

Customers, people, profits - the ingredients of brilliant customer service

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Introduction

- Good morning everybody and thanks to CommsDay for inviting me back.
- Last year when I spoke here, I was six months into a new role as the head of Optus' Customer division.
- As I prepared to speak today, it was interesting to reflect on the past 12 months.
- We are all customers – we all buy lots of products, we all use lots of services.
- And when you work in a role like mine, it makes you even more aware of the experiences you have as a consumer.
- Every time I ring my bank or buy groceries from the store, I pay extra attention to how things are done.
- But to this day, I still can't pinpoint the specific detail that makes an experience live on in my memory.
- This year, my eldest daughter started school – quite a milestone.
- As such, we had to select a school that would suit her best.
- This proved to be a daunting decision.
- We kicked off the process with all the facts and figures – academic results, quality of the facilities and so on.
- But when it came down to it, the choice really was driven by how we felt when we visited the school and its staff.
- You are entrusting your child to a school that is going to have a huge impact on the rest of their life.
- I wasn't really aware of it at the time, but I now recognise how well the school managed us as new "customers".
- Both our daughter and us, as first-time parents, had a great experience at the orientation sessions.
- Three terms into the year and we cannot speak highly enough about the school.
- Now choosing your telco provider is not in the same league, but how a customer is left feeling after engaging with us plays a bigger role than I think many of us appreciate.

- We forgot the customer in our obsession with introducing new technologies to the market, chasing growth and increasing our customer base.
- We didn't realise that the most important part is actually our people.
- The challenge now lies with ensuring customers have a brilliant experience with us, and that we provide our people with the tools to get the job done right.
- Today, I want to talk to you about how Optus is tackling that challenge head on.

Agenda

- There are three particular areas I'd like to focus on:
 - The elevation of customer experience to the executive table.
 - The value of Net Promoter Score (NPS) to customer-focused organisations, and
 - I'd like to spend some time talking about how Optus has started responding to customer feedback.

Elevation of customers – recent trend of Chief Customer Officers

- So first of all, I want to touch on a couple of industry trends I've observed.
- You may have noticed over the past couple of years, the emergence of a new customer champion.
- They sit at the highest levels of business and carry titles such as Chief Customer Officer, Chief Experience Officer, or in my case, Managing Director of Customer.
- It's a bold public statement when companies appoint an executive to focus resources and business strategies around customer experience.
- One of my fellow customer champions is Virgin Australia's Mark Hassell.
- He was appointed Chief Customer Officer in 2012 and he's responsible for ensuring a consistent experience for their customers, in the air and on the ground.
- To deliver this, Mark's remit touches many points of the Virgin organisation, from Product and Service Development to Marketing, Customer Relations and Customer Service – and most recently, cabin crew.
- We regularly compare notes and I'm amazed that even though we work in vastly different industries, our challenges are similar.
- Especially in recent times where customer expectations seem to be increasing at a rapid rate.
- We are being scrutinised more than ever, with expectations of 24/7 attention through face-to-face, phone, and online interactions.
- When customer service plays such an important role, as it does with both our respective industries, success comes down to our people who engage with customers day in and day out.
- In fact, the biggest point of difference is often the people and the culture within the business.

- Turning the focus away from profits and margins, to supporting and empowering our people is a bold step.
- It's one that requires an absolute commitment from the most senior levels in an organisation to ensure it has a real impact.
- It is easy to speak publicly about the great outcomes that this delivers, but it is not without its challenges.

Challenges over the last 18 months

- I thought it would be useful to be open about a couple of those challenges we have faced in the last 18 months.
- It is easy to say an organisation is customer focused and for people to wholeheartedly believe in this.
- But you do not change a company's culture with words.
- Real change happens through behaviour and that requires a long-term investment.
- If that isn't recognised from the start, customers will see and feel no change.
- It's especially difficult when you've been part of an industry that has benefited from years of extraordinary growth.
- Our way of working put a lot of focus on acquiring new customers, not on looking after existing customers.
- KPIs and incentives reflected this.

