

From 'Push' to 'Pull' – changing the paradigm for Customer Relationship Management

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The call centre is heralded as a strategic weapon in the competition for excellence in customer service; it is at the heart of Customer Relationship Management (CRM). Yet rather than build the relationship with customers, many call centres are spoiling it. Customers are frustrated at having to make choices from IVR (interactive voice response) options that bear little or no relation to their problem or need as they see it; they are irritated at having to hang on, repeat their requests, get passed around and so on. In the worst cases politeness is becoming a substitute for service; customers want their issue dealt with, they will only put up with so much handling, however customer-friendly the interaction.

The result in such cases – and there are many – may not be strategic advantage, but strategic fumbling; dropping the ball, driving customers to seek services elsewhere. The espoused goal of the call centre – improving customer service – is undermined by the methods employed.

'Push' design and management

The causes of the problems are to be found in the design and management of these organisations. In simple terms, call centres are designed and managed on 'push' or 'top-down' principles. What can be learned from what has occurred in call centres is a lesson to managers throughout an organisation. The call centre is central to CRM, but remedies have far wider implications.

How do call centres typically get designed? Managers plan; they either use industry data – speculation based on previous experience – or actual data – calls in to existing organisation structures – to estimate the volume of work to expect. The work is 'sized' using data about typical call length. These measures are translated in to the service standards with which the call centre is to operate (time to answer the call, average handling time). These measures set the budget and the budget becomes a sword of doom.

How do call centres typically get managed? Given the above, the pre-occupation of managers is 'how many people do I need to meet the standards?' and 'how do I get them to do it?' This is to see management's role as resource planning and management. Managers understand their job as managing budgets, standards and people. In call centres we see a host of Human Resource practices, all employed on the assumption that the people can make the difference. In fact, the people cannot make that much of a

difference, the capability of a call centre is governed by the way work works – how it is designed and managed, and that is the responsibility of management.

‘Pull’ as a better way

Management needs to learn a better job: to act on the organisation as a system; this being the fundamental methodology for ‘pull’ thinking and practice. When the call centre is understood as a system, the potential for improving performance becomes vivid and realisable. Moreover, when managers learn to think and work this way, the role they have played in causing sub-optimisation also becomes apparent. This, it has to be said, is often a major block to making changes. Managers are not comfortable when they are asked to question their basic assumptions and, moreover, they are reluctant to take the same issues up the hierarchy. The hierarchy speaks a different language; after all, the hierarchy set the budget.

To understand a call centre as a system is to understand the way the work works from a different, and more useful, point of view. In describing a systems perspective, it is helpful to compare it to the norm, which is, essentially, a ‘mass production’ view of work; it is the very thinking that resulted in industrial strife in the last century. Systems thinking is derived from the theory of quality (1). The two ways of thinking about the design and management of work are summarised in figure 1.

<i>Mass production thinking</i>		<i>Systems thinking</i>
Top-down	<i>Perspective</i>	Outside-in
Functional specialisation	<i>Design</i>	Demand, value and flow
Separated from work	<i>Decision-making</i>	Integrated with work
Related to budget, showing activity, productivity, standards	<i>Measures</i>	Related to purpose, demonstrating capability
Contractual	<i>Attitude to customers</i>	What matters
Extrinsic (incentives)	<i>Motivation of people</i>	Intrinsic (pride)

Figure 1: Mass production thinking versus systems thinking

Customer-driven design – understanding demand

The purpose of any commercial organisation is to get and keep customers. The customers' relationship with the organisation can only be made up from the transactions they have with it. Thus it is important for managers of call centres to understand the nature of customers demands – why customers call in from their point of view, and how the organisation (and bear in mind the work often goes beyond the call centre) responds.

Think about it this way. If an organisation understands why a customer calls in ('demand') from the customer's point of view, it should also understand what matters to the customer ('value'). If the organisation then deals with that work ('flow') in the most efficient way, by just doing the value work, service improves, the relationship is built and costs fall.

Many traditional, 'mass production' managers struggle with this idea; they are used to equating improved service with greater cost. Many will read the last sentence of the preceding paragraph and assume that the implication will be higher cost because this means using more expensive people, those they tend to keep in specialist functions 'behind' the front line. However, instead of thinking 'cost', managers should work on the 'causes of costs', (and one is managing with traditional, hierarchical and functional budgets – to which I shall return below).

When demand into call centres is understood from the customers' point of view, an alarming volume of what I call 'failure demand' (2) – demand caused by the failure to do something right for the customer - becomes apparent. This work represents a major cost as well as significant damage to the relationship. In some call centres failure demand runs as high as 75% of the total volume. I have never seen it lower than 25%. Mass production thinking treats all demand as units of work. The systems thinker does the obvious thing – understand demand from the customers' point of view and work on the causes of failure to remove them. However, the traditional organisation design obviates working this way.

The problems caused by other functions are not represented as costs on their own budgets; these other functions can make their numbers despite the costs caused. Managers of call centres who do appreciate these issues are forced to 'work through the hierarchy' to solve the problems. They are expected to attend meetings and make presentations, but often nothing gets done, for the hierarchy represents an inefficient means for solving such problems – the preoccupation of the various managers is to meet their own objectives – the inability to solve problems is designed in. It is not an answer to allocate such costs to the relevant functions or divisions; the costs should be eradicated.

To do that, and thus to improve performance, requires a different way of designing and managing the work; it begins with understanding demand from the customers' point of view.

Customer-driven design – understanding value and flow

Consistent with the desire to manage work standards, managers of call centres typically specify procedures for how the work is to be done. Where procedures do not match with customer demands, which is all too often the case, waste occurs – re-work, duplication, lost time and so on. By contrast, the object of a systems design is to design flow against 'value' – what matters to customers for each type of customer demand. An example will illustrate:

A telecommunications company's call centre had the following procedure for dealing with calls: Every call necessitated bringing up the customer record on the IT system; note had to be made of the customer's request and actions taken. If the customer's need could be dealt with within three minutes, it should be done. If it seemed likely to take longer than three minutes, call centre agents had to raise a 'task' on a separate part of the IT system. The entries that needed to be made on this 'task' system duplicated much of the work already done on the customer record. The task then had to be sent to the relevant department for action. Such tasks would wait in electronic queues.

When this call centre's work was studied 'outside-in', looking at demand and flow, it became clear that enormous resources were being spent on 'non-value' work. Moreover, the batching, sorting, queuing and counting ('managing') of work was causing errors and failures to meet commitments made to customers. In turn, this was causing 'failure' demand from customers – calls to progress chase, complain, raise a query and so on. The management's preoccupation with cost, which was behind the 'three minute' edict was actually causing costs. Some of the costs associated with waste were measurable, the costs of the impact on customers were much greater and incalculable.

The 'procedures' were thrown away and instead call centre agents worked to the principle of 'handling everything that came in through to completion'. Those (in other departments) who had the 'answers' were brought on to the call centre floor. Thus training became 'pull' – what was needed, because of customer demand(s), was learned immediately. In two weeks the call centre came under control, it reached a steady state. Then the volume of calls began to drop, because of less failure demand, and customers (these were business-to-business customers who had frequent contact) immediately commented on the change. Of greatest surprise was the impact on average handling time – it remained unchanged. Managers discovered for themselves that learning to do the value work, and only that, reduced overall resource