

Reengineering Customer Support

Part 2: Performing a Thorough Operational Assessment



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Performing an operational assessment is much like going to the doctor for a full physical exam. There are many reasons why you might decide to go for a physical or perform an assessment on your operation, but this column will focus on how to perform an in-depth analysis once you have observed the symptoms that your organization may require reengineering, which were discussed in Part One of this series. Once you have determined that your organization may benefit from reengineering efforts, the next step is to perform an operational assessment.

An operational assessment is designed to provide management with an analysis of the current operation, with a focus on identifying and quantifying opportunities for improvement. The idea is to drill down on those areas identified as key concerns and/or opportunities. The operational assessment also is used to benchmark the current state vs. the desired state and to determine if an organization should engage in incremental improvement efforts or embark on a full-scale reengineering project.

Even if the telltale signs are apparent and there appears to be an opportunity to benefit significantly from a reengineering effort, the assessment

step is still required. The purpose of the operational assessment is to validate the initial hypothesis, determine or confirm the root causes of the identified problems, and predict the benefits of correcting the problems. In other words, the assessment should make clear what is to be fixed or changed, and it will provide an up-front understanding of the expected outcome. No company should begin a reengineering effort if they haven't done a thorough assessment, including a preliminary cost/benefit analysis.

General Approach

A proper assessment will include a thorough review of processes, people, and tools. It will provide an objective review of department policies, procedures, methods, and results. The current department metrics must be reviewed and benchmarked against industry averages and trends. The tools in place to support the processes, such as phone/ACD systems, call tracking, knowledge management systems, self-service, e-service, and other automation, must be reviewed. The organizational structure and management capabilities also can be assessed. In other words, all aspects of the services operation must be reviewed thoroughly,

and then opportunities for improvement can be identified.

A good operational assessment will progress through several stages, which include interviews, observations, data collection and analysis, development of alternatives, and the final recommendations. The resulting report should identify problems, recommend solutions, and outline a plan for improvement. From my experience, the assessment process generally takes at least 30 days (for a single site), and it can take significantly longer for multisite or more complex operations.

Some companies, particularly larger corporations, may have their own process improvement department and therefore can perform an effective self-assessment. However, some companies find that bringing in an outside consultant ensures that they are getting a true expert and that there is no bias or personal agenda that may taint the results. The recommendations in this column can be applied to either scenario, and you can assume the references to “assessor” or “consultant” could be an internal person.

Stage #1: Interviews

The assessment process typically begins with a series of interviews. In fact, the information gathered during the interview stage is the foundation for the ensuing activities. The purpose of the interviews is to gather perspectives regarding what is working and what isn't. A skilled interviewer also can learn a tremendous amount about the current and potential processes during these initial interviews. The assessor will begin to establish points to be validated or refuted in the later stages.

The interview stage should be conducted with executive management (i.e., the president, the chief executive

officer, and other senior executives), customer service/support management (from the director or vice president down to the first-level supervisor), front-line customer service providers and “stakeholders” (such as sales and product development), channel partners (if applicable), and customers. Each of these categories is important, and each provides a different perspective.

The interviews should begin with a few of the top executives. The information gathered from these initial interviews will influence the direction of the assessment. There are three areas for discussion with the senior executives.

First, it's important that you understand the strategy. Where does customer support “fit” in the corporate strategy? Is part of the strategy to differentiate the company by providing “legendary” customer service? Is part of the strategy to cultivate very loyal, long-term customers? Is the strategy to maximize revenue derived from services? Or is the strategy to minimize the cost of services while providing an “acceptable” level of service? The answer to these questions will determine the “bar” by which the current operation will be evaluated.

The second area for discussion with the senior executives is the future state or vision. If the executive could wave a wand and transform service exactly the way he wants it, what would it look like? How would customers get service? Would they call on the telephone or come in over the Web? Would they come directly to the company or would they call a reseller? Would they have options for self-service? What would the service level be (i.e., speed of answer)? What would the financial profile look like (i.e., profit/loss or expense)? Again, the answers to these questions will shape the assessment.

The third area of questioning should focus on observed symptoms or concerns about current performance. From the senior executives' perspective, what isn't working? Are costs too high, or are revenues too low? Do they receive too many complaints, or are customers rating service quality too low on surveys? What does the CEO think needs to be fixed?

