



Customer Proximity: Keep your Friends Close, Keep your Customers Closer

Customer Proximity: Keep your Friends Close, Keep your Customers Closer

'Customer proximity' is the 'next big thing' in financial services. But getting, and staying, close to customers has always been a key to brand building and market share growth. The challenge now is to offer the right levels of customer-delighting, loyalty-building service at best cost.

Overview

What's the insight? The first round of process mechanisation brought cost benefits to financial services providers and increased consumer choice. But along the way, the customer voice was lost. Then came a realisation: the transactional environment is different from the factory floor. You can't 'manufacture' a customer service experience through automation alone. You have to create it individually. And that takes people as well as process.

The Voice of the Customer

Today, are customers happy with the way Financial Service Providers handle them and their business? Do they enjoy the experience? Or do they endure it? And what will build and keep their loyalty in the future?

Giving the customer what they want, in the ways they want it and at the right price, is what will differentiate successful service providers; those who, with the next generation of financial services, make the move from process driven to personal service.

'Next Generation' – a Definition

'Next Generation' financial services will balance operational and commercial issues with a compelling and personal response to the voice of the customer. But how is loyalty-building service to be delivered in a climate of proliferating competition and ever-increasing operating costs?

Individual not 'Industrial'

Success will come from individuality as opposed to 'industrialisation' in effect, real customer proximity. And real customer proximity demands senior management clarity in the following key areas:

- Clear insight into market expectations of better levels of more personal service
- Clear understanding of commercial aspirations
- Clear and constantly developing understanding of the needs of individual customers in a mass market
- Clear management ability to design and implement the right process to make customer proximity real

Are You Really More Efficient Today?

Current process has high inherent levels of wastage. It's estimated that as much as 70% of the working day in financial services adds little or no value to the customer experience.

In this paper, we look at approaches service providers can apply to achieve customer proximity by leveraging their existing workforce and their operational experience more effectively. The objective is 'next generation' financial services, delivered at the right cost by a business that works better, staffed by people who are happier in their work and with a stable base of satisfied and loyal customers.

The 'Industrial' Revolution

'Industrial' approaches, adapted primarily from manufacturing environments, revolutionised a business that had been about service differentiated through individuals and transacted by people not processes. They created economies of scale. They cut headcount and costs. Service providers considered they had 'cracked the code' of financial services delivered on a process-driven industrial basis. But had they?

The new approach was characterised by top down change – processes and systems that put customers and the staff who look after them at arm's length from each other: the very opposite of proximity. As a result, the voice of the customer has grown faint. And many of the industry's workers are disenchanted by the work they do and the ways they do it.

The impact includes a perceived lack of the personal touch and a variety of poor service experiences, delivered through touch points such as offshore call centres. The impact of low quality service experience has been negative brand perceptions and reduced customer loyalty.

A New Challenge and a New Opportunity

A new, more personal and more imaginative approach to service delivery is needed to build customer proximity.

It seems contradictory, but many of the techniques required for positive change are in fact derived from other, and very different, sectors – such as heavy industry and manufacturing. How can these tools, with their origins in 'pure' process, work effectively in a very human transactional environment?

They actually enable managers to look at the work that gets done in their core processes and, crucially, at the people who do it and the ways they engage with it. The insights they provide enable a new approach to high volume and high customer satisfaction service delivery. And this approach starts with a profound realisation ...

Work Gets Done by People Not Process

Often, people are functioning at a fraction of their true potential. They may be working around deeply entrenched problems. They may be 'rescuing' defective process through constant interventions and 'hero' behaviour. Almost always, the current process they are part of limits their ability to achieve real and sustainable efficiencies and to build customer proximity.

People: Unlock Their Potential

Next generation financial services customers will want a reliably good level of personalised service. Achieving this will require service providers to get close to their process and close to their people. Working with the teams who deliver the service, organisations need to identify areas for quick wins – the bottlenecks and time wastage. These can be improved by leveraging the expertise of staff to make work more productive.

At the same time, service providers should identify long term process issues. They need to work with their teams to arrive at individual solutions that deal with specific situations. And they should prioritise the areas that have the greatest impact on customer satisfaction.

