

# Teleonomy Newsletter

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## **Vision- Heaven Without Hell Can Be Dangerous**

**By Michael Hulme, Chairman of Teleonomy**

Books about business seem to proliferate in inverse proportion to company performance. Despite all the books, articles and research, there still does not seem to be any guaranteed winning formula. Probably managing in a global, information rich, high-speed world is just too complex to produce such winning formulas (though of course this begs the question, what is winning anyway?). But this does not stop us trying; without producing new products, services, plans, strategies and visions of heavenly utopias some of us could hardly get up in the morning. Therefore it is particularly interesting to read a newly published book ‘Why Smart Executives Fail’ by Sydney Finkelstein.

‘Why Smart Executives Fail’ examines the various failures of companies and executives. As Finkelstein says “The literature and business schools are dominated by best practice-the best way to do things, how to get things right, how to be successful. Very seldom do we look explicitly at the other side, even though intuitively we always say we learn from mistakes”.

The book examines what Finkelstein identifies as several distinct and common causes for failure. Most of these are centred upon lack of what might be termed environmental awareness - customers, competition, markets or company strengths and weaknesses. Stuart Crainer states in his review of the book that “the most obvious failure factor is complacency. This includes blind faith that things will be all right despite plummeting sales or over-confident disregard for upstart competitors”. In other words too much heaven on the mind and not enough hell, or as William James suggests “the method of averting one’s attention from evil, and living simply in the light of good is splendid as long as it will work”, but “the evil facts which it refuses positively to account for are a genuine portion of reality: And they may after all be the best key to life’s significance, and possibly the only openers of our eyes to the deepest levels of truth”.

I suppose the most obvious recent example of this blind concentration on utopian outcomes would be the dot.com bubble and telecoms boom. Here we saw a concentration on the ‘upside’ that led to the suspension of that ‘awareness’ of failure (or hell) that is so necessary to restrain our natural pioneering hubris. This ‘suspension’ was so total as to denigrate even sound business practices, practices that whilst not necessarily being winning formulas do at least tend toward more stable outcomes.

These examples are an obvious set of extremes and in themselves are dangerous, for it is just too easy for us to believe we have learnt our lessons. If we were to turn to examining many of the various CRM initiatives, we would see a similar sorry tale of failure, again with many billions of pounds thrown away. But this heavenly pursuit is far less prominent and performed in the blame-free cause of customer awareness, which, in theory at least, must bring sound commercial benefits.

CRM systems (as a combination of people, technology, organisation and resources) promise an efficient handling of customer contact and the accumulation of data, holding out the prospect of improved service and profiling of customers. Yet recent research clearly shows that customers in general don’t think much of service levels. Customer expectations are increasing and most companies are simply not keeping up.

As for the vast mountains of customer data that are building up, few companies manage to do anything with this except perform unimaginative transaction logging. And there remains considerable doubt whether this accumulation of data is in any sense useful, for we, as consumers, are becoming ever more situational, mobile, fragmented and eccentric in our choices, and therefore much more difficult to predict.

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The promise of many CRM systems has become organisational hell for many companies. In many cases the promise was based on a false premise that attempted to subvert the qualities of genuine relationships into some form of data driven, factory-processing format: a format that lost the central requirement of authenticity, a value high on the list of customer requirements. Not creating and sustaining an authentic value lead relationship is the true hell of customer service. Now, having identified the hell perhaps we can begin to build a new heaven.

### **Sources**

Crainer, Stuart, 'Here's Another Fine Mess' Times Newspapers 5<sup>th</sup> June 2003

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James, William, 'The Varieties Of Religious Experience', Penguin Classics, 1902

## **Dealing with the Challenge of Problems and Complaints**

**By Paul Hudson, Director of Research**

Perhaps the greatest challenge that faces organisations today is the issue of how to deal with customers that have either a problem or a complaint. We have all known for a long time that problems and complaints lie at the heart of dissatisfaction. Problems and complaints can also create customers that actively seek to tell others - 'on average a customer that has a good experience will only tell one or two people but those that have a bad experience will tell 8 or 10'. I recently heard a phrase that eloquently termed these people: 'customer terrorists'.

However, as I write this today, the issue seems to have become even more complicated. The introduction of email and its use has not yet been fully understood, but latest research does begin to indicate a widening gap as to how we deal with problems and complaints.

For a start, the role of voice and conversation is often forgotten and overlooked by organisations. Voice offers strengths of communication such as immediacy, care and reassurance, and recent articles in this newsletter have looked at the role of conversation in more depth. Email, on the other hand, offers structure, definition and thought.

Voice, therefore, offers organisations greater opportunity to promote benefits, present alternatives, to turn situations around and to overcome difficulties. It is no accident that still today we would rather talk to some customers that have been identified as 'sales prospects' than others. Organisations realise that voice is still the best sales tool we have.