Delayed launch of My Plan

- Earlier this year, we had developed a range of new postpaid mobile plans for our customers and technically, they were all ready to go in late March.
- We wanted to be first to market because when the competition is hot, as it is in Australia, being first to launch is a major advantage.
- But going to market in March would not have given us sufficient time to engage our sales and service teams in a way that would have ensured they were advocates and set up for success.
- We also wanted to make it easier for customers to read and understand their bills – something we needed to work on.
- It's easy to compromise on customer experience if forecasted profits are going to be strong, but the leadership team collectively made the decision to delay the launch.
- This delay meant our frontline teams had the time to provide their insights and help shape how the plans were launched.
- As a result, the Optus My Plan range launched in July this year.
- Three months after it was technically ready, but we ensured it was offered with the best possible experience for our customers.
- Brilliant customer experience is something we strive to achieve and the way we calculate that is through Net Promoter Score or NPS.

How NPS works

- I'm sure you're all aware of the growing momentum behind Net Promoter Score or NPS.
- It's a metric that's used in many service industries around the world.
- Essentially, it gives you a snapshot of how likely your customers are to recommend you.
- So what do all the numbers mean?
- Well, customers who score you from zero to 6 are detractors.
- They're the people who are most likely to criticise your company when given the chance.
- An NPS score of 7 or 8 is a customer who sits on the fence.
- They can be easily swayed either way.
- With a bit of effort, you can turn them into advocates.
- But a bad experience will turn them into detractors.
- A 9 or 10 is what you're really aiming for.
- These are the customers who will recommend you to family and friends.
- To get your NPS, you subtract the percentage of detractors from the percentage of promoters, and you end up with a score that ranges from negative 100 to positive 100.
- It's a transparent, simple method of generating honest customer feedback.

Telco industry NPS – how have we performed in the last 12 months?

- So how is the Australian telco market faring?
- Last year, our collective consumer NPS was -15.
- Mind you, this excludes NPS for business and small and medium business customers.
- 12 months on, the industry has done a lot of work to win back the trust of Australians.
- As an industry, our NPS is now at -9.
- Some improvement but obviously still negative.
- No doubt many of you are sitting there wondering what Optus' NPS is.
- We are currently at -8.
- Right around that industry average.
- Our research shows all the major three telco brands in negative territory.
- Ours is the least negative but clearly, we all have a lot to do.
- Fortunately we are starting to see recent positive moves in our NPS across the three ways we measure it, which I will speak to shortly.
- But take a wider lens and compare us to our Indian, American and British counterparts.
- We still have a long way to go.

- Not only are all three regions in positive NPS territory, they range from +14 to +44.
- They've got much higher scores and we should be benchmarking ourselves against them.
- Our aspiration is to be in strong positive territory.

Overview of Touch-point and Our People NPS

- What I've just referred to is known as Market NPS.
- But this is just one of three forms of NPS we use.
- The other two are Touch-point and Our People NPS.
- Every time our customers interact with us, be it online, through the call centre or in-store, Touch-point NPS captures their thoughts and feelings about the experience.
- We text or email them around 48 hours post their interaction to get their feedback, this ensures if a commitment has been made, there is time to check there has been follow through.
- Over 12 months, this amounts to many millions of customer interactions.
- Everyone is invited to share their feedback through Touch-point NPS and as a result, we receive over a million completed surveys each year.
- Each contains invaluable feedback that's instrumental to understanding how and where we need to change.
- Some initiatives I'll share later on have even been formed as a direct result of this feedback.
- Looking internally, Our People NPS is conducted every quarter.
- When I first took over the Customer Division 18 months ago, I knew if we were going to change external perceptions of the brand, we had to start with our own people.
- Our People NPS gives us great insight into how our customer-facing and non-customer-facing people feel about the company's direction.
- If your own people aren't advocates, how can you expect others to be?
- With NPS at every customer touch-point, along with the general market and employee results, we now get regular and detailed information that shows how Optus is performing.

TIO complaints

- So, NPS, in all three forms, is our key customer metric within Optus.
- As a last resort when a customer is really frustrated and feels they can't get resolution, they can of course go to the Telecommunications Industry Ombudsman.
- So we also monitor closely the number of complaints consumers make to the TIO.
- It stands to reason that if you're making in-roads with your customer service initiatives, and your NPS is tracking north, you should see a decline in TIO complaints.

- Optus has seen a consistent decrease in the number of new complaints reported over the past 12 months, with a 36% decline for the year ended 30 June 2013.
- Many people in the room may be thinking it's possible to reduce the number of customers that go to the TIO by keeping complaints internal.
- So this stat can look good when actually customers are still suffering the same level of issues.
- Of course it could be possible that customers are still unhappy whether they lodge their complaint with their provider or the TIO.
- But let's face it.
- An unhappy customer is still an unhappy customer, no matter who they complain to.
- I'm really pleased Optus has reduced the number of total complaints, both to the TIO and internally.

