Australia’s fastest growing online bank, National Australia Bank offshoot, UBank, after first spending some years heading up various NAB divisions. Prior to his banking career, Gerd was a management consultant with the Boston Consulting Group based in Sydney, Los Angeles and New York.

In his address, Gerd focused on the need to take a whole-of-organisation approach to improving the customer experience. It’s a need that, he says, arises from the complex nature of large organisations

and the fact that they are organised, in the main, along functional lines and across multiple departments.

Too often, it is left to the customer to navigate those lines and those departments while, from an organisational perspective, no single department has a full customer view or is sufficiently empowered to change the customer experience for the better.

The issue then becomes how to organise and unite the organisation in a way that provides not only the full view of the customer experience, but also empowers it to shape that experience in the desired manner.

Gerd offered two distinct approaches, both drawn from his own experience.

Telstra: finding the 'glue' to unite the organisation

It is clearly impossible for members of Telstra's 30 or more departments to report directly to the CEO or to have the kind of first-hand customer contact that might empower them to make a difference. It is not possible for various members of the organisation to know each other – or, given the constraints of size and geography, to be in the same room together.

The solution to building a united approach and single customer view must therefore lie in helping departments get to know each other better, share knowledge and be united by an explicit focus on the customer and their issues – which must in turn be in some way linked to their performance incentives. In this way, an organisation empowers teams to put the customer at the forefront of all other considerations, including economic considerations, personal KPIs and extending their empowerment beyond conventional employment structures to include offshore and contract employees.



UBank: building a bank of the future

A second means to embed the customer focus into an organisation is to be in the enviable position of starting from scratch with a fresh approach, unencumbered by the past. As seductive as this notion is, it still involves compromise – the question is, however, which areas to compromise?

For UBank the decision was not to compromise on customer touchpoints, to ensure the all-important consistency of the customers' experience. In effect that meant never sending a UBank customer to a NAB branch or contact centre, with the aim of effectively delivering an entirely unique and different customer experience from day one.

There was also considerable work to completely align the culture of the leadership with that of the frontline. To that end, hiring the right people was vital. That meant that every member of both the initial team of 12 and the subsequent one of 180 was 100% handpicked.

Social media – awaiting critical and commercial mass

Gerd does not underestimate the importance of social media platforms – and in particular their potential to replace current specialist expertise with 'crowd wisdom', effectively rendering much

current expertise in financial services – including investment advice and in-branch managers – potentially irrelevant.

In fact, Gerd's view is contrary to accepted wisdom that online and social media sources will be the favoured vehicle for simpler or more generic information, while more complex interactions will continue to take place, face to face.

“People research, book and pay for entire international holidays online, they buy houses, cars and make other complex decisions. To believe that this will not happen in financial services... well, if you have that view we're looking at the twitching of the corpse,” he said.

At this stage however, looking at the scale of an organisation such as Telstra, the day when social media can be turned to in place, for example, of a conventional contact centre is yet to come. But we would be foolish indeed not to be looking out for it – and in the meantime should be seeking to use social media in as relevant and effective a manner as possible.

Panellist 3: Ron Whatford

“In with ease, empathy and expertise – and out with the brutish and dull”

Ron is EA Consulting Group's UK CEO, and former Group Manufacturing Director, Store Services Director and Chief Experience Officer at Lloyds Banking Group. He oversaw the creation of the Group Manufacturing function following the Lloyds TSB merger and in 2003 became MD at Scottish Widows. Throughout his career with Lloyds and its associated companies, his initiatives were continually responsible for significant spending reductions, increases in productivity and increases in sales. Between 2007 and 2008 when he set up the Customer Experience Office for Lloyds, the company reported a 9% improvement in service scores. Ron has also held directorships of a number of financial technology companies

It is Ron's key contention that to deliver an optimum customer experience, an organisation must be 'hardwired' to do so from the top down.

And that doesn't mean paying mouth honour to the customer. As Ron points out, one would be hard pressed to find an Annual Report, Chairman's or CEO's address that did not list customer satisfaction as one of the top three company priorities.

However, in reality, he says that it is rare to see this commitment put effectively into practice, because there is rarely, if ever, anyone on the Board whose role is solely about the customer experience.

