



# Client Conference 2010

Venue: Radisson Blu, Manchester



On March 18th almost 150 delegates assembled at the Radisson Hotel at Manchester Airport for The Leadership Factor's 11th Annual Client Conference. With speakers from a diverse range of organisations that have succeeded in improving customer satisfaction, this exclusive focused event is free to The Leadership Factor's clients and a small number of selected guests but is not available to the public. A combination of latest thinking and real world advice from successful practitioners, the conference provides an exceptional learning and networking opportunity for customer management professionals. The conference was opened by The Leadership Factor's own 'thought leader', Stephen Hampshire. Always entertaining as well as interesting, and usually a little bit provocative, Stephen's take on co-creation is published in full on pages 8 to 11 of this magazine. We'll therefore start this review with the morning's second speaker, Chris Wilson, Director of Fulfilment and Supply Chain at RBS Insurance.

## RBS Insurance

### Green Fluffy Des and Red Anti-Des

As well as market leading RBS brands such as Direct Line, Churchill and Green Flag, Chris is responsible for many top partner insurance brands such as BMW,

Nationwide and Caravan Club. Whilst it's obviously essential to protect and improve the loyalty of RBS customers, it's even more critical to deliver a flawless customer experience for the customers of partner companies. With 22 million policies, RBS insures over 20% of the UK adult population and handles over 50 million customer calls every year.





When it comes to customer experience, RBS Insurance is now right at the top of whatever benchmarking league table you care to use – The Leadership Factor's large customer satisfaction league table, net promoter score or specific aspects of service delivery such as keeping customers informed. Their journey from good to great was a combination of some very clever stuff plus a lot of absolute basics, spiced up for employees by a good dose of inspired creativity. First the clever stuff. Following some complex analysis of thousands of customer interviews by The Leadership Factor, it was calculated that a combination of increased renewals plus cost savings from fewer complaints and inbound calls meant that every 2% improvement in customer satisfaction delivered £1.7 million to the bottom line.

### Focus on PFIs

There was now a clear incentive to improve customer satisfaction, but the secret to achieving it was to move away from monitoring a series of complicated operational measures (the lens of the organisation) to focusing on a very small number of usually simple things that were bugging the customer and fixing them (the lens of the customer). Monthly customer satisfaction interviews enabled The Leadership Factor to identify for RBS Insurance four basic things that, if not flawless, would damage the customer experience, slash renewal rates and drive up costs. These PFIs (priorities for improvement) were not rocket science – an example of one is keeping customers informed all the time about what's happening with their car repair. There were two keys to addressing the four PFIs. The first was making it real, interesting and motivating for the thousands of employees handling those 50 million calls. This was where Green Fluffy Des and Cuddly Calls came in. Christened 'Engagement for Success', the initiative that brought the PFIs to life featured Green Fluffy Des (I am Delighted Every time and Stay) and his alter ego Red Anti-Des, a bottom box customer who had been let down on one or more of the PFIs, was very unlikely to renew and would often cause staff a lot of hassle and grief calling in to chase things

up and perhaps end up making a formal complaint. The differences between Green Fluffy Des and Red Anti-Des were brought to life by recording a percentage of the customer survey interviews and playing back customers' comments to contact centre staff. But there was also a second key to success.



### It's our business in your hands

Like many organisations these days, RBS Insurance delivers a big chunk of the customer experience through a wide range of partner companies, from a local garage providing roadside assistance for a Green Flag customer stranded on the motorway to a loss adjuster assessing flood damage for a home insurance customer in Cockermouth. Consequently, RBS' customer satisfaction, renewal levels and business success will be hugely affected by the performance of these many suppliers. Chris therefore assembled all of them at a conference in Edinburgh and told them that since 'it's our business in your hands', 'here's the new reality', and the new reality was delivering a flawless customer experience especially on the four PFIs. Another critical part of the new reality was that the partners' customer satisfaction performance would be monitored – independently and continuously. Monthly customer satisfaction interviews would be conducted in sufficient volumes to produce scores for all partners. Getting a high Red Anti-Des count would not be good for their future relationship with RBS Insurance!

