

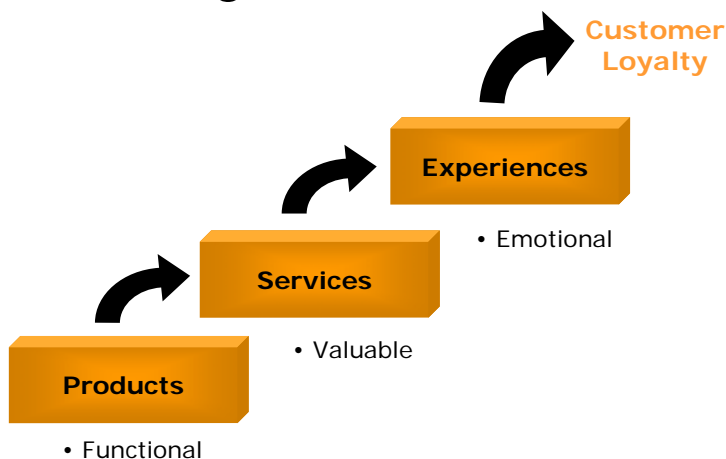
## CEM- the next frontier for contact centres

I was on business in Cambodia recently when I received a text message from First Direct, my bank in the UK, asking me to call them at my convenience. I called during the morning, which was the middle of the night in the UK. As always with First Direct, I immediately got through to a helpful agent who sounded cheerful, alert and eager to help me despite it being 3.am in the UK. The agent knew who I was and why the bank wished to speak to me. Apparently they could see from my credit card expenditure that I was in Cambodia but they had received a request for payment from a gallery in Paris. They figured out I couldn't be two places at the same time so thought they should check with me. Of course, I told them that I hadn't brought anything in Paris so not to settle the bill, cancel my card and deliver a new one to me the day I got back to London.

The point of the story is not that First Direct monitored my account and pro-actively picked up a fraudulent purchase or that they delivered my new card promptly to my office exactly as promised, rather that the interaction with the contact centre not only delivered on the First Direct promise of 'the bank that is designed to fit around you' but also demonstrated how I believe contact centres need to evolve in the future. That is through unified agent desktops that integrate a single view of the customer with CEM methodology. The fact is, that without a clear understanding of what the First Direct brand stands for, and the technology that enabled her to deliver it, that agent would not have been able to make my interaction with her a memorable event and one which typifies the First Direct experience. Perhaps that is why First Direct attracts a new customer every 8 seconds through referral from satisfied customers or that its Net Promoter Score is one of the highest that we have seen.

If we look at how markets evolve over time we see a shift from competing primarily on the basis of product functionality and efficiency of distribution, through to winning business through added-value services and marketing activity and finally offering differentiated experiences that create an emotional pay-off for the customer and create 'share of mind'. I suggest that contact centres and the technology that supports them are following a similar path.

## The customer experience management+ staircase



We are seeing a shift from Interaction Management (handling inbound transactions) to CRM (managing outbound sales) to CEM (integrated call centre experiences). Some organisations, and energy companies are the worst, remain stuck at stage one; many have made the transition to stage two (many telco's use CRM primarily to poach customers from competitors) but First Direct is one of a few organisations that has made the transition to this final stage. I predict that this is the future for those organisations wishing to move their operation from being a cost-centre or marketing-engine to one that is an integral and value-adding touch-point in the complete customer experience. Dimension Data concluded in their 2007 contact centre benchmarking report ***"The majority of contact centers are still run as cost centers, not as strategic business units"***



	Interaction Management	CRM	CEM
Sponsor	CTO	CMO	CEO
Value orientation	Sales support	Customer value to enterprise	Enterprise value to customer
Enabling factors	Operations and telephony	Systems and processes	People and interactions
Directional Focus	Inbound	Outbound	Multi-directional and multi-channel
Metrics	Call volumes	Sales	Customer advocacy
Pay off for customer	Functional	Transactional	Emotional

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For organisations still at the Interaction Management stage it is all about cost reduction and efficiency; the focus is on providing a minimum amount of sales support or service at the least cost. The strategy is often outsourcing to off-shore call centres despite the impact on the customer experience and the metrics are all about call volumes and handling time.