The second set of interviews should be conducted with the functional management and begin the drill-down. I define “functional management” as the most senior manager in the services organization (typically the vice president or director) and all of the levels of management below that. It's important to understand the linkages and the gaps between the interview results of functional management and the executive staff. To establish this, questions should be asked regarding the understanding of the strategy and desired future state, as well as questions regarding current operating performance. These questions are intended to gain an understanding of current and potential performance.

For example, you might ask how often a caller actually reaches the “right” agent on the initial call. You also could ask what percentage of calls are solved on the first contact, and what percentage of calls *could* be answered on the initial call if the right agent received the call. The answers to these questions will help to assemble a picture of current performance and potential performance.

Another series of questions for the functional management should focus on the current processes, tools, and staff. How satisfied are they with the way things are now? What tools help them, and what tools do they feel *could* help them? Are there roadblocks or hurdles—

issues that frustrate them and keep them from being successful? In addition to gathering key data, you should be looking for consistency (or lack of) between the higher-level corporate management goals and the performance measures applied to the front line.

The interviews conducted with stakeholders, customers, and channel partners are similar to one another. All of these groups are outside of the process, yet they have a high stake in the outcome and typically have a heavy influence on the service level targets. The interviews primarily should collect information regarding expectations and level of satisfaction with results. Information also should be collected regarding concerns and frustrations, as well as any additional observations they may care to share. If weaknesses are observed in the operation and the belief is that the organization is not providing an acceptable level of service, this would be an opportunity to confirm that the weakness is resulting in dissatisfaction (for either customers or stakeholders).

The interview process is iterative. For instance, it is extremely likely that customers will communicate information that you will need to go back to management to validate. It's also likely that later stages (such as observations or data collection) will produce information that was not known during the initial interviews. Therefore, a series of follow-up interviews are normally part of the assessment process.

Stage #2: Observations

I always find the observation portion of the assessment very interesting. The purpose of the observations is several-fold. First, you either want to validate (prove) or invalidate (disprove) information that you have collected or hy-

potheses that you have developed. Second, through observations, you want to collect information that cannot be gathered easily by any other means, as I'll discuss below. Furthermore, these observations can be divided into two categories: department or general observations and individual worker observations.

The observations related to individuals are not intended to measure a particular individual's capability, but rather to understand how well equipped these people are to do their jobs. For example, do they receive calls regarding products or issues that they have been trained to handle properly? Is the customer information system easy to use, and does it provide them with the information they need to service the customer?

I typically like to spend one hour each with several different people in order to get a rounded perspective. I may sit in their cubicle with a headset on, but I ask them to ignore me as much as possible. I typically document the type of customer calling, the reason for the call, and the length of the call. I also note what the agent does during the call (such as look up the customer record) and how they do it (such as doing a

search for the customer identification number). I may notice opportunities for automation, such as having the customer enter their own identification number on the phone and using computer telephony integration to deliver the call to the agent along with the customer record (screen pops). I may notice that people rarely use the system, instead tending to handwritten notes, which may lead me to find that the system is so slow that people avoid using it. I may find that management's edict that "everything gets entered into the knowledgebase" has filled it with so much unnecessary information that people can't find the information they're looking for...so they rarely use it.

Let me give you an example of a general or departmental observation. One of the first clients I worked with had asked for an assessment of their situation. They were having difficulty keeping up with the success of their product sales. The phone lines were so busy that customers were getting busy signals about 50 percent of the day, and once you got through, hold times were typically 30 to 45 minutes. They had about 30 people in the support organization who all were

working 10-hour days. I asked my client how many hours per day were being spent on the phones vs. following up and tending to other work. The director of support told me that everyone was on the phones “all day.” Things were so awry that they had eliminated all of the other activities, and everyone was on the phones all day. Interviews with agents confirmed the director’s view. But all of this didn’t add up for me. My calculations indicated that there should have been more than enough people to handle the workload. Well, that director of support was very surprised when I told him that at any given point in the day, there were typically between five and 10 people actually on the phones with customers. Another group was around, but doing other things. And about one-third were nowhere to be found. Once the real problem was identified, it was relatively easy to resolve. The key point is that only through observation were we able to explain the discrepancy between my calculations and his results.

