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# **BEYOND CRM: RETHINKING CUSTOMER SERVICE IN A CONNECTED, DIGITAL AGE**

## SPONSOR'S PERSPECTIVE



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Improving customer service is among the top priorities for most businesses, and for good reason. Studies show that a 5 percent increase in customer loyalty can increase profits by up to 95 percent.<sup>1</sup> And acquiring a new customer is anywhere from five to 25 times more expensive than retaining an existing one.<sup>2</sup> Yet despite the obvious financial rewards from delivering a superior customer service experience, most businesses aren't doing it. In fact, most customer service functions struggle with the following:

**Inefficiencies.** Customers are inconvenienced by having to call and wait for responses from the service department and frequently have no options that can help them resolve issues themselves. According to a Harris Interactive survey, 75 percent of customers believe it takes too long to reach a live agent.<sup>3</sup> At the same time, agents spend hours each week grappling with cumbersome, manual service processes.

**Poor service quality.** Often, customer service agents do not effectively address customers' questions or solve their problems. In fact, data indicates that agents fail to answer customers' questions up to 50 percent of the time.<sup>4</sup> While the speed at which service is delivered is important, organizations have not really invested in processes and systems that can effectively resolve the underlying causes of issues.

**Reactive focus.** Customer service teams spend most of their time reacting to customer problems. This leaves them with little time to focus on strategic new services and transformational work. When customer service cannot be proactive, companies miss opportunities to generate more revenue and drive continuous business improvements.

We believe the future of customer service demands more than today's CRM systems can deliver. There is a need to move from focusing on managing customer contacts and individual interactions to modern customer service management that not only connects customer service teams with the rest of the organization to proactively find and fix the underlying causes of issues but also delivers an effortless service experience. In a modern customer service organization, teams will fix problems for many customers at once instead of chasing issues one at a time. They will respond faster to concerns and move beyond operational demands to deliver proactive strategies that drive business growth.

This paper explores how forward-thinking business leaders are redefining the fundamentals of customer service by investing in new strategies, processes, and technology that help drive case volumes down and increase customer loyalty. To learn more, please visit [www.servicenow.com/csm](http://www.servicenow.com/csm).

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<sup>1</sup> "The Value of Keeping the Right Customer," *Harvard Business Review*, October 2014.

<sup>2</sup> Ibid.

<sup>3</sup> Harris Interactive.

<sup>4</sup> Ibid.

# BEYOND CRM: RETHINKING CUSTOMER SERVICE IN A CONNECTED, DIGITAL AGE

A new approach is needed, one that is effortless, digitally optimized, and capable of resolving issues before they impact a customer.

Customer service is at an inflection point, in both the business-to-consumer and business-to-business sectors. Costs continue to skyrocket as the volume of inquiries increases, even as customer service budgets remain flat. Customer expectations seem to increase by the hour. Make a mistake or fail to resolve an issue quickly, and businesses may quickly see a decline in customer satisfaction and revenue.

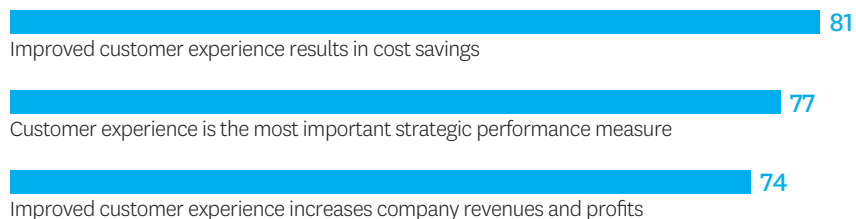
Considering what is at stake, it's crucial to get customer service right, says Andy Haas, managing director and customer operations leader at Deloitte Consulting LLP. According to a 2015 Deloitte survey, 85 percent of contact centers around the globe consider customer service to be a competitive differentiator, and other studies reveal the close link between business performance and the level of customer experience delivered through the contact center. [figure 1](#)

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**FIGURE 1**

## **CX EQUALS COMPETITIVE DIFFERENTIATOR**

Percentage of respondents who agree with each of the following:



BASE = 1,320 CONTACT CENTERS WORLDWIDE

SOURCE DIMENSION DATA, 2016 GLOBAL CONTACT CENTRE BENCHMARKING REPORT

The new thinking among forward-thinking businesses is to invest in digital technologies, as well as connect people, systems, and workflows across the enterprise to proactively identify and resolve issues.

