

BY DAVE BROWN

Encoda Systems

A “hot” midsize company re-engineers by combining 10 support groups into a single, cohesive operation.

The Problem

Encoda Systems had 10 separate customer support groups, which is not unusual. But in Encoda's case, each group had its own management, policies and procedures—even separate call management systems, phone systems and phone numbers. For customers owning different Encoda products, calling for support was like calling different companies. Encoda had grown to be a midsize company, but it was enjoying no economies of scale. Worse, the company's customers were paying the price—in reduced service levels.

Background

Encoda Systems is a leading global supplier of sales, traffic, programming and financial systems for the broadcast industry. Most of the world's principal television, radio, cable, and satellite broadcasting companies now use its systems. The company is also known as a key player in the provision of software solutions for advertising agencies, media buying companies, and national media sales-rep organizations. Its clients number in the thousands, and include broadcasting, cable and advertising companies with global operations.

The firm had been known as Columbine JDS Systems, the result

of a merger between rivals Columbine Systems and Jefferson-Pilot Data Systems. After more mergers and acquisitions it became Encoda Systems. (For clarity, I'll refer to the organization—in all of its stages—as Encoda.)

M&A had been key to the company's growth and success. However, it resulted in Encoda's service/support challenges: Over a span of approximately 24 months, the company had grown dramatically. Not wanting to upset customers by changing support policies or procedures after a merger or acquisition, Encoda had allowed each support operation to remain intact. Some groups were

rolled under an umbrella support organization, but others were left reporting to their respective sales or development groups. The resulting 10 support groups operated from one physical location, but the policies, procedures and tools remained mostly “as is.” For all intents and purposes, the 10 service groups remained separate entities. This lack of integration resulted in an inefficient use of resources, and prevented the organization from achieving any economy-of-scale benefits. There were redundancies and overlaps in management, and no consistent goals, objectives, or measurements. With no common direction or ability to measure and adjust performance, the efficiency and effectiveness of Encoda's customer support was seriously deficient.

The Project / Plan

The company decided to embark upon a sizable project intended to

address the support weaknesses, and prepare the firm to effectively manage the combined businesses. Central to the effort was a new customer relationship management system. The Onyx Software system (www.onyx.com) was selected, and Encoda was preparing to implement it. But management also wanted to ensure that the CRM project was implemented optimally: in a manner that addressed short-term requirements, while positioning the service organization to grow and adapt along with the business. Encoda management recognized that any potential process changes should be identified prior to finalizing the Onyx design and implementation. These likely changes needed to be—at the very least—considered in the system design, and possibly, even implemented prior to, or in tandem with, the Onyx rollout.

This was where I came in: Encoda wanted an independent review of the current service operation. The objective was to identify potential improvement opportunities while simultaneously reducing risk during the Onyx implementation. I was tasked with defining an appropriate service strategy, identifying a set of appropriate metrics, evaluating the current operation against those metrics, then recommending the tactics necessary to meet the strategic goals.

I started with an operational assessment. Through the assessment process, I was able to develop a vision and strategy for Encoda, along with a plan to get there. The plan involved combining the various service groups into a single organization, and implementing industry-proven processes (best practices). The new, combined organization would be much more efficient: I estimated that it would deliver better service with 27 percent less staff. That would equate to an 18-percent reduction in the overall support expenses—an annual cost savings of over a half-million dollars!

I also estimated that the process re-engineering could be accomplished in approximately six months, and recommended that the process re-engineering parallel the Onyx implementation. The

alternative was to attack the two projects sequentially, yet, the success of each was dependent upon the other. It would be extremely difficult to perform a successful process re-engineering without the centralized customer database that Onyx would provide. Conversely, implementing Onyx in the current environment (10 separate departments) would be virtually impossible. (Upon which set of business rules would we base the system?). As daunting as it seemed, the *simultaneous* plan seemed the best choice.

Encoda's Re-engineering

I must admit it was interesting to deal with a variety of independent groups that were being combined for the first time. In a typical re-engineering project, groups are performing in a similar manner; there may be minor variations, but they are all essentially “on the same team.” Certainly, the groups each display a sense of ownership and a natural resistance to change, but at the same time, they understand the common cause. In the Encoda situation, however, the usual resistance issues were amplified. Each group was highly protective of its own methods.

