

# MOVING CUSTOMERS INTO THE CENTRE

## BACKGROUND

The company was launched in 2002 and is currently the only New Zealand owned and operated bank. It has approximately 500,000 customers and offers a full suite of banking services. Retail services operate through the bank's parent company.

The bank provides customers with a no-nonsense, low-cost banking service. In recent years, that low-cost advantage has been eroded.

## OBJECTIVES

The bank's senior management engaged GPR Dehler to assist them in identifying and implementing improvement opportunities at the call centre and the home loan centre.

At the call centre, the focus was on improving the service-levels and efficiencies. At the home loan centre, the focus was on improving the customer experience and ensuring that the pipeline is full and flowing in order to maximise profitability.

## KEY RESULTS

Call centre:

- Service Level Adherence, a measure of consistency in meeting the commitment to customer, increased from 73% to over 85%.
- Utilisation of call centre staff, a measure of matching supply with demand increased from 50% to 57%.
- Team leaders were developed as the facilitators of consistent high quality customer service.

Home loan centre:

- The time to process a loan reduced from 17 days to 9.
- The customer touch points reduced from 15 to a maximum of 5.
- The conversion rate increased from 24% to 37%.
- Rework and duplication of effort reduced by 30%.



The company had a lot going for it. A relatively young bank, staff were positive about the job that they were doing, had the best of intentions, and they were keen to produce quality results. Management and team leaders worked hard to ensure that staff felt valued and competent. Unfortunately, that wasn't enough to achieve the desired service levels and profitability.

## THE MEANS...YES, THE END...NO

In the home loans area, the process had been divided into discrete parts with teams and team leaders responsible for each of those parts. The aim was consistently excellent customer service. In practice, this became a multitude of touch points with inspections and hand-overs at each stage.

Team leaders looked to their own turf rather than the complete process and the overall impact on the speed and flow of work and profitability. The missing ingredient was a sense of what the customer was getting out of it all.

Although individual components of the process may have been handled efficiently, collectively the flow was not smooth. By way of example, processing a batch of pre-approved applications in groups of 20 was more efficient than processing them individually or in smaller groups. However, this left staff further along the line either empty-handed or overworked, which in turn meant delays for customers.

The settlement of the loan was considered by the team that handled it as more important than the rest of the process. "Once it goes past me the loan's approved." This became a tollgate that cleared or returned the paperwork from other teams upstream. Rework was seen as normal and acceptable with no appreciation of the cost in time, money and service delivery.

The focus on the parts rather than the whole also had an adverse impact on the volume of sales. No one was monitoring the whole of the pipeline to see how loan applications were filtering through – from the first flow of leads to processing. Sales numbers were only scrutinised close to the finishing line, at which point there was not

much that could be done to improve the quarterly results.

## NOTHING WORTH CHANGING HERE

The call centre had different problems but with a similar flavour. These were made more difficult by the views of senior managers and team leaders that, while there were obvious problems – at times the call volume ballooned out of control – service level was a variable that the call centre has little sway over. Not much could be done and therefore not much should be changed.

Equipping the staff with the training to answer the calls and good camaraderie were about the best they could do.

## I'M TOO BUSY FOR CUSTOMERS

Staff followed processes and timetables enthusiastically but inflexibly, often to the detriment of performance. For example, during a spike in calls or when there was a shortage of people on a shift, front line staff would still leave their station in order to attend routine meetings or internal training sessions. These were often little more than feel-good sessions and could easily be rescheduled.

Team leaders, most of whom had been promoted from the front line, would meet at 12 noon every day to review how the previous day went, discuss the reasons for a while and walk back to their desks, hoping that the current day would be a little better. There was no discussion on what can be done to improve the results today; it was all about what had happened on the previous day.

Most felt that they had served their time on the phones and did not have to take calls. They were unaware that their early intervention could quickly alleviate the pressure on the call centre and keep the queue under control.

This would give them more time to manage and require less time to deal with urgent problems.

### THE TRUTH ABOUT AVERAGES

The service level at the call centre averaged to just about meet the bank's commitment of 80% of calls answered within 20 seconds. A more thorough analysis of the statistics revealed that customers calling at different times during a typical day were likely to experience a range of different response times; from extremely quick to extremely delayed. For example, calls received between 7am and 9am may be above 98% of the service level, calls between 9am and 1pm may be around 70%. The average was over 80%, but it did not reflect the inconsistency. Unsurprisingly, managers were initially reluctant to use these more detailed statistics as they did not shine the most flattering light on their performance.

### THAT ALL-IMPORTANT SENSE OF CONTROL

At both the home loan centre and the call centre staff, team leaders and managers had to be convinced that they had the capacity to control the results and improve them. Some were sceptical.

A pilot program at the home loan centre was established to manage the customer experience from first contact through to

settlement. The focus was on:

- Answering customer queries first time.
- Management of the pipeline on a day to day basis.
- Clear roles and responsibilities between sales force and support functions.
- Support staff acknowledging a customer rather than a file.

The results from the pilot were managed against control groups, which showed a reduction in time to process a loan from 17 days to 9, a reduction in customer touch points from 15 to a maximum of 5, an increase in conversion rate from 24% to 37% and a reduction in rework and duplication of effort by 30%.

The pilot included the development and implementation of management controls to ensure appropriate behaviours were in place on a day to day basis. This assures an ongoing and sustainable improvement.

### SAME DATA, DIFFERENT ANALYSIS

Over at the call centre the team went to work on a number of problems simultaneously. A more detailed and realistic understanding of call patterns and volumes was the base on which substantial improvements in forecasting, planning, implementation, reporting, staff utilisation and rostering were built. New roles and responsibilities were developed so that everyone at the centre was clear on who does what, when, in consultation with whom, and informs whom.

The metric was changed to reflect the reality of call patterns. Instead of measuring

the average service level, the emphasis was on adherence to the service level during the shortest possible time-slot that could technically be measured; 30 minutes. This was much tougher than the previous metric, but far closer to the customer experience. It was not long before the call centre team started discussing how many of the 28 time-slots in a normal working day were achieved.

The daily meeting was changed from a retrospective at midday to a crisp and focused 10 minute heartbeat meeting at 9:00 am. The meeting was used to proactively plan out the day so as to meet customer demand and to achieve the targeted service level.

## THE FIRST OF THE MONTH PROOF

Typically, customer call volumes increase by over 25% on the first two days of the month. This was the case in the first month after the changes had been implemented. The call centre staff did not think so though. They felt that the opening two days of this particular month were less stressful as volumes were lower than usual. Only when they saw the data on call volumes did they realise that volumes were slightly higher. Due to better planning, everything was under control.

Within 12 weeks, the call centre was humming to a different beat. There was better rhythm and consistency and the customers were elated. They started complimenting the staff on responding quickly and attending to their queries.

## EASY ON PAPER

This project, like many of our engagements, looks straight-forward on paper. The reality is far from it. Our skill is not just in identifying problems and designing solutions, but in making those solutions work – often in a tough business and cultural environment.

GPR Dehler has an excellent record of implementing change programs in Australia, New Zealand, Asia, Europe, North America and Southern Africa. Everything we do is geared towards achieving results – not writing reports. We have the management and planning skills as well as hands on consultants with experience to overcome obstacles and transform good ideas into effective and successful programs. Significantly, we do this with minimum disruption to our clients' business operations.