Meanwhile, new approaches to customer service management that capitalize on technology innovations—omnichannel integration, web self-service, cloud delivery, devices connected through the Internet of things (IoT), intelligent automation, visual workflows, and advanced analytics—offer great possibilities for more efficient and effective service. In fact, in a 2015 study by Accenture, “leaders” in B2B customer service were much more likely than “strivers” to believe that digital channels and technologies will significantly improve their interactions with business customers, provide new sources of revenue, engage employees and partners more effectively, and help them reduce costs.

In the face of these challenges and opportunities, companies are now rethinking how they manage customer service and support. Many businesses now recognize the need to go beyond current approaches that typically focus on managing customer contacts and individual interactions and do not adequately resolve customer issues. The new thinking among forward-thinking businesses, in fact, is to invest in digital technologies, as well as connect people, systems, and workflows across the enterprise to proactively identify and resolve issues, often before the customer knows there’s a problem.

## **WHAT CUSTOMERS REALLY WANT: FIX THE PROBLEM**

Changing customer behavior goes a long way toward explaining the heightened focus on customer service. Customers today are not just empowered and knowledgeable; they are also brimming with opinions and—thanks to social media—able to share them.

“Customers are so much more demanding than 10 years ago,” says Paul Greenberg, owner of the consultancy 56 Group LLC and author of *CRM at the Speed of Light*. “They have the means to socialize their discontent, which is frightening. They are no longer expecting just a really good product and service. They are expecting personalized interactions and high levels of responsiveness.”

According to Rob Honts, managing director, advanced customer strategy at Accenture Strategy, customers have three basic expectations:

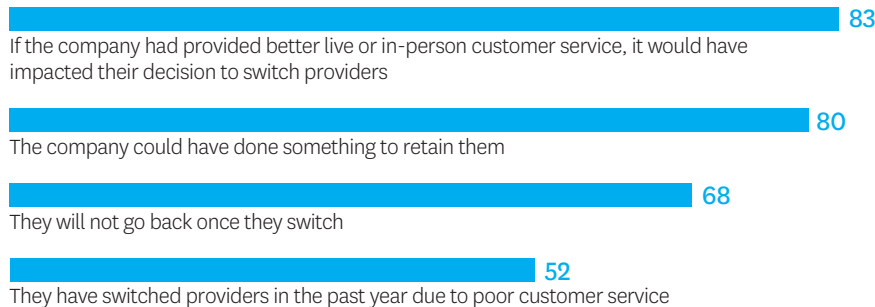
1. First, they want their problem fixed with a single call or none at all.
2. Second, they don’t want to repeat their story multiple times to agents on multiple channels.
3. Finally, they want someone—anyone—to own the job of fixing their problem.

If businesses can meet these three desires, they are way ahead of the pack, Honts says.

**FIGURE 2**

## **SLOW RESOLUTION LEADS TO CUSTOMER CHURN**

Percentage of respondents who agree with each of the following:



BASE = 24,489 GLOBAL CONSUMERS

**SOURCE** ACCENTURE STRATEGY GLOBAL CONSUMER PULSE RESEARCH, 2016

Repeat service interactions caused by gaps in the customer experience are the number one customer killer, says Honts. In a recent Accenture Strategy study, nearly half of U.S. consumers have switched providers in the past year due to poor service, and much of the churn could have been avoided if the issue had been resolved during the initial contact. [figure 2](#)

## **ELIMINATE THE COST VERSUS QUALITY TRADE-OFF**

However, customer service organizations don't have bottomless coffers. "Companies are constrained by their finances and by the number of customers they have to serve with the number of employees they have," says Greenberg.