### Cuddly Calls

Partners were educated about the benefits of customer satisfaction (Stephen Hampshire presented to them at the Edinburgh conference) and were encouraged to adopt Des with their own employees. They were also provided with recorded customer comments from their own customer satisfaction interviews and asked to introduce the final piece in the customer experience jigsaw – Cuddly Calls. Again not rocket science, Cuddly Calls are simple follow-up calls following critical touchpoints in the customer experience to check that everything is OK, and if not, what can be done about it. A pilot campaign had demonstrated that Cuddly Calls could increase the customer satisfaction index from 81% to 92% - and remember how much each 2% improvement was worth to the bottom line!

Here are Chris's six conclusions about how to successfully improve customer satisfaction:

1. Calculate the benefit and spell out the business case. If you can add £1.7m to the bottom line for every 2% improvement it's a powerful motivator.
2. Understand what really matters to your customers.
3. Make it real for your people.
4. Understand what improvements will have the biggest impact.
5. Build a clear outcome-focused plan that will deliver improvement.
6. Design satisfaction into the process – don't leave it to chance.



Next up were Affinity Sutton, one of the UK's largest housing associations. Their story is told on pages 13-16 of this magazine.



### Who complains most?

Filling the graveyard slot after lunch was Leadership Factor Director Greg Roche. Perhaps that's what prompted him to use the technology and get everyone voting on a whole series of questions designed to profile the typical complainer. Based on a YourSayPays survey conducted in February 2010 with a representative sample of the UK population, a complainer is more likely to be:

- Female **69.2%**
- 41-60 years old **40.2%**

Moving on to the UKCSI results from January 2010 to explore UK organisations' complaint handling performance, Greg informed us that:

- Problem incidence remains high, with nearly 12% of the population having experienced some kind of problem with a UK organisation in the last 12 months.
- 75% of us do complain to the organisation when it happens.

Since it's now widely recognised that a good complaint handling process will make complainers far more satisfied and loyal than customers who have a problem but don't complain, it's really important to encourage everybody who has a problem to bring it to the organisation's attention. The good news is that the reasons given by the 25% who didn't complain are all easy to address, as shown in chart (top right).

The UKCSI is also very clear about the staff behaviours that make the most, and least favourable impression on customers when they do complain. The chart (middle right) shows customer satisfaction with the complaint handling process based on various staff behaviours. The biggest positive differentiator is dealing with the complaint immediately.

And these staff behaviours are really important, because the thing that causes complaining customers the most irritation is a poor staff attitude. (As shown in the graph on the right).

## Why customers don't complain



- Didn't think it would make any difference = **52.2%**
- Didn't have time = **18.4%**
- Didn't know who to complain to = **15.5%**
- The complaints process is too much hassle = **14.2%**
- Don't like complaining = **11.3%**
- Didn't know how to = **9.1%**
- Other = **8.6%**



## Staff behaviours



## Annoyance by cause of problem (where 1 = 'slightly irritated' and 10 = 'very annoyed')





**Making the most of your survey results**

Following Greg was Paul Stoddart, Customer Service Manager at Johnsons Apparelmaster who are the UK's leading provider of workwear, renting and laundering over three million garments per month for around 40,000 organisations. Johnsons did their first customer satisfaction survey with The Leadership Factor in 2004 and identified an unusual outcome – their new customers were less satisfied than longer standing ones. With most stakeholders (customers, employees, suppliers, shareholders) there is a honeymoon period of high satisfaction but in Johnsons' case the opposite applied. At 72.4%, the Satisfaction Index of new customers was 5% lower than the average for the entire customer base.

**2004 customer survey results**



Based on the satisfaction gaps identified by the survey, Johnsons made over 30 major operational, IT and procedural changes, introduced new manuals, starter packs and online facilities to help new customers and trained over 600 employees in the new ways of working. Quarterly customer satisfaction surveys were introduced to monitor progress. As shown in the chart below, the result was a massive increase in new customer satisfaction within two years.