What Does a Fresh Approach to Next Generation Service Delivery Look Like?

For the customer, the immediate impact is vastly improved service experience. For the service provider, this experience can be sustained at a better cost. For the people on the shop floor, next generation service delivery is about an environment where work has real meaning. It's about process that is no longer broken, that has complexity removed and that focuses on one clear objective: consistently excellent customer service. It's about working practices that translate – literally - from onshore to offshore locations without disruption, loss of service quality or added cost.

A measurably effective move to customer proximity will leverage individual human experience, expertise and enthusiasm in the work place: as opposed to marginalising those strengths through sterile work patterns. The services themselves will be made more personal to customers, more closely tailored to their individual requirements. They will be more accurately delivered. They will induce greater satisfaction and brand loyalty in consumers.

Importantly, they will also be both more efficient and more profitable for the service providers. They will, when service providers get them right, give everybody what they want, starting with the customer.

What Immediate Benefits Can Your Business Expect From A Fresh Approach?

Expect to see positive change in the following key areas:

- Right first time working – leading to improved customer experience and loyalty
- Improved staff morale – absenteeism and churn down, productivity up, because work has meaning and the people who do it can see positive results
- Reduced operating costs – constant reworking costs money, eliminating it saves money

What Are Providers' Experiences of Next Generation Service?

Using management and measurement techniques proven in other sectors, next generation service providers are building excellent and sustainable processes to support customers. And they are doing it in an environment that encourages everyone to work together to create an excellent future. As one senior manager puts it “Our people are now having fundamentally different conversations. Apart from very substantial financial gains, a key outcome is that behaviour within the organisation has been permanently changed, for the better.”

Driven by staff and customer churn and expensive sub-optimal process, second generation service providers' are developing approaches that enable their people to look after their customers in new ways that create professional satisfaction and customer delight. For example, they are following end-to-end processes that are focused on delivering operational efficiency and value-add to the customer.

The result is that the voice of the customer is heard right the way along the service delivery chain: customer proximity is a reality

The value of getting it right with the next generation of financial services and the people and processes that underpin them is clear. So too are the expectations of customers for a differentiated and more personal service. Anticipating and exceeding their expectations is the heart of the challenge. And it's also a real opportunity. Customer proximity demonstrably builds stable, higher margin business. So keep your friends close – but keep your customers closer.



About the Author

Tony Tarquini, Celerant Consulting Vice-President, financial services

Tony is Celerant’s Head of financial services. During his 20 years in the financial services industry, Tony has worked with many of the most successful organisations in the business as Client Director. He has introduced several leading IT solutions into the UK, winning a number of major industry awards. He worked with one of the world’s largest brokers to develop the most successful insurance broking network in the UK.

More recently he has pioneered Celerant’s developing presence in the financial services industry, helping to deliver significant performance improvement for a variety of high profile clients.

Tony has a history of conference speaking and writing for a variety of industry publications.



About the Author

Patrick Gambin Vice-President, Operations

Patrick has 15 years professional experience, having held a number of roles in both professional services and in general industry. Having joined Celerant in 2001, Patrick currently has overall responsibility for the delivery of client engagements in the UK. During his time with Celerant, he has led a number of complex engagements across a broad range of industries, including Telecommunications, Utilities, and financial services. The majority of the projects Patrick has been involved with have focused on improving levels of Customer Service, while also delivering significant reduction in operating costs.

Patrick holds a BSc in Physics, and has a Diploma in Accounting and Finance.

We have offices in 10 different countries and we will always go where our clients need us to be.

If you want a conversation about the ways we can help your business achieve results, every time, you can call us on:

Americas	+ 1 781 674 0400	Germany	+ 49 (0) 211 58 33 00 33
Belgium	+ 32 (0) 2 762 52 38	The Netherlands	+ 31 (0) 20 570 5400
Denmark	+ 45 35 45 90 01	Norway	+ 47 22 43 29 23
Finland	+ 358 10 396 8800	Sweden	+ 46 (0) 8 670 6579
France	+ 33 (0) 1 56 69 53 00	United Kingdom	+ 44 (0) 20 8338 5000

www.celerantconsulting.com