In fact, when it comes to transforming customer service operations, the primary concern for many companies is cost cutting. "Service is a costly and strategic asset given the durability of the customer experience. Yet marketing still rules the day as far as access to funding," says Haas. Trying to provide the right levels of service without bankrupting the enterprise is an eternal balancing act. A close second concern is improving service quality and offering more effective resolution—for good reason. According to a Harris Interactive survey, 75 percent of customers contend that it takes too long to reach a live agent, and even when they do, agents fail to answer customer questions up to 50 percent of the time.

A common strategy for both cutting costs and improving customer satisfaction involves moving routine inquiries, such as a password reset, address change, or account status check, to a self-service channel. "These transactions do not have to delight; they can be done through self-service, as long as it is intelligent," Greenberg says. Web self-service use is on the rise, according to the Deloitte survey, with 83 percent of respondents expecting higher use of this contact channel. In response, businesses need to prepare high-quality self-service experiences that fulfill customer needs for expediting and fulfilling requests in a personalized manner.

Being able to proactively recognize and mitigate issues requires a new approach to customer service management that goes beyond traditional CRM and customer support.

## **MOVE FROM REACTIVE TO PROACTIVE CUSTOMER SERVICE**

Increasingly, forward-thinking companies are also aiming their sights at an emerging capability: the ability to get ahead of customer complaints by identifying issues and fixing them proactively, before customers even know anything is wrong. After all, while much of the focus of CRM systems today is on customer engagement, customers are most interested in fast and effective resolution—and would prefer never having to contact the company with the issue at all. No wonder that, according to Dimension Data, 61 percent of respondents in its survey were set to engage in proactive customer service by the end of 2016.

With proactive service, businesses predict what customers will need (and provide whatever that is) as opposed to merely reacting to issues and complaints. Proactive service can be as simple as a server refilling a customer's water glass without being asked, or a customer service representative calling about a delayed shipment (before the customer finds out for him- or herself) and working toward remediation, says Shep Hyken, chief amazement officer at Shepard Presentations LLC.

To move toward proactive service, companies can leverage performance analytics to identify and offer the most common service and support requests via self-service options. Advancements in customer service management software can also help connect customer service teams with engineering, field services, operations, finance, and other departments through automated processes, allowing tasks to be routed to the appropriate individual. This capability lets teams proactively identify, diagnose, and resolve the underlying cause of issues before customers are impacted. By changing the dynamic, the business itself is no longer the last to know when a widespread issue occurs.

Software infrastructure providers, for example, are capitalizing on these new customer service management technologies to preempt customer issues. Such companies set up rules and thresholds to provide alerts for spikes in CPU or memory usage that indicate the customer will soon encounter a problem. Tasks are immediately routed to the right operations team to spin up additional infrastructure to avoid any negative impact and the customer having to make a service call.

By focusing on proactive service, organizations can move beyond addressing one-time issues and resolve them at their root. Further, this approach leads to continuous improvement, as these businesses are using customer service input to improve their products and services. Rather than solving a one-time instance of an issue, a virtuous loop is created that eliminates the cause of the problem so it doesn't affect other customers and improves products and services. As a result, businesses can improve the quality factor and cut costs.

