

A Transformation Case Study

One question we are frequently asked in our consulting work is “When should we make the change to IP?” Many factors contribute to that decision, and the driver for the decision can vary from the tactical to the strategic. Of course, the move to IP isn’t a contact center issue, but rather is driven by a corporate-wide initiative. In those cases, the contact center is often just brought along for the ride.

This month, though, we will talk about the other end of the spectrum. We’ll look at a case study of how the capabilities enabled by IP are the driver for a business transformation. As you read this, think of whether there are lessons here that are applicable to your business?

Background

Our study is of a major national supplier of facilities operations and maintenance products – more than a half million products in total. The company has more than 500 branch locations across North America. Each branch is a store and warehouse designed to service a local community. The branch had a small PBX, key, or hybrid phone switch, and staff manning desks that were designated as the local call center. Each branch had its own local number.

In the past, customers would place orders through the web, call into a local branch location, or come into the facility. The staff at the local store juggled phones, responded to walk-in customers, and handled other responsibilities in the branch. Tech support, credit, technical specialists, and similar functions were centralized in the home office. Callers would be told to dial other numbers when these services were needed.

The core problem with the current system was that the company had many small pools of people answering the phones at each of the branches. This approach supported the original concept of having people talk to branches near their location. Inevitably, there would too many calls into a particular branch at a particular time, overwhelming the staff there, while other locations would have staff idle, with no calls coming in.

The result was an uneven customer experience. Sometimes, the service was very responsive. Other times, calls would go unanswered for too many ring cycles, or the call would be answered by someone not trained and able to provide the best service. Moreover, it was difficult for management to get good information about the calls and the service levels that were being provided across the company. There was a wide mix of equipment at the branch locations, and little ability to consolidate information about service levels.

The company realized that their previous solution was causing customer service problems, and impeding their growth plans. If customers couldn’t get through quickly, they could easily call a competitor. At the same time, a large, centralized contact center wasn’t the answer, because the company wanted to retain a local presence.

The management evaluated several alternatives. What they needed was an approach that could accommodate calls coming into the local branch as before. If a trained sales and service person were available, the call would be answered there. But, if all personnel were busy, the call would be seamlessly handled at another nearby branch, or if that branch is busy too, in a central contact center. It would also be desirable to reach the central support functions through the local number.

New Infrastructure

The answer was to replace their existing telephony systems with an IP-enabled infrastructure. Each branch was tied into the corporate WAN that was QoS ready. The approach took advantage of the ability to centralize the routing decision, looking at agents throughout the network on a call-by-call basis, and make a decision about which agent would be best able to handle the call.

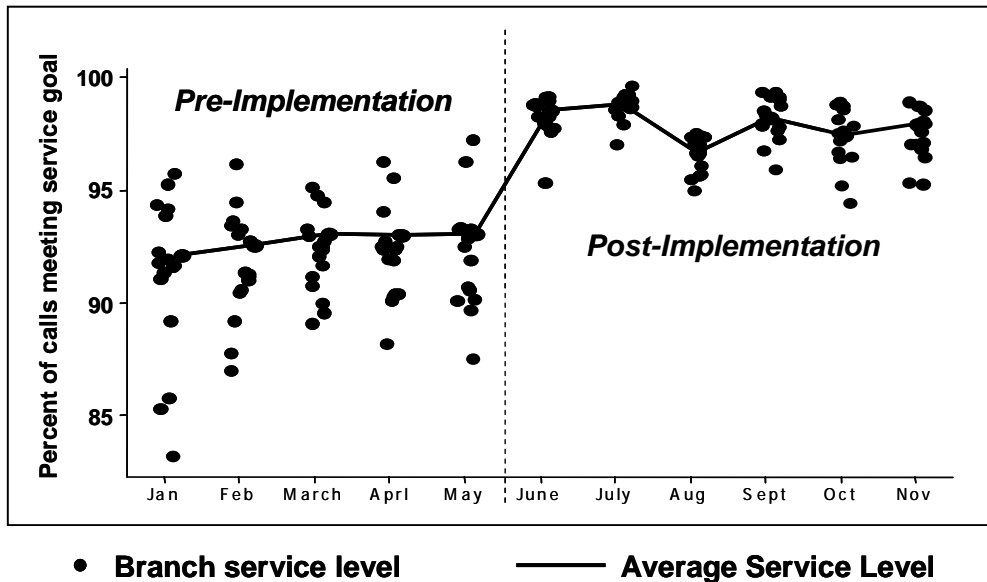
Customers now call only the local branch number, where the calls are queued at the edge of the network. Information about the call is sent to the central controller, which determines where the call should be answered. If possible, the call would be answered at the local branch. If no qualified staff were available, the system would instantaneously look to other branches in the immediate area. If no agents are available in the region, the call would be routed to a central contact center. After hours calls are also able to be handled by the central facility.