While in no doubt that key executives do care about the customer, and have KPIs around it, unless there is someone who has ultimate responsibility and oversight of the customer experience at that level it will continue to come a poor second to other Board members' concerns – in particular their short term profit and loss and related performance imperatives.

Toward greater visibility and a focus on the long term

Far from focusing on immediate goals which are often fleeting or quickly eroded, Ron says that organisations seeking long term success should be looking beyond short term efficiency measures and sales figures to the far more sustainable gains derived from a loyal and growing customer base.

The positive link between customer services and an organisation's broader success is, he says, well established.

Further illustrative of this disconnect between word and deed when it comes to customer services is Ron's experience of the factors that most organisations consider when building a business case.

"Ideally, in every case a business will be required to spell out the impact of the proposed change to the customer. However the reality could not be further from the truth – this is a consideration that is too often completely absent in the process to the point where it is not even addressed on a company's standard business case document," said Ron.



In summary, he highlights the huge losses businesses experience as a result of poor customer services and the vexing fact that quantifying these losses is far harder than looking at straight bottom line results.

That, however, is no reason for any business to continue with what he describes as a "dull, brutish" approach. Instead, he suggests, in addition to ensuring a Board level appointment with sole responsibility for customer service, that all a company's KPIs be tied to customer satisfaction and that an organisation aim to exhibit the 'three Es' of customer satisfaction:

- **Ease:** making it easy for customers to deal with you
- **Empathy:** showing that you care
- **Expertise:** making sure you do what you say you will – and do it quickly and well

Audience poll

Following the presentations, the audience was invited to share their own views and experiences on the customer experience via live poll. Responses were thrown to the floor for broader discussion among the panel.

The poll questions and results were as follows:

- 1. What impact will the emergence of smart devices have on customer expectations?**
 - a) None 0%
 - b) Little 2%
 - c) Medium 10%
 - d) Large 45%
 - e) Game changer 43%
- 2. Is the short term pursuit of profit at the expense of long term customer relationships?**
 - a) Yes 88%
 - b) No 12%

3. Have you used Twitter/Facebook to show your displeasure as a customer?

- a) Yes 23%
- b) No 77%

4. Will innovation save the customer?

- a) Yes 56%
- b) No 44%

5. How confident are you that your organisation achieves world standard customer service?

- a) Yes 28%
- b) No 72%

6. Has your organisation assigned a senior board level executive with enough influence to improve the Customer Experience

- a) Yes 37%
- b) No 63%

7. Is your organisation:

- a) using mobile technology 46%
- b) planning to use mobile technology 20%
- c) scoping how you might use mobile technology 11%
- d) nowhere near using mobile technology to serve customers 23%

Q&A and Conclusions

As you would expect, the live polling was followed by a lively discussion and a question and answer session. Some of the key conclusions and opinions expressed in the course of that general discussion included:

- **Social media and mobile technology** offer new value-creating technologies, with a similar impact on society to the arrival of the telephone. Their effect on customers is likely to be greater autonomy, more empowerment and choice. Consequently, customers have greater expectations of services being easier to access and more personalised. Companies which fail to live up to these expectations will suffer losses. And, while no one can predict exactly how these new technologies will develop, financial services and other organisations which ignore these new technologies do so at their peril.
- **Customer needs are best addressed and advocated for at Board level**, to provide the best chance of genuinely equal consideration alongside other key corporate aims. They should also be included as a matter of course in business case development. There will always be a natural tension between budget, profit and customer service considerations, as the benefits of customer service are long term and less visible than the former. However this due representation offers the best chance of achieving a truly customer-centric culture.

- **Benchmarking** shows a clear relationship between positive customer satisfaction levels and positive business outcomes.
- **Trial and error is likely to be a continuing feature of social media policy as change continues at a rapid pace.** However, maintaining an open mind, flexibility and the expectation of some error is infinitely preferable to ignoring social media altogether.
- Achieving customer excellence should always form the **starting point** of product and service development. The cost of retrofitting or redevelopment to make up for ignoring this critical aspect of development can be a hundred times more than getting it right first time.



The event was facilitated by Sally Patten, Associate Editor at the AFR.