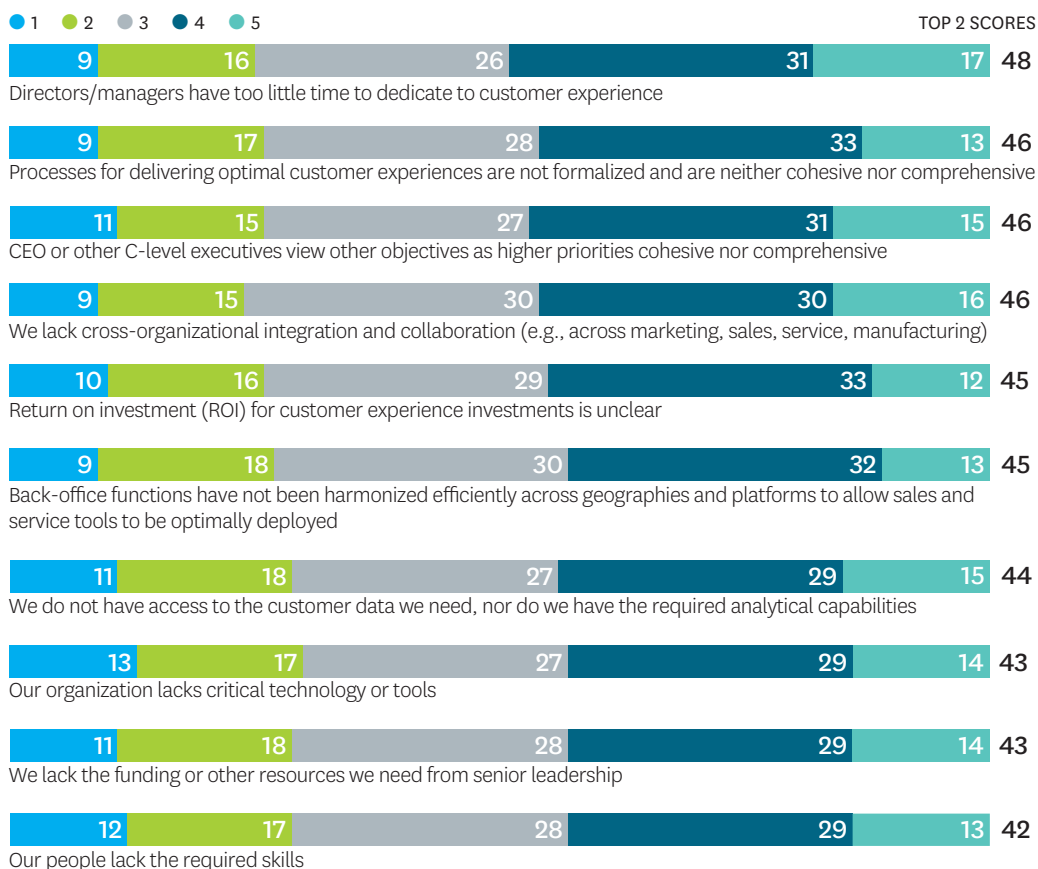
Being able to proactively recognize and mitigate issues requires a new approach to customer service management that goes beyond traditional CRM and customer support. Whereas traditional CRM manages individual customer interactions, it's far more effective to take a holistic approach to customer service management that connects teams, systems, and workflows across organizations. By enabling collaboration, customer service departments can diagnose problems and fix the underlying issues before they impact customers. "It's about orchestrating a set of capabilities to allow ease of use and an intuitive experience," says Haas.

The job also entails customer experience mapping and ensuring that the experience is traceable and supportable across all channels, Haas says. Businesses need to enable and motivate employees and optimize business processes in alignment with customer-centric goals.

**FIGURE 3**

### TOP EXPECTATIONS FOR CUSTOMER SERVICE

Respondents were asked to rate the following barriers to successful customer experience delivery. [SCALE OF 1 TO 5, WHERE 1 = MINIMAL BARRIER AND 5 = EXTREMELY SIGNIFICANT BARRIER]



BASE = 1,350 GLOBAL CONSUMERS

SOURCE ACCENTURE STRATEGY GLOBAL CONSUMER PULSE RESEARCH, 2016

## **CUSTOMER SERVICE IS A TEAM SPORT: OWN THE PROBLEM**

Enabling proactive service requires organizations to view customer service as only one piece of the customer experience delivery value chain. Previously isolated data sources, processes, and business functions—including product development, engineering, operations, and field service—need to be linked. Too often, siloed groups within the organization tend to deliver their individual pieces of the puzzle, with little thought about the impact of their disconnected interactions on customers. In addition, customer service teams frequently do not have a way to assign accountability to other departments to ensure timely follow-up and resolution of issues for good. According to Accenture Strategy, the lack of cross-organizational integration is an oft-cited barrier to successful delivery of a superior customer experience. [figure 3](#)

Customer service should actually be seen not as a department but as a mission—a focus for everyone, across functions, according to Hyken. “Companies need to train everyone toward the understanding that what’s happening on the inside of an organization is felt by the customer on the outside,” he says.