**New Customer Satisfaction - Where are we now?**



**Beating the competition**

Johnsons also used the survey results to gain a competitive advantage. They discovered that they were significantly out-performing their two main competitors on customer satisfaction (see results below) and that they had a particularly marked competitive advantage on the people requirements such as account managers' performance, helpfulness / responsiveness of staff and complaint handling / problem solving ability. Since the garments and their cleaning can be givens, it's the people that are often the differentiators.

**2009 Customer Satisfaction Score versus key Competitors**



Johnsons used the information to develop sales materials and sales training that highlighted the differentiators plus a direct mail campaign focusing on Johnsons' superior customer service. 100,000 postcards mailed in 2009 resulted in 2,000 appointments and 286 new customers with a contract value of £1.5 million. And all this for a campaign costing no more than £30,000.



**Internal benchmarking**

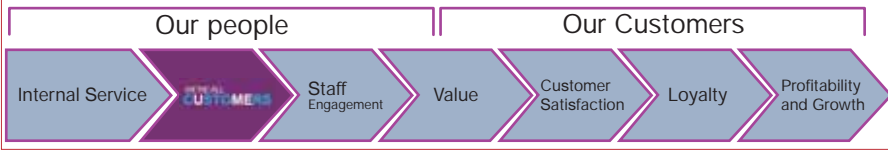
Across hundreds of customer satisfaction surveys and clients, The Leadership Factor often finds that one of the most successful methods for improving customer satisfaction and loyalty is internal benchmarking. Nobody wants to be at the bottom of prominently publicised internal league tables. Since producing data to individual branch, call centre, sales team or partner (like RBS above) level will also tell each branch / team what it needs to do to improve its own scores, this is a win-win situation. Analysis of Johnsons' customer satisfaction results showed that the same people factors that differentiated the company from its competitors also differentiated branches with the highest and lowest levels of customer satisfaction. This enabled the company to introduce a very successful initiative at its poorest performing site that included new training backed up with NVQ qualifications, new departmental team leaders and team briefings, a re-structured customer service office and improved communications. Together with the pressure of the internal benchmarking this poorest performing branch improved its Customer Satisfaction Index from 74.6% to 84% and moved up into the top ten branches.

**Lost customers**

Johnson also asked The Leadership Factor to interview lost customers, with some very interesting results. First it provided valuable feedback to combat salesforce assertions that when customers were lost it was almost always on price and therefore couldn't have been avoided. In actual fact, whilst price was the reason for 28% of customer defections, 48% were down to service. This was consistent with the fact that product and service requirements scored much higher than price for importance on the customer satisfaction surveys. Another very useful finding from the lost customer survey was that 60% of them would consider Johnson again in the future, giving the company a good reason for keeping in touch as well as focusing on service benefits more than price for winning them back.



Service Profit Chain (SPC)



Becoming the best bank offshore

Based in the Channel Islands, the Isle of Man and Gibraltar, RBS International has a clear mission to be 'the best bank offshore for service'. Stuart Miller, Head of Customer Experience, explained how the October 2008 crash in the financial markets had provided a massive challenge but how RBS International had chosen to respond by re-doubling its focus on Service-Profit Chain principles (see the first 6 editions of Stakeholder Satisfaction at [www.stakeholdermagazine.com/articles](http://www.stakeholdermagazine.com/articles)) (See diagram above).

They particularly emphasised internal service to internal customers because this involves everybody and was good for improving staff morale after the crash. There was also strong focus on how higher customer satisfaction would improve financial returns. The Vision Pyramid illustrates the three planning levels of vision, strategy and culture.