What customers have told us and what we are doing about it?

- I've talked a lot about the raw numbers and the value of the feedback we receive through Touch-point NPS.
- Now I want to talk about how Optus has started responding to the feedback.
- Over the last 18 months, two key areas we have focused our activities on have been delivering simple products and providing brilliant service.
- I will start with simple products first.
- One thing stood apart in NPS feedback and TIO complaints from a product point of view and that was "bill shock".
- Our customers made it very clear that we needed to address this.

Simple products

- For years, Australians have been telling their telco providers they're sick of being ripped off.
- They hate unfair and confusing charges, whether they be caps, included value, roaming or flagfall fees.
- It's no wonder customers feel a sense of dread when their monthly bill arrives.
- And with more people now using smartphones, customers are chewing through data.
- When data usage goes up, it exposes people to bill shock.

My Plan

- We knew we had to address bill shock head on.
- A lot of you will have heard of the Optus My Plan range launched in the past couple of months.
- We think it's a game changer.
- It's a product that turns bill shock on its head.

- Most people aren't aware of the scale of excess charges that occur when they go over their data allowance.
- If you go over, you get hit by charges that could be 10 or 20 times what you'd normally pay.
- As you can see from the screen, Telstra charges a lot more for excess fees compared to Optus My Plan.
- We're so confident of this, we're using the comparison in our advertising.
- Optus has put an end to all this for our customers.
- The My Plan range moves customers up to the next usage level when they use more minutes or data in the month.
- They go back down to their original plan the next.
- The beauty is that instead of paying around \$250 for an extra gig of data, they are only charged \$10.
- No more surprises – our customers get usage alerts that let them know how they're tracking against their included usage so they now know what to expect and they're happier with fairer pricing.
- They also have more understanding of what they get with the new plans.
- Straight-forward terms such as minutes, megabytes and unlimited text, instead of funny money like included value, flagfall and so on.
- We started with domestic bill shock because this is the issue that happens most often for our customers.
- But we've also taken similar steps to address the issues that exist with international roaming, because no one wants to come home to a bill that costs more than their actual holiday.
- Many of you in the room are probably sitting there thinking that the customer insight was an obvious one and customers have felt ripped off for years.
- As I mentioned earlier, being a truly customer focused organisation comes with challenges.
- 18 months ago we made the decision to reinvigorate Optus as the customer champion.
- These seemingly elementary changes required a fundamental shift in the thinking within Optus.
- They meant we had to make some tough choices.
- Tackling the single biggest customer issue – bill shock, meant trading off short-term revenue that was destroying customer trust in the belief that in the mid to long run this would actually be better for not just our customers but our business.
- This was because we have in place a foundation of simple and fair charging for minutes and data.
- This meant getting backing from our shareholders and Board.

- Which, to their credit, they provided when presented with a comprehensive strategy and financial plan.
- These decisions are hard – but they are the actions that prove it is more than just words.
- They're bold moves and we've taken a market lead by declaring we're prepared to forgo revenue and bottom line profit.
- These products are right for our customers and we believe, right for our business in the long run.

Brilliant Service

- But from my perspective, the most essential change had to happen internally.
- 18 months ago, we made the commitment to change and reignite the spirit of 'yes' within the business.
- But what does this really mean?
- When we started using Touch-point NPS, a few key truths hit home.
- Taking a good look at the feedback, it was pretty damning.
- Customers felt we weren't really listening to their issues.
- Our people wouldn't take ownership of their problems and try to solve them.
- This left customers with the impression we didn't value the relationship.
- So in an effort to right the wrongs, we started with the most important part of our organisation – our front-line people who speak and engage directly with our customers every day.
- I'd like to take you through some of the things we've implemented to help our customer care agents deliver great outcomes.

Simplify what our people need to focus on

- I regularly visit our call centres and I can see first-hand the wonderful job our amazing people are doing.
- Don't get me wrong, they have hugely challenging jobs.
- We've simplified KPIs down into two areas.
- Everyone now focuses on their team Touch-point NPS and the resolution of customer issues during the first contact.
- The focus is customer satisfaction, not business efficiency.
- No more trying to balance average handling time, logged in hours and so on.
- Teams are now clear on what they need to achieve, how to achieve it and the support in place to assist them.
- The good news is it's translating into a marked improvement in our customers' interaction with our people.