Conclusion

This column has described the first stages of performing an operational assessment—the on-site portion that involves mostly interviews and observations. I consider this to be the fun part; the next part is where it can get tough—data collection, benchmarking, analysis, and the development of a plan for improvement. In the next installment on this series, I’ll discuss the best approach for performing these next stages. I also will describe the contents of a good assessment report—what you should expect and demand from your consultant. ▼

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Part 3: Completing the Operational Assessment



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Before reading this column, it is important that you've read or have access to Part 1 and Part 2 of this series, because this installment will describe the final stages in performing a thorough operational assessment. Following the steps in this column alone could result in an incomplete and ineffective assessment. However, combined with the steps described in the previous installments, you will be equipped with my entire recommendation for a thorough operational assessment.

In Part 2 of this series, I described the interview process (Stage 1) and recommended using a top-down approach. I then discussed observations (Stage 2) and provided examples of what to look for. Assuming that you've worked through these stages, you probably have a few ideas—your hypotheses regarding symptoms and causes. It is important to keep these thoughts in mind as you continue to drill down.

Stage #3: Data Collection

The data collection stage is fairly straightforward. The assessor should collect as much data as possible about the current workload and performance. This includes phone, e-mail, and Web reports, reports from the CRM or call tracking system, customer satisfaction

survey results, and any other data that may be available. Other such data includes management status reports, performance charts, or any similar compilations. Any information that can be used to determine the amount of workload, level of effort, elapsed processing time, or performance results is information that is worth collecting.

I'll get into more detail about analysis in Stage 4, but the prime thing the assessor should be looking for in data is either validation or contradiction of the information that was gathered during the interviews and observations.

For example, if the phone reports validate the agents' estimate of average handle time (gathered during the interviews), then you could consider this data validated. However, if the phone report contradicts the estimated handle time, you need to research further and resolve the discrepancy. Sometimes these discrepancies lead to the root cause of a problem. For example, further research may uncover that the phone system only captures and reports the actual talk time and not the several minutes of follow-up time per call. This could lead to a determination that the entire staffing model, based on the phone reports, is flawed and therefore is resulting in constant understaffing,

which in turn results in long hold times, high abandon rates, and customer dissatisfaction. This is easy enough to fix, but first you must identify the cause of the problem.

Stage #4: Analysis

Analysis is the difficult stage. In most assessment situations, there are mountains of information gathered through the interviews, observations, and data collection. I have a few key tactics that I apply to help me sift through the information and expose key nuggets of knowledge. One of the most valuable approaches is mapping the current process. I've found that very few companies actually have mapped their existing processes, and if they have, it probably is at too high a level to uncover any flaws, and more often than not, the *actual* process is different from management's view of the process. Simply flowcharting the actual process allows you to see redundant and/or unnecessary steps and other flaws. When you add data to the flow diagram, such as the level of effort and the elapsed time that coincides with each step, the opportunities for improvement often become evident.

Another aspect of the analysis is compiling department metrics and comparing current performance with industry benchmarks. Any significant gap must be traced back to the cause. For example, if speed of answer is three to five minutes vs. less than one minute for "world-class" companies, you need to determine why the gap exists. Is the process designed this way (design flaw), is there no mechanism to adjust for daily staff absences (poor scheduling process or lack of a workforce management tool), or is there no mechanism for monitoring hourly call-volume fluctuation and making real-time ad-

justments (lack of a workforce management tool or poor management)? Could it be that calls are not routed to the most appropriate agent, so handle times are longer than necessary, which therefore affects the response time? The observed problem, which is poor response time in this example, must be traced back to the cause.

Therefore, one goal of the analysis is to determine the root cause of problems. First, you need to determine if something is a symptom or the problem. A symptom is caused by something else and can be corrected by fixing that which is causing it. The key is asking why. Why is this happening? If you can answer this question, you are observing a symptom, not the problem. For instance, a high rate of abandoned calls is a "symptom" because it is caused by something else. You don't solve the abandoned call problem; you solve the problem that is causing the abandoned calls, and the abandoned call "symptom" is "cured."

You might have a symptom that is also a problem. For instance, the abandon call rate may be caused by long hold times. The long hold times are causing the abandoned calls. But the long hold times may be a symptom of short staffing. You may have to work back through several steps in order to identify the "root cause"—the problem that is at the root of the issue and isn't a symptom of something else. Identifying the root cause is required to truly solve a problem. You don't cure an illness by treating the symptoms, and you can't optimize a support operation until you understand the real problem.