The cutover was accomplished quickly. There was an initial pilot project that lasted about six weeks. This pilot was implemented in one metropolitan area, where sixteen branches were converted to the new system. With excellent results, the roll-out began across the rest of the company. In seven months, the remaining 500+ branches have been converted.

Results

The results have been dramatic. The service objective, to answer calls within 20 seconds, had been met about 90% of the time under the old system. With instant connections among the various branches, available customer service staff at another location or at the central contact center could provide coverage if needed. As a result, the service goal quickly improved to be 97% of the calls. (See chart.)

Goal: Calls Answered in 20 Seconds



The averages don't tell the whole story. The variability was also considerably reduced. Each dot in the above scatter chart represents a branch, and shows service levels achieved both before and after implementation. The consistency improvement is readily apparent.

The service level improvements are delivering tangible results. In the pilot branches alone, the company estimates that it is increasing revenues by \$1,000,000 to \$2,000,000 per year from better service and from the ability to easily connect customers to headquarters specialists. This infrastructure makes it far easier to leverage these special skills groups among all the customers.

The company also gains significant capabilities to manage and control their operations. Previously, the disparity of equipment deployed meant that there wasn't an easy way to get consolidated statistics and an overall picture of how the company was addressing key service objectives. Now, with monitoring and control centralized, all the information is readily available to prepare reports at the corporate, region, or branch level. This means that service level trends can be readily analyzed and issues spotted earlier for correction. In addition, most of the key technical staff have been concentrated at the headquarters location, therefore requiring fewer people.

Finally, the infrastructure enabled a more robust business continuity plan and easier future expansion. If a branch were closed, calls could easily be diverted to another location. And, as additional branches were opened, there was less equipment needed at the new facility.

Looking at the Process

What are the lessons learned from this example? This company was facing an increasingly competitive environment in which it needed capabilities to allow more responsive customer service, but in a way that could cost effectively be expanded. As the company got larger, it was harder to pull together the information needed to run the business. Notably, one of the challenges was the need to resolve what seemed to be conflicting objectives - wanting to

maintain a local presence, while at the same time needing to provide better telephone support to customers than what could always be provided by the branch staff.

This is an excellent example of how organizations should look at business goals as they are evaluating technical solutions. Often, there are ways to take advantage of new architectures to achieve goals that weren't readily possible before. That's what transformation is all about. More than just upgrading to the next generation of equipment, it involves really understanding what new capabilities are available, then looking at the opportunity "with a blank sheet of paper." The critical step is the willingness to rethink old patterns and methods to take full advantage of new capabilities.

Certainly the existing systems could have been linked together to provide much of the same functionality. However, to get all the benefits using the previous architectural approach would have been cumbersome and expensive. We find in our consulting work that too frequently, companies unknowingly put on blinders - restricting their vision by getting locked into assumptions arising from the current situation. What can seemingly be conflicting goals (such as local answering and better service) may be able to be resolved by considering things from a different perspective.

For this organization, the secret was to go back to business objectives, and weigh what benefits various architectures could deliver against those goals. In this case, IP allowed for an integrated call coverage environment with a centrally managed call routing scheme. That allowed both local coverage whenever possible, but ready access both to backup resources when needed, and to specialists for particular help on a subject. The results, as noted, were a significant improvement in meeting customer service goals and a sizable upturn in revenue in a highly competitive environment. Beyond that, management now had a much better mechanism for monitoring results and taking action more rapidly where needed.

Implementing in Your Organization

We have seen these same techniques work effectively in many organizations. What we find is important is to begin by understanding the full capabilities of the alternative technical solutions under consideration. Then, articulate the business goals you need to achieve, and think creatively about how these new solutions can help achieve them.

IP, in particular, holds the potential for many companies to break previous logjams, and bring important new functionality to their business. This is one example. How might it work in your company?

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