Hyken advocates creating the post of chief customer officer, someone who sits above and unifies all the other customer-facing functions. This person’s role is to optimize all operations for the customer’s sake, not for the benefit of each group. The CCO needs enough power to override line-of-business decisions in order to protect the best interest of the customer.

## **PREEMPT ISSUES WITH PROCESS-ENABLED ENGAGEMENT**

“Process-enabled engagement”—also known as operational customer experience management—is often the step that precedes true proactivity, says Haas. For example, when a health insurer sends a customer a letter denying coverage, that customer is very likely to call within three days.

“If we know they are going to call and ask questions about their coverage and challenge the denial, a follow-up email or a proactive separate outreach could eliminate some calls or reduce the length of the calls and ultimately delight the customer,” says Haas.

Another example of process-enabled engagement is to take feedback from a transactional customer survey and channel it through customer operations with business rules attached. If someone uses his phone to answer a survey about his flight that just landed, for instance, this feedback could flow immediately and automatically from the contact center to the flight attendants and gate agents to make them aware of a negative situation they can act on even before the traveler gets off the plane.

There are a number of commonsense proactive service activities that do not require seamless data and total functional integration. Before releasing a new product on the market, for example, a technology company could publish a knowledge management article that details product setup and configuration. This type of action goes a long way toward reducing the number of support calls down the line.

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## **CAPITALIZE ON THE IOT TO DELIVER PROACTIVE SERVICE**

Now in its infancy, the IoT will enable a new generation of proactive service and continuous improvement. According to the Accenture Strategy B2B survey, the IoT is the fastest-growing area of digital investment for B2B customer service organizations, with 48 percent of “leaders” increasing investments in this area. Providers of industrial equipment are already monitoring instrumented field equipment that sends alerts regarding maintenance issues in time to avoid failure. Not only does this boost customer satisfaction, but it also increases worker safety.

Electric utilities and communications service providers can monitor exceptions generated by systems in the field, allowing them to head off outages before they occur (and disrupt thousands of people). “You have the ability to use IoT to solve problems before they happen,” says Honts. While these capabilities are emerging today, “within a few years, this will be the price of admission,” he says.

“Living Services” is Accenture’s term for the integrated layer of intelligence that includes the IoT, natural language interfaces, and artificial intelligence-based capabilities. “It is the confluence of the full digitization of experience,” says Honts. “We expect the best experience no matter whom we’re dealing with. To do that, you have to pull in IoT, advanced analytics and Web technologies so you can solve problems before they occur.”

## **THE FUTURE OF CUSTOMER SERVICE**

One thing is certain: the demands on the customer service function will only increase in the foreseeable future. The companies that succeed in breaking down organizational barriers that obstruct effortless, connected, and proactive service delivery will not only increase the efficiency of their customer service practice and lower costs; they will also deliver the higher-quality service that customers increasingly expect. Even better, with the ability to continuously improve products and services, organizations may discover they have fewer issues to resolve in the first place.

For proactive customer service to work, it must become embedded in the customer service vision and overall culture of the company, says Hyken. “Proactive service creates confidence and confirms that the customer made the right decision to do business with you.” Further, technology alone is not the answer. Mobilizing and enabling the entire organization to recognize that all business functions are involved with customer service delivery is the crucial first step. Despite the enterprise-wide change needed, success with proactive support will determine winners and losers in the increasingly digital and empowered-customer age.

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