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Podcast Transcription

Implementing Lean Marketing Systems



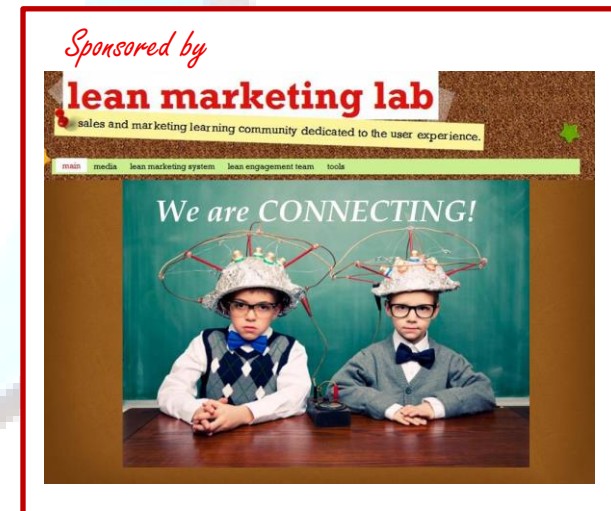
The Engine of Employee Engagement

Guest was Ed Michrowski

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Transcription of Podcast

Joseph Dager: Welcome everyone. This is Joe Dager, the host of the Business901 podcast. With me, today is Eric Michrowski. Eric is Chief Operating Officer and Head of Americas & Europe of Sentis, a recognized leader in combining human performance, operational excellence and process improvement. He has joined us today to discuss "Transforming the customer experience: An outside in focus on reducing customer effort". Eric, I'd like to welcome you and could you give me the elevator speech about yourself. I see that you're presenting a few different times this fall?

Eric Michrowski: Thank you very much Joe, for having me on your podcast. Great to be here. Absolutely, I'm presenting twice at the ASQ Service Quality conference coming up here in Las Vegas. My background as you pointed out is about how you combine elements of human performance with operational excellence to draw some transformational outcomes, particularly when it comes to driving customer experience outcomes.

Joseph Dager: Can you explain the rationale that you use putting customer effort at the forefront to drive customer experience. Is it all about just making things easy for the customer?

Ed: A huge part of it is to make it easier for the customer. The whole concept of 'easy to do business with' that we're all familiar with but a lot of it was when we're trying to understand what are the drivers that really impact human performance and how do you align team members. How do you get them to understand and flex; and the autonomy to make the right decisions. So we're really doing a lot of research in terms of customer experience and really landed on this 2008 research from the Corporate Executive Board.

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What was really interesting in that study is that they started looking at a couple of different things; if you want to improve customer satisfaction, then that's where you'd start saying, "Let's focus on improving overall experience", so these could be things like soft skills, it could be elements around friendlier experience, responsiveness and so forth. But if what you're trying to achieve is loyalty, in other words, the re-purchase decisions, the decisions to buy more, wallet share decisions or even increase word-of-mouth, then that's where you really start zeroing in on customer effort. New research has actually found very limited correlation between improved experience of those efforts around soft skills; loyalty repurchase, buy more, and word-of-mouth decision. The other part is that they actually found through this research that you could exceed customer expectations, but that had a very negligible effect on loyalty.

Joe: We all basically believe that the easier you make and do business with yourself, the more customers you get - I mean not literally, but we have some field for that. And how does that relate and how does that understanding take into a front-line team effort or to an individual effort because they're sitting there doing their job, and they're trying to do all these other things that you've told them to do, and there's a disconnect I think, is that what was found?

Ed: Yes, there is a disconnect and in a lot of cases is we have muddied the waters, and we're giving team members a lot of different goals. A lot of the work that I've done in the past, particularly in the call-center space, is really distilling all the various elements into scripts and decision-making and so forth. You're removing a lot of the thinking processes from the team member. When you go, and you tell a team member, "Okay, reduce customer effort." and you explain what customer effort really means, it's actually

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surprisingly something very simple to understand. Being friendly with a customer is very subjective. Removing the time from the customers' journey is not subjective. We start explaining that the concept of customer effort translates into how many hours of time are you saving the customer essentially with dealing with us, or how many hours of time are you eliminating in terms of service disruptions or missed appointments or time that the customer is losing. It drives a very different decision because as an example, if you're in a telecommunications firm, and somebody's calling and telling you, "I had a problem with my cell phone." you could on one hand, try to be super friendly, on the other one; you could try to make sure resolve it once and for all in that one particular interaction.

That's what's going to reduce the most customer effort in that particular time whereas a lot of call centers will start measuring on how many minutes have you talked to the customer, which is actually likely going to increase the customer effort that the customer is going to invest in that transaction.