Stage #5: Determine Options and Estimate Benefits

Once the root causes of various issues have been determined, the potential

solutions usually are relatively clear. In most cases, there are only a couple of options that will address an issue completely. However, it is typical for a support operation to be struggling as a result of multiple issues, and therefore, the complete solution may include several different components. Depending on the situation, the solution could include specific changes to the work processes that will improve efficiency and effectiveness. The solution also could include adding or improving automation tools that will reduce calls and/or agent intervention (e.g., Web self-service) or reduce handling time (e.g., improving the knowledgebase), thereby increasing the organization's capacity and improving overall service levels.

The approach that I prefer is to predict how the operation might look if these root causes were addressed. I call this the "future state." Using this method, you must have resolved the problems, and then you "model" how things will be. For instance, from a customer's standpoint, how will the service process work? Will the customer call, e-mail, or go to the Web first? If they have options, what percent of customers are likely to go down each path (based on industry research)? You can model each of these paths and describe how they will work and how long each step will take (again using industry research or examples from companies that already use the process). The result should be a hypothetical support model, complete with estimated service levels and estimated operating costs.

It is likely that you will need to consider several possible solutions and/or combinations. This means creating several models (potential future-state designs). Each variation should include the estimated cost of operating

or the difference between current and projected costs. It then will be the consultant's job to make a recommendation, and the client's job will be to decide which model is the right target for the reengineering effort.

Stage #6: Make a Recommendation

The previous stages are all designed to result in a recommendation. Depending on the purpose of the assessment and the situation, the recommendations could be very high-level: "Implement a Web-based, self-service capability integrated with a knowledgebase in order to meet customer expectations, reduce support center workload, and increase productivity." Even this high-level recommendation should include an estimated ROI. However, if the situation calls for a reengineering effort, a reasonably detailed description and justification of the recommendation should be provided.

A recommendation to reengineer should begin with a thorough description of the problem, including the root cause analysis. The recommendation also should include a definition of the future state—what the operation could or should look like if it were optimized. The difference between the current state and the future state is essentially the reason for reengineering. A small gap between these two states would indicate that incremental improvement is a reasonable approach. However, a large gap likely would mean that you can't get there through small steps, and a major overhaul may be the only realistic way to achieve the goal.

The future state or preferred model typically cannot be defined exactly at this point in the process. This is because we have not reengineered yet. By definition, you won't know the exact

outcome until you go through the reengineering process. However, you should be able to "frame" the model (as described in the previous step)—describe the basic call flow, describe the call-handling process, predict the level of staffing required based on estimated call/process-handling times, and estimate the service levels based on workload and staffing levels (using software modeling tools). Based on these calculations, you should be able to estimate the new operating costs. While much of the detail will be determined during the actual reengineering project, management should be able to get an adequately detailed vision of the outcome.

The cost of going from current state to future state is also something that can be estimated with reasonable accuracy. Many companies will use an experienced consultant to guide them through the process, and any associated fees can be defined in advance. An experienced consultant will be able to accurately estimate the level of effort required from your staff, including the number of people, hours (or percent of their time) dedicated to the project, and the project timeline (which we will address in my column in the July/Au-

gust issue). The assessment also should uncover whether the existing tools are adequate or if replacements or additions are required. Any training, facilities modifications, or other expenses also can be estimated. These only will be estimates, but I've found that it is not too difficult to develop these estimates and to have them be accurate within five to 10 percent.

So with a good understanding of the current state (symptoms and causes), a vision of the end result of the reengineering effort (future state), and an estimated cost to achieve the future state, it is relatively straightforward to develop the ROI. In my view, the assessment report also should include a "roadmap" or preliminary project plan that describes the major tasks required to transition to the recommended model. Along with the ROI, the roadmap (which includes a timeline) should provide management with the information they need to make an informed decision regarding the recommendation.

Summary

Performing an operational assessment every one to two years is a good idea for all support operations. Like an an-

evolutions in the customer support center

nual physical exam, the assessment can identify problems in the early stages, before they become overwhelming. The operational assessment also is required when serious symptoms are observed or when you are considering a major initiative, such as reengineering or outsourcing.

The operational assessment must be objective and thorough. The most efficient approach is to begin by developing a hypothesis and then following the stages to prove or disprove it. The process is typically iterative and begins with interviews, observations, and data collection. Finally, you conduct the analysis and make recommendations. A proven methodology, combined with a qualified, unbiased assessor, can provide a rounded and comprehensive view. An assessment always should estimate the ROI of implementing the recommendations.

In my next column, I'll describe one effective methodology for tackling reengineering—a field-tested technique that builds staff acceptance while adapting to your environment and culture. This is a unique approach that can improve your odds for success. ▼