

The VELUX Group is primarily known for their roof windows and skylights. They have manufacturing companies in 11 countries and sales companies in just under 40 countries, are one of the strongest brands in the global building materials sector and sell their products in most parts of the world. Founded in 1954 the VELUX Group now has about 10,000 employees. Group head office is based in Hørsholm, north of Copenhagen but the UK headquarters and customer contact centre are in Glenrothes, Scotland.

In 2004 Laurence Barrett was the Executive Director of VELUX in the UK. Being a Director of the Danish window manufacturer was, on paper, the dream job. The company was the number one supplier of roof windows in the world. Despite attempts from other suppliers, most of whom were providing windows at a cheaper price, VELUX dominated the market. The company had the highest market share and a healthy margin. Most directors would have put their feet up and enjoyed the enviable position of being the market leader. But Barrett wasn't content. He was aware of a constant undercurrent of customer dissatisfaction. But the situation was brought to a head when a disgruntled customer sent a recorded delivery letter to every director of the company. The letter arrived at each director's home on a Saturday morning and caused uproar on the Monday morning.

'The letter' as the now CEO of Falkirk for Business remembers "was a turning point, it brought the poor service issues to a head and gifted me the support to investigate the full extent of the problem, and as we were to find, there was definitely a problem."

Vanguard Scotland was called in to help. Their first move was to put together a team of frontline VELUX UK staff to analyse the nature of customer contact demand and study the value created for the customer. It was discovered that the level of failure demand was around 45% and Barrett recalls that "It was evident that the customer was getting the run around. Only 52% of our calls were handled in one stop (i.e. by the first person they spoke to). We had so many different lines and so many different service desks, each with their own functional area of responsibility, that the customer service agents had become accustomed to first checking if the customer had got to the correct desk rather than solving their problem."

The company also had an incentive scheme for operators to upsell window blinds. This simply exacerbated the problem. Operators were listening for customers who were ready to buy; any callers with questions not related to an immediate sale were passed off to other areas. And to make matters worse, if once the question had been answered the customer then made a request to purchase, they would then get passed back to yet another agent in the service centre.

Barrett, a manager who cares deeply about customers, took action fast. On the day he got the information about the effects of the call centre design and the incentive scheme he put a new pay structure into place and started to run experiments to see how many calls could be handled in one stop if a combination of skills were used to deal with the customer. Initially two people would take the call together, each with ability to listen to the customer demand and respond.

Within a few months the call centre was handling nearly all calls in one stop. Within three years Barrett had replaced the fourteen different functional service desks with one large desk that could handle any demand. And in an independent survey, positive customer ratings had increased by 40%. The bottom line improved by over £1m within a year.

The success was due to creating a change team that was made up of frontline staff. Barrett freed up 3 days a week to join this team and learned (on the job) with them how to use Systems Thinking management methods like demand analysis and process mapping. He saw that his job was to remove “the stuff” that was getting in the way of the frontline team being able to do their job of satisfying customer demand.

Employee turnover following the intervention fell from 28% per annum to just 11%; well under the call centre industry average of 20%. The CIPD state that staff turnover costs an estimated £2,250 per person. So an average call centre with 188 staff would expect a turnover of approximately 37 employees per year, amounting to £83,250. If you can reduce that you can save money.

VELUX UK did just that. The improved system allowed staff to feel they were really able to help customers, empowering them and making them happier in their work. Staff turnover dropped to just 22 employees a year saving £148,000.

This was reinforced by a sharp drop in the average number of days absent from 6.81 days per year, per employee to just 4.

Again the CIPD reports that the average cost per employee for a day’s absence is £600. With their new absence rate at 56% less than the average call centre VELUX UK saved £96,000.

This new way of working not only made staff and customers happier, it also enabled staff to do more value work. Under the previous system VELUX would have required 81 staff; they now only required 64 due to the increased efficiency and removal of failure demand. This saved them over £600,000.

Taken together over a 3 year period the client saved in excess of £1m from the above, staff morale improved and the reduction in transferring calls around the organisation and increase in its one stop capability to over 90% sent their customer satisfaction levels back up to where they should be.

To find out more about how you could strengthen your business with Systems Thinking contact Vanguard Scotland on 0131 440 2600 or email [office@vanguardscotland.co.uk](mailto:office@vanguardscotland.co.uk)