Recent research shows that the issue of problems and complaints lie at the heart of customer's frustrations. Problems are immediate, urgent and emotional. They occur at times when a customer needs something and requires an answer. The contact is likely to come at the 'point of occurrence', at the time of a particular event such as a delay, a cancellation, a break down in service. The immediacy then drives a contact with the organisation and, more often than not they will choose the telephone as the most appropriate channel of communication.

The telephone offers the immediacy and reassurance that the customer needs. Here the 'voice' is a benefit to the customer. If the organisation handles this moment well, then the problem can be stopped – and the role of the voice becomes a benefit to the organisation as well.

When somebody wishes to complain, however, email is increasingly becoming the channel which they choose to use. This is because email fits the bill when somebody wishes to complain – it suits the situation and stage the customer is at. The issue is no longer immediate. The customer has moved beyond the 'moment of occurrence'. They may have already tried to resolve the problem and failed.

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They may well have moved on (in their mind at least, if not in reality) to using a different company. The act of the complaint is one of helping to rationalise and think through the chain of events. Email is increasingly being chosen as the channel for complaints as it best suits the customer's need.

The evidence is that the organisations best chance of turning problems and complaints around is by using the strengths of voice to their benefit. But as the customer continues to explore the benefits of electronic writing, this is becoming increasingly difficult to exploit.

## **Preparing for Disappointment: Customer Service in 2003**

**By Philip Dalton**

Many predicted that the growth of the Internet and similar customer service-related technologies would emerge as the panacea to the well-publicised ills of customer service contact centres. But findings from an extensive 5-year study spanning 7 key industry sectors conducted by Teleonomy on behalf of Cable and Wireless and Vertex has shown that although these technologies have been keenly adopted, almost all sectors now provide a poorer standard of customer service than they did 5 years ago.

Only 16% of customers now feel like they experienced excellent customer service during their last contact with customer services. This compares with 25% of customers in 1998! And accordingly, dissatisfaction is rising: 15% of customers admitting they were dissatisfied with their last customer service contact compared with only 12% in 1998.

Rather than just measure the quality of customer service, Teleonomy also measured the customers' expectation of what the customer service was going to be like. This makes for sober reading. Over all of the sectors examined, 32% of customers now expect excellent service compared to 24% in 1998. And none of the sectors examined meet the higher expectations of the customer, despite the satisfaction level of the actual contact. In the Finance sector, for example, 83% of its customers were satisfied with their customer service, but this figure still does not exceed the customers' actual expectations.

So how do we explain this shift in customer service performance?

The problem is that the landscape in which Contact Centres exist has never changed more dramatically than during the last 5 years. The Internet and E-mail were expected to revolutionise the way customers were handled and create a new dawn of efficiency and resolution. However along with this boom in customer service technology has come a boom in hitherto unheard of challenges.

The telephone, for example, currently leaves only 10% of its users dissatisfied. And the new technologies score worse: the Website leaves 18% of users dissatisfied and the E-mail an even larger 24%! The new technology that was so eagerly awaited 5 years ago and was supposed to make the telephone increasingly redundant has seemingly not provided the solutions that it was supposed to.

Is it the case therefore that Contact Centre has been promoting services that they simply cannot deliver? Not quite. But organisations have been slow to pick up on the often more subtle influences that new technology has created. For example, the increase in choice over how to contact a company has meant that customers who now still choose to pick up the phone are often far more emotionally motivated than those who use one of the various other methods of contact available. The guise of the Advisor becomes not merely a processor, but a carer, a consort and a sounding board for callers.

With the rise in expectations, and the promise of new technology, organisations have been forced to face major new challenges. But our survey shows that the core problem lies not in fact in an inability

to meet these new challenges, but in actually identifying what these challenges are. How are expectations changing? What effect does this technology have on us, our customers and the way they perceive us? How do we balance the various needs of customers with the costs of available contact channels?

Teleonomy has developed a methodology called TouchPoints that helps to unravel this complex situation and to make sense of customer preferences and consequent behaviour. It helps our clients to understand the ‘fragmented’ nature of consumers, makes these customers more accessible to your organisation, and improves the analysis and measurement of interactions. For more information, click here: <http://www.teleonomy.com/waves/prog/touch.htm>

## **Pushing the Right Buttons: Automating Customer Queries**

**By Paul Hudson, Director of Research**

The issue of IVR has long been debated amongst leaders within the contact industry although I have always felt the depth of understanding on the subject has been somewhat lacking. Its advantages, to a company, have always been plain: cut call centre costs, automate simple procedures, improve call completion times and enable 24/7 customer services.

