



Transforming 'good' customer service into 'great'

With 13,000 employees and total annual premiums of almost £8 billion, Norwich Union Insurance is the second largest UK insurance company after Lloyds. JOHN WILLMOTT, Director of Customer Service, explains how Norwich Union is implementing a new technique to effect a paradigm shift in the quality of service it offers via its customer contact centres.

At Norwich Union Insurance we have always believed, justifiably I think, that we offer a good level of service from our customer contact centres. But that's no longer enough for our customers, for our partners or for ourselves. We want to offer a great level of service, not merely a good one.

Naturally a major part of our activity involves selling insurance direct to customers, however we also place a major commercial emphasis on providing services to partner organisations. My job as Director of Customer Service for our partners is to ensure that their customers enjoy a level of service that is much better than 'merely good'.

We want our partners to regard us as absolutely the best insurer with which they could possibly do business. If this is to happen their own customers must think the same, and that is down to us. We need to ensure we impress those customers all the time, and that means the experiences we offer must be consistently outstanding.

Norwich Union began working with partners early in its 200-year history. This business is now worth a quarter of our annual turnover. The precise nature of the relationship we have with our partners varies according to their requirements. In some cases we will take on the entire responsibility for a partner's insurance offering and deliver that offering essentially as a turnkey service. For some partners our staff deal with their customers' entire insurance requirement from sales to claims resolution as though we were the partner's own staff. Other partners, especially those with high-profile brands, may prefer to retain control of their sales and branding but will make use of our expertise in managing the insurance product, again including handling claims.

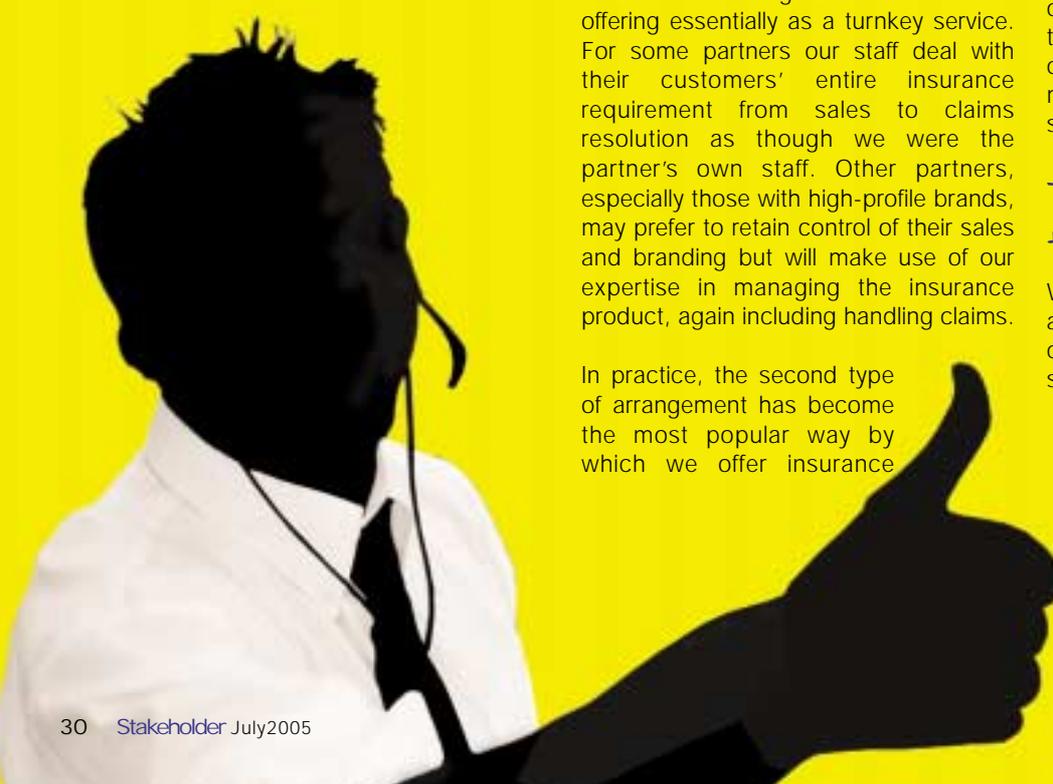
In practice, the second type of arrangement has become the most popular way by which we offer insurance

services to our partners. At its best, this arrangement gives customers the best of both worlds. Customers enjoy the peace of mind, security and square deal they associate with a brand they know and trust, while also benefiting from the long-term expertise, strong capitalisation and reliability that we can offer. But the entire arrangement cannot possibly be a successful one for the three parties concerned unless the quality of service provided is everything the customer could hope for.

It's my firm belief that while pricing can be important in winning customers, what really matters in keeping them is the quality of customer service. Our business objective is therefore to do everything we can to retain customers for our partners through the level of service we offer those customers. I now have decisive and measurable evidence that we have succeeded in achieving this.