I sensed that the groups had unspoken competition or resentment issues. It was difficult for *any* of them to agree that another way might be better—particularly when the “other way” was the way another group currently performed. Ironically, one group or another *was* performing a best practice that could be adopted by the groups as a whole, and the resistance to adoption made the project challenging, to say the least!

We needed to be very careful that the groups didn't feel as though they were being *forced* to conform to another mode of doing business. As a result, my firm probably spent twice as much time and effort as usual, ensuring that each of the re-engineering teams thoroughly discussed options, and came to a full consensus regarding each solution. We were careful to avoid impressions of favoritism or prodding.

These concerns heavily influenced our

decision to set up a brand-new call center area (where staffers would go for part of the day, to take inbound calls), even though one of the larger groups already used a “call center area” model and had a space set up. We were concerned that the other nine groups would feel they were being forced to conform to the model used by that one group. So we purchased completely new cubicles, chairs, and computers, and constructed the call center in a different part of the building.

Yes, we expended a lot of time and money to ensure buy-in and avoid resistance. But buy-in can make or break a project. What's more, we were anticipating a half-million dollars in savings, in year one; our buy-in strategy was an investment we knew would pay for itself quickly.

The New Model

We eventually combined the 10 groups into one department, with a single director of Customer Support overseeing it. To enable the new model to function effectively, we built the new call center, upgraded the phone system with an ACD package, and utilized the new Onyx Software to log calls and track issues. This provided basic structure and tools.

Yet, for the model to work, we needed to eliminate the call “silos” (the former groupings) and create some economies of scale. This meant having agents take a wider range of calls than they had in the old model. All agents maintained their primary skills, but they were also cross-trained on two additional products. They weren't expected to solve every call with the secondary skills; however, they *were* able to intelligently discuss a customer's issue and apply a “triage” technique (as I'll describe in a moment).

All customers were given a single phone number to call, and then were presented with a brief, efficient menu which routed them to the best available agent. The goal: to route the caller to an agent with the required skills, or, if all agents with the necessary skills were occupied, route the caller to the next best choice. Here's where “triage” came in... (*cont'd*)

During the re-engineering process, we had carefully analyzed the call types, traffic patterns, and other details, to ensure that the center was properly staffed (correct number of agents/right mix of skills) for the expected calls. And because call volume spikes and other variations can wreak havoc in an unprepared environment, we staffed the center throughout the day with a mix of agents/skills, and then used a "call overflow" approach (a very simple form of skills-based routing) to handle variations. This meant that if all

agents in a primary skill group were busy when a call came in for them, the call would overflow to a backup group. Backup agents would then apply their triage training, and "determine the urgency of the situation and the level of expertise required to solve the issue." Those agents would then take the appropriate action, which could involve solving the issue at hand, routing the call to a different agent for handling, or scheduling a callback. The key was that each customer call would be handled by a skilled

agent and handled in a manner appropriate for the particular call.

Results

The new model immediately worked smoothly and provided consistently high service levels. The average speed of answer (ASA) was approximately one minute, and 70 percent of calls were answered within 60 seconds. Equally important was "quality of service": getting customers to the right agent, and then solving their issues. Between 70 and 80 percent of calls are now answered by the primary queue (agent with the correct skills). Result? Sixty to 65 percent of calls are resolved on initial call.

But what about the 18 percent cost savings I had promised? Well, Encoda continued to grow the business. So, it wasn't able to reduce staffing, but it *was* able to absorb a great deal more business without increasing the customer support staff. The operation was at least as effective as predicted, and Encoda did save at least 18 percent annually, as a result of the re-engineering project.

At a time when many CRM efforts fail and many experts blame poor implementation or lack of process integration, Encoda has proved that CRM can provide tremendous benefits when combined with good project management and a thorough rethinking of processes. The Onyx implementation has been recognized as "Best Customer Service Solution" at the annual Industry Solution Awards (ISA) competition, sponsored by Microsoft, and Onyx has published a case study about it (see www.onyx.com/successstories/). Amazing what can be accomplished when technology is viewed as an enabler, not a panacea. ■



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