CRM is usually thought to stand for 'Customer Relationship Management' but in my view customers believe it stands for 'Constantly Receiving Mail shots' because this is the nature of their experience. The metrics here are about response rates and conversions and the emphasis is on trying to win more sales rather than delivering any kind of value to customers.

CEM has as its primary focus the extent to which the experience that customers receive is 'on-brand' and value-adding. This requires that organizations treat the contact centre as an important touch-point in the customer experience and a vital channel for delivering the brand. As such, the metrics are about customer advocacy, as measured by Net Promoter Scores or similar, and whilst efficiency is important this is not at the expense of effectiveness.

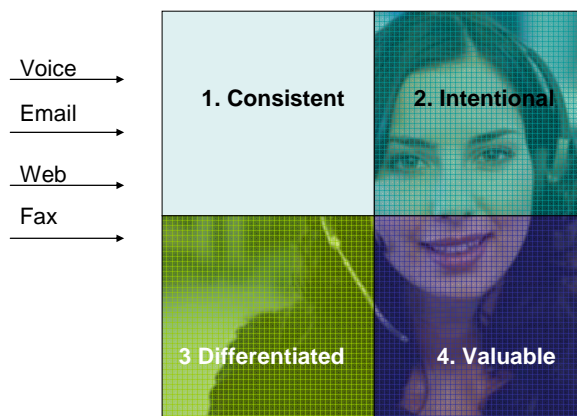
Such an approach not only requires a different philosophy but also a new approach to technology. CRM is often considered to be the management process least likely to deliver results. Between 2001 and 2003 expenditure on CRM increased from \$20b to \$46b and yet one study found that 55% of CRM installations drove customers away and diluted earnings. Hardly a resounding result. A pan-European study by Oracle found that ineffective information systems are a primary cause of poor service experienced by customers.

In the HBR article 'Avoid the 4 perils of CRM' the authors suggest that the main reasons for this failure are:

1. Implementing CRM before creating a customer strategy.
2. Installing CRM technology before creating a customer-focused organization.
3. Assuming that more CRM technology is better.
4. Stalking, not wooing, customers.<sup>1</sup>

I agree, CEM must come first. The role of the technology is to support the delivery of it. Every touch in the contact centre, whether inbound or outbound, represents a unique and immediate opportunity to extend and strengthen a customer relationship. Each interaction, whether it is a sale or a save situation, requires that your agents be prepared to respond quickly to the unique demands of the individual customer. Today's contact centre agents need the best decision support available so that they are free to focus on the customer experience. Some software suppliers, like Cincom for example and its Synchrony product, are uniting multiple applications, systems and resources into an intelligent agent desktop allowing multi-channel interaction management. More importantly, the software is designed to support delivery of the customer experience and then measure it. This approach effectively overcomes these perils.

#### Four components of the successful experience



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<sup>1</sup> Avoid the Four Perils of CRM by Darrell K. Rigby, Frederick F. Reichheld, and Phil Schefter

But what are the implications of this for management? Attendees at the ninth annual Gartner CRM Summit were told that many CRM programmes that have been established to improve the customer experience are often uncoordinated and actually have the reverse effect, negatively impacting the experience of the brand. I would argue that if the customer experience is a primary strategy for an organisation then the contact centre experience is just too important to delegate to the CTO because it should not be technology driven but technology enabled. In other words, CEM comes first. Equally, the decision is not one that belongs wholly to the operations or contact centre manager otherwise it is all too easy for efficiency to trump effectiveness. If left to the Chief Marketing Officer there is a danger that the focus is on creating value for the organisation rather than the customer. Rather, the decision belongs with the executive team so that marketing, operations and HR are working together to ensure that the contact centre experience works harmoniously with the brand and delivers an experience that provides value to the customer and the organisation.

*Shaun Smith* speaks and consults internationally on the subject of the customer experience. His first book 'Uncommon Practice- people who deliver a great brand experience' investigates how leading brands differentiate, his second book 'Managing the Customer Experience- turning customers into advocates' is considered to be a landmark text book on how to create branded customer experiences. His latest book 'See, Feel, Think, Do – the power of instinct in business' investigates the role of instinct and innovation in customer experience. [www.shaunsmithco.com](http://www.shaunsmithco.com)