The first step - looking at the theory of customer loyalty

We began our new initiative by taking the advice of the service excellence consultancy Cape Consulting that we should get to know the work of the



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business thinker Frederick Reichheld, author of the best-selling books *The Loyalty Effect* and *Loyalty Rules*.

Reichheld is unequivocal in his belief that customer loyalty should be the main focus for a business, not merely part of what it is about. In particular, Reichheld has ingeniously reduced his thinking to the proposition that the best and most reliable test of customer loyalty is simply the customer's response to the question, would you recommend this organisation to a friend?

Reichheld advocates measuring customers' willingness to recommend on a scale of zero to ten. He has modelled the results against organisations' sales growth and shown that companies having a significant surplus of promoters (enthusiastic recommenders, 9 or 10 on the scale) over detractors (those scoring below 7) substantially exceed in sales growth over competitors who do not have such a surplus.

Reichheld is adamant that organisations must win from customers a strong enthusiasm for recommending. Mild enthusiasm, from Reichheld's perspective, is worth very little as such customers will be very likely to migrate to a rival. After familiarising ourselves with Reichheld's ideas, we concluded that if we wanted to transform our customer service we needed to take every step to improve the quality of the buying and customer service experiences that our partners were receiving from our contact centres.

The challenge that faced us

Our problem was that we already offered a good level of customer service. When an organisation already believes itself to be good, there is a huge challenge involved in overcoming the status quo. People see no compelling reason to change what is already working perfectly well. Their mantra, not surprisingly, tends to be, "if it isn't broken, don't fix it."

But we knew that we had to strive to be 'great' rather than good. And so, starting with our call centre in Bishopbriggs, Scotland, we began working closely with call centre agents to develop an entirely new mindset as far as dealing with customers was concerned.

Our initial research

Our work began with a programme of customer research in which we measured our ability to generate enthusiastic customers who would be 'promoters' according to Reichheld's terminology. We then modelled our ability in this direction against Cape's database of 'Key Relationship Builders' (KRBs) - which can be defined as clear, recognisable and distinctive practices that impress customers.

The effect of KRBs is clear: they lead to customers enjoying the interaction with the organisation and, all being well, significantly increase the likelihood that a customer will become loyal. In particular, KRBs are designed to ensure that the customer:

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- > feels he or she has sufficient time to think, without feeling rushed
- > feels appreciated as an individual
- > feels that dealing with the organisation is easy, convenient, efficient and enjoyable
- > feels the organisation genuinely cares about meeting his or her needs
- > feels he or she is getting a really good deal from the organisation.

Putting the research into action

Having assimilated Cape's take on how we might improve our level of customer service, we 'looked in the mirror' and had a good think about the nature of the service we provide. Our aim was to build momentum in our contact centres towards achieving their KRBs so that we could begin to create - in

Reichheld's terms - promoters for our partners.

Mindful of the need to maintain simplicity, we aligned the KRBs to a programme we already had underway to improve the quality of customer service experiences. That programme had defined the ends. We named our new programme - which started at our Bishopbriggs call centre - 'Care at the Heart'.

The idea behind the Care at the Heart programme is that we set specific objectives for how we wanted our customers to feel when they dealt with us. We then identified what changes we could make in the ways we communicate with our customers in order to give them those feelings reliably and consistently.

Like many others in the call centre industry, I believe that the biggest influence on the performance of call centre agents is their Team Leader. We created a programme that had the Team Leader teach their teams the KRBs of the Care at the Heart programme.

This gave the

programme an unprecedented level of credibility and additionally helped us ascertain the capabilities and commitment of the Team Leaders themselves. A great many stepped up to the mark in an inspiring and convincing way. Their enthusiasm was contagious in their teams.

What does all this mean at the coalface - where call centre agents deal with customers on the phone? It means that the telephone interaction between the call centre agent and the customer is guided by specific target behaviours the agent

puts into action in a natural and authentic fashion. Authenticity is the key to the whole thing, since:

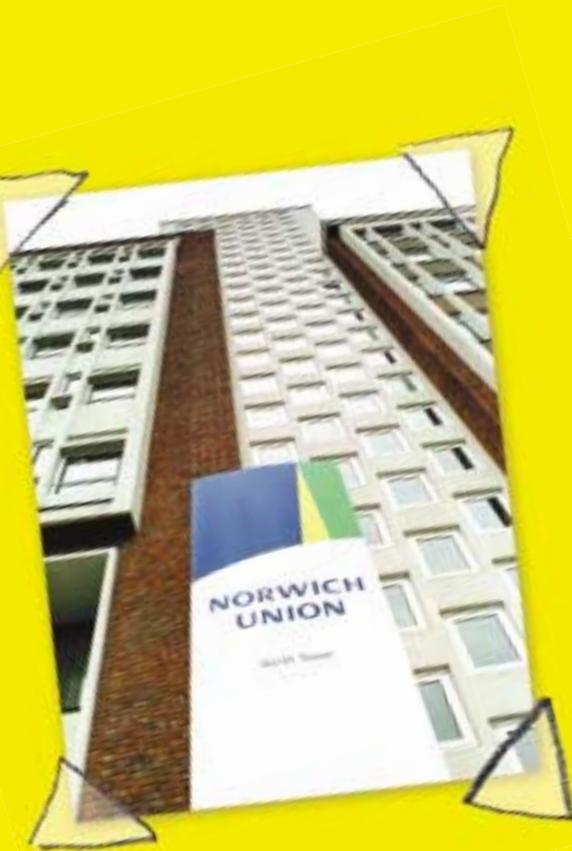
- A lack of authenticity is easy to detect in voice, tone and manner.
- Providing great service is often called 'emotional labour'. An agent must want to deliver the KRBs. If they don't want to put the behaviour into practice on a consistent basis, no sustained improvements are possible.
- If agents don't enjoy the experience of talking to customers, their jobs can be very mundane indeed. A principal purpose of the programme is to help call centre agents realise that their jobs will actually become more interesting and more enjoyable if they put these practices into action.

Making progress

The work itself consisted of three key phases: a diagnostic phase, an implementation phase and a business as usual phase. The 'diagnostic' phase posed the following key questions:

- Do we impress our customers through their service experiences?
- Do our people know how to impress customers?
- Do we support a high performing climate?
- How can we support our front line managers in driving improvements to customer experiences?

Our diagnostic processes now involve a range of tools. Quantitative measurement enabled us to assess customers' service experience and derive Reichheld's all-important 'net promoter' scores. This meant that we could identify performance gaps that must be closed, increasing the likelihood of creating promoters. Calls were assessed by call listening and our performance climate was measured relative to Cape's database on such dimensions as:



- strategic clarity
- performance standards
- teamwork
- recognition and motivation
- responsibility and commitment

Lastly, given that we know our Team Manager population is the most influential on contact centre performance, Cape Consulting used an audit of coaching skills and practices to make recommendations to increase the effectiveness of this important group.

At the 'implementation' phase Team Managers became even more involved at the heart of the process. They ran events for their teams which shared customers' feedback and data. This allowed Team Managers to communicate to their call centre agents important discoveries about the agents' current level of performance. Agents were shown that while they were good at what they did, there were many areas where they could make improvements.

Finally, there was the 'business as usual' phase in which we 'rebooted' our activities with the new working practices built in. These new practices, and the feedback processes that were a crucial element of them, were essential to our key task of instilling new behaviours. Again the difference was between knowing what to do and actually doing it. Implementation takes dogged effort and persistence to overcome those agents who were still

comfortably doing just enough to satisfy customers, but not enough to impress them.

Conclusion

The Care at the Heart programme has allowed us to effect a paradigm shift in how call centre agents do their job. It has been a major undertaking, and one which still requires constant vigilance. It has required a massive modification not only in how the agents see customers but in how they see themselves and their jobs. People do not change their behaviour overnight; they have to be repeatedly persuaded to change it, and given positive reasons to want to change it.

We did not simply replace a call script that was based essentially on making sales and limiting the call duration with one that was based on creating a comfortable and human relationship with the customer. Some aspects of the change did involve scripting the 'new look' way of dealing with customers and, because the agents were dealing with financial services, there were some necessary regulatory and technical aspects of the conversation that had to be included. However the general approach was to create a collaborative atmosphere within call centre agent teams where individual agents felt motivated to work together in the team to effect an enormous change for the better in how they dealt with customers.

Individual agents had opportunities to insert information into the conversation and to improvise where necessary in dealing with customers. The intervention was prescriptive in the sense that agents were urged to put into practice behaviours that work very well in achieving the objectives that had been set. But within this overarching strategy there was room for individual initiative and creativity.

The response to the initiative from individual call centre agents at Bishopbriggs has been extremely inspiring and encouraging. Many people who work in call centres are young people starting their first job. Labour mobility within call centres is quite high, and in the past many agents have taken it for granted that their working lives would be rather boring and not very 'human'. The hard facts are there too. Sales are up.

Failure demand is down. Motivation is up. Our net promoter scores are up across the board.

Customer loyalty is absolutely central to our overall strategic development. In the insurance industry the cost of acquiring customers is very high. Retaining those we have is of crucial importance for us. I have no doubt that we can differentiate our products and services from those of our rivals by striving to offer a better level of customer service than they do. This enhanced customer service starts with how our call centre agents help customers.

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Our overall impression about the work we have been doing is that it is a truly transforming initiative; not only transforming the quality of the customer relationship but also boosting the enjoyment call centre agents find in their work. However, when we first met with Cape Consulting, they emphasised that the commercial benefits of their work were what really mattered. As someone with a tough and demanding commercial agenda I wholeheartedly accept and endorse this fundamental point.

The proof of the pudding has been in the eating, and we have found this initiative to be a highly effective one for us. We are currently extending the initiative to cover all our Partnership customer contact centres. **S**

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