Service Strategy



Customer Promises

The company's customer satisfaction surveys had shown, like many others, that improving customer satisfaction was not about massive investment or short term gimmicks, but was down to getting the basics right, consistently, every day. To drive this home, the Customer Promises campaign was developed. The three promises were:

1. I listen, understand and respond to your needs
2. I do what I say
3. I act where problems arise.



The 'U and ME' service branding was proliferated around the company on wall posters, screen savers on everyone's computer, mouse mats and display panels. Staff couldn't go anywhere without seeing 'we're all customers', 'I, U, ME', and the Customer Promises. Stuart called it TOMA – top of mind awareness.

To drive home the internal service quality message, monthly internal surveys were conducted with scores out of 10 across all 13 divisions for the three promises. There were league tables, internal benchmarking and, to provide additional insight, employees were encouraged to make verbatim comments as much as possible to explain their scores. The internal surveys showed that all departments wanted to deliver good service but tended to blame each other when things fell short. The surveys resulted in all taking a much more positive approach, stopping the blame game and collaborating much more to improve things. This was helped by the 'Across the Floor' initiative where staff were encouraged to personally visit another team ("to get feedback and to understand how we can meet your needs better"). Across the Floor was promoted with the same 'I U ME' purple branding but with some new posters. Screen savers have also changed to focus on Across the Floor and internal customers.

The outcomes

All the effort certainly made a difference. Every one of nine frontline RBS International businesses improved customer satisfaction in 2009 and the icing on the cake happened at the end of the year when the Isle of Man Bank, Peel branch, won Customer Service Team of the Year at the National Customer Service Awards.



The company's not resting on its laurels. In 2010 the customer satisfaction drive has been freshened up with new, blue branding and new posters, plus a custom-made



DVD showing how an unempathetic branch employee delivers a poor customer experience and subsequently regrets and learns from her behaviour. The DVD was widely used within the company including at group training sessions in all branches.



### Charting the candidate experience

With a Customer Satisfaction Index consistently over 90%, the Royal Yachting Association is right near the top of The Leadership Factor's customer satisfaction benchmarking league table. Making the final practitioner presentation, James

Stevens, Chief Examiner at the RYA, explained how they use customer satisfaction tracking to monitor the satisfaction of candidates for Yachtmaster qualifications. Echoing comments made by Chris Wilson earlier in the day, James pointed out that the continuous tracking surveys also help the RYA to assess the performance of their partners – in their case, examiners who work part time for the RYA and conduct Yachtmaster exams all around the world. The exam is a full day affair, with a large yacht or motor launch, often in difficult seas. Nobody doubts the technical competence of the examiners, but one-to-one in close confines, and maybe in stressful situations, communication skills and empathy can make a big difference to the candidates' customer experience, pass or fail. The survey, which interviews candidates all over the world, does ask questions about non-personal requirements such as booking procedures, fees and credibility of the qualification, but the differentiators are strongly driven by examiners' relationship skills. It's things like the examiner's helpfulness, friendliness, willingness to explain things properly that make the difference. A random sample of examiners' candidates is enough to flag up any examiners who are coming towards the bottom of the internal benchmarking league tables. A census of their candidates can then be interviewed for a period to verify whether there's a real problem. The fact that examiners know that the satisfaction monitoring happens is enough to focus them on the

importance of the candidate experience as well as the technical requirements of the examination.

### Intrinsic or extrinsic rewards?

The conference was closed by Leadership Factor Client Manager, Richard Kimber who pointed out that most organisations still attempt to motivate most employees using traditional 'carrot and stick', 'if – then' rewards; basically extrinsic reward systems, but if they switched to an intrinsic, self-motivated mind-set, could it revolutionise their ability to deliver great customer service? For details of intrinsic rewards see Richard's review of Dan Pink's book, "Drive: the surprising truth about what motivates us", on page 38.

### Conference feedback

Feedback from delegates illustrated some valuable benefits from attending the conference. As well as meeting and benchmarking with new people from different industries who may have completely different ideas, delegates took away a lot of value from listening to the speakers. New, 'latest thinking' ideas are always welcome, but the main benefit for most people was listening to customer management practitioners from successful companies who have driven real change that resulted in tangible and often quantifiable benefits for their organisations. **S**