But these advantages fail to examine the impact of IVR on the consumer. IVR can benefit customers as well as organizations as long as the situation in which it is used is fully understood and the system designed specifically for it. And yet the majority of organisations spend too little time thinking about where and how to use technology to benefit the customer as well as themselves.

So it’s hardly surprising that Teleonomy’s latest consumer research (sponsored by C&W and Vertex) shows that the user-experience of IVR is not substantially improving, and remains very mixed. Contact centre managers seem to be as confused and unsure as to the benefits of automation as ever before. Whilst most believe IVR can improve the customer experience, 35% believe it will decrease the experience.

This lack of knowledge and understanding is brought out when considering the simple issue of where and when to use IVR. 68% of consumers under the age of 35 are happy to use a fully automated system for finding general information, 57% for making a booking and 57% to pay bills. One of the least likely (only 29%) situations consumers are likely to want to use full automation is for making changes to their personal details.

However, those in charge of putting systems in place do not believe that IVR systems are good for making bookings (only 16% thought this was a suitable application) but instead state that they are good for changing details (40% thought this was a good situation), highlighting a mis-match and low level of understanding of consumer use of IVR.

Our evidence also shows that IVR systems are still highly variable and can cause alternately great dissatisfaction or high levels of satisfaction (49% very satisfied and 34% very dissatisfied) - pointing to vast differences in design, use and acceptance. And this looks set to continue if the general low level of understanding of consumer use of IVR remains unexplored.

Just because contact centres are increasingly using IVR does not necessarily mean that consumers are finding them any more user-friendly. All it means is that we automatically assume they are a good idea (which they are, in the right place and the right time). Likewise it does not mean that organisations have yet to learn where best to use the systems, how best to design them or even how to evaluate the consumer experience.

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## Coming Soon...

At Teleonomy we are constantly engaged in a number of research-based activities, either directly for our clients, through links with our partners or by bringing together syndicates of like-minded organisations. As such it is often difficult to keep fully abreast of everything we are doing and the full range of knowledge that we offer. As such here we provide a short summary of the key things we are involved with this month;

### **'Its Your Call' – Contact Centre Seminars**

C&W and Vertex are hosting a series of free seminars to disseminate the findings of our latest research into CRM, customer service and contact centres. This work is the largest of its kind for 5 years and highlights many challenges for the contact centre industry. Paul Hudson of Teleonomy will be delivering the key findings from this research.

For more information visit [http://www.teleonomy.com/waves/prog/CIM\\_Teleonomy\\_Invitation.pdf](http://www.teleonomy.com/waves/prog/CIM_Teleonomy_Invitation.pdf)

### **Me, my mobile and I – Tailored Workshops**

Already performed in 2001 and 2002, 'Me, My Mobile and I' is our groundbreaking research into the changing behaviour of mobile phone users. It also takes account of context, early experiences, barriers and opportunities to adoption and use of functions. This research can now be accessed through bespoke workshops, which will be tailored to the clients specific objectives and business situation.

For more information visit <http://www.teleonomy.com/waves/prog/mobile.htm>

### **Urban Club – Programme of Research**

This extensive programme of research explores the emergent and changing influences on opinion forming and behaviours in 18 – 35 year olds living in leading urban environments in the UK. The sources of the most influential forces will be identified through a rich 'emergent' process approach. Funders are most likely to want:

a profound understanding of influences on this group and their social networks  
to understand at an early stage changing perceptions and behaviours

The research will focus on the key areas of **media**, **experience**, and **environment**, to provide a 'context rich picture' of what is 'happening' in the lives of these urban dwellers.

For more information visit <http://www.teleonomy.com/waves/prog/urban.htm>

### **Revamp of Mystery Shopping / Benchmarking**

Following the successful completion of 'Its Your Call' we are now working on updating and re-releasing our renowned contact centre measurement tool, Soft Skills Benchmarking. Primarily offered as a mystery-shopping tool, SSB is the closest method, outside of direct customer research, available to provide a measurement that mimics the caller experience. The inclusion of the latest research ensures it remains the most accurate reflection of service available.

For more information visit <http://www.teleonomy.com/waves/prog/contact1.htm>

### **Wave Crest Alliance - Latest News from our Partnership with Henley Management College**

Following on from the inaugural event in April, our partnership with Henley Management College goes from strength to strength. The next four events have now been confirmed and can be found at the link below.

For more information visit <http://www.teleonomy.com/wavecrest/events.htm>

### **Bespoke Research**

This month we are also working on individual client projects that include; the renewal of an extensive review of call centre performance, the introduction of a worldwide mystery shopping project including telephone, email and letter contact points, understanding the performance dynamics of banking and an appraisal of potential new academic courses for a leading business school. For more information, email us at: [enquiry@teleonomy.com](mailto:enquiry@teleonomy.com) or telephone Teleonomy on +44(0)1524 382000.