Clarity on the behaviours that matter most to our customers

- As I said earlier, the trust has been missing between us and consumers.
- Inevitably, a change was needed and not just from a product and service point of view, but behaviourally.
- We distilled the change down to three distinct traits.
- If we started to listen, own and value the customer, we'd be able to regain their trust.
- When our people clearly demonstrate these three behaviours, it's no surprise they are scored highly in Touch-point NPS.
- Conversely when we don't, Touch-point NPS is really low.
- Our talented customer care team then took this down several layers to understand what this really looks like in our customer interactions.

Coaching, training and empowerment

- Too often, we found that the intent was there but the execution lacking.
- Values written with an inspiring tone were laminated, put up on walls, and teams were told, *"Okay, make sure you listen, take ownership and show the customer how much you value them."*
- However, we've really worked hard to develop the coaching, training and empowerment framework to ensure we live, not simply laminate, these values.
- You'll see a familiar face on the slide.
- That's Kevin Russell, Optus' CEO, in a coaching session.
- The team developed training to support our people and we have invested heavily to further develop the coaching capabilities of our leaders and managers.
- Not only do our front-line people self-evaluate their own work, we're increasing the opportunities for constructive feedback.
- Our team leaders have been freed up to concentrate on coaching and mentoring their teams.
- With less reporting and more fluid business processes, the leaders now have more time to share their experience and expertise with peers.
- Every customer care team member now has a 45 minute coaching session with their team leader on a fortnightly basis.

Alignment of remuneration and incentives

- Further to this, we also wanted to align our remuneration, rewards and recognition of the agents.
- We've refined the way our customer care teams are paid their bonuses.
- Half of this bonus is now paid on a quarterly basis and is linked to team Touch-point NPS.
- This ensures more timely rewards for good performance, which our people have direct control over.

- Our customers are telling us via Touch-point NPS just how marked the improvement has been over the last 18 months.
- We are now consistently week after week in the +30 NPS range in service and +40 NPS range through our sales channels.
- Our aspiration is much higher than this, but is good to know our customers are starting to see and feel an improvement.

Promoter Response Team

- Before I close, I'd like to share one of my favourite changes at Optus.
- I've spoken a lot about customers who are on the receiving end of great customer service from us.
- But we can't forget those who feel completely let down by us and as a result absolutely hate us.
- The detractors who have unresolved issues and as a group have an NPS of negative 100.
- The worst you can get.
- At Optus, we've formed the Promoter Response Team – in situations where customers are really unhappy with us, they step in.
- As we formed the first team, you can imagine there was some trepidation.
- The thought of dealing with very unhappy customers, day in and day out wasn't very appealing.
- The reality has actually been the opposite of this.
- I was sitting with one of the Promoter Response Team members a few weeks back.
- She was telling me about how she felt making her first few calls as part of this team.
- Quickly her concerns were alleviated as customers reacted first with surprise that someone was following up on their feedback.
- Then, in the large majority of cases, they were really pleased.
- She described how much she was enjoying being able to fix and resolve issues for customers who were incredibly grateful.
- Bear in mind, the team's remit is to contact detractors, with an NPS of negative 100, and turn them into advocates.
- The average NPS after their interaction with the customer is positive 30.
- An extraordinary feat!
- The team really epitomises the 'yes' attitude and I'm proud of each and every one of them.

Closing remarks

- In closing, the commitment to improving customer service can't just be a marketing tactic or a slogan for brands facing increased competition.
- It requires a fundamental change across the entire company.

- It's easy enough to appoint a customer champion at the highest levels of an organisation.
- But to be truly consumer focused, it has to touch every business unit, every function, and every employee in the company.
- I believe the ingredients for brilliant customer service are quite simple.
- It requires;
 - A fundamental shift in how a business operates,
 - a transparent method of gathering customer feedback,
 - a different mindset about products and services that businesses bring to market,
 - and a company culture that revolves around making customers happy.
- When it comes to people it is more than rhetoric - it's a complex and intensive transformation of the way you recruit, coach, empower, remunerate and recognise your people.
- But most importantly, sometimes it requires bold financial decisions as we have had to make to address bill shock for our customers.
- At Optus, we know we have a long way to go but we've set the foundations and we're on the road to recovery.
- Thank you for your time.

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