Joe: It seems to be so simple when you're on the other side of the phone. How you could reduce my effort by not having to put my phone number in eight times when I call in - it's the most obvious one. But also, when you never can get referred past the front line staff to the next person that's allowed to make other decisions for you is another obvious one.

Ed: Absolutely, and actually the last transformational program we were involved in was exactly that. It was to start removing a lot of the traditional barriers, the segmentation between task, skills and so forth, and turn the agent of that's having a conversation with the customer into a user that's actually able to do much more decision-making. We removed all the key barriers that were need; to go to the manager or the need to transfer

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to somebody else to make a decision. We removed a lot of the concepts of different tiers of support needed to get something resolved.

What we're trying to do is increase the skillset of a team member and then give them only two simple, clear goals to achieve and transact, and help them make that right decision. The first one was 'reduce customer effort' and the second one was 'do it at the lowest possible cost'. If you need to make a tradeoff between those two, well there's a clear prioritization - No. 1 is reduce customer effort. If you have to do it at a higher cost, then do it. But your ideal goal is to do both simultaneously and what we found was that it was extremely clear, extremely simple to understand and to replicate. People quickly grasped around what were the right things that they need to do.

We unscripted the call center, and we unscripted all the traditional processes and procedures that are documented, and what we have was a much higher reliability process but also, considerably cheaper; it ended up being 20-30% cheaper. We started seeing employee engagement shoot up to 95-100% because now we're switching on their brains. We're telling them, "Be active, make the right decisions. Make the right calls. We trust you." So the cost went down; the employee engagement went up but most importantly, customer satisfaction and loyalty to the product churn all were positively impacted. In fact, in terms of customer satisfaction, we saw about twenty point lifts in top two box scores, near-elimination of the bottom two box scores which is pretty natural and normal because what you're trying to do is make it easy for customers to work with you. We removed all the traditional irritants that you would see in a call center.

Joe: So could we say that the Customer Effort Score is just as important as the Net

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Promoter Score?

Ed: It is if you look at the research from the Corporate Executive Board; they actually would argue that it's a stronger, more robust measurement. What I particularly like about it is it's very strong in terms of aligning customer experience but also process tools, because it's something that very much fits with an outside-in view of your process, very simple to measure and very easy to prioritize and help drive improvements.

Joe: It all sounds good, and we all should be able to do it, but getting it enacted is a whole different story. There are two glaring things that jump out to me as I see this. First, are the capabilities within an organization? It's okay to say "We're going to give the front line staff more distinctions, more authority to be able to do anything." but you have to have people that know stuff. So how does that work, it's really more of an inside process of understanding capabilities to deliver, and that's a huge part of it?

Ed: It's a huge part but also I would say that we likely underestimated the true capability we have in the business. You get what you ask for, essentially. Maybe I'll start with a great quote somebody was sharing with me, and this was somebody who was retiring from the automotive sector and his comment was, "You've paid me extremely well for the last 25 years. I'm extremely grateful, but you could have had my brain for free." That's a quite powerful statement, and I'd say most business the way we operate, is we try to proceduralize everything and as a result, we don't switch on the potential of the team members that are within the process.

In this particular case are all the arguments - which the team members in this particular call center would not be able to do all these different functions, they previously done by

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many different teams. What we actually found is, actually if you start training them on those various components, and you create an environment where you don't have to be an expert, you can rely on your peers because you're also creating a very strong team dynamic as part of it. You're really aligning them to the end outcome, both from a process perspective and leadership perspective, and from the individual perspective. You give them a lot more autonomy around those decisions, but you're giving them some parameters and you're coaching them to those parameters. You're giving them awareness in terms of what's working, what's not working. Actually people very quickly climb up to that new role and that new expectation, and it's a lot easier; they find ways to make it work. And as a team, you create a dynamic that solves a lot of those issues. So I'd argue it's a lot simpler than what we think it is.

Joe: So you're saying that a lot of existing capabilities are unexplored within our organization?

Ed: Absolutely, yes.

Joe: Now the other part of this, I'm thinking when we turn this loose there is a huge shift in the way we think if we reorganize and go about this. One of the things that I always hear about in a change in cultural is that we have to stay the course. Does this happen to be a long drawn-out process that I'm not going to see results till after I'm long gone because it's not happening?

Ed: Surprisingly not, the transformational example that I talked about, just to give an order of magnitude took six to eight weeks to conceptualize, come up with a high-level design of what we want to achieve. Six to eight weeks, to bring the team members to

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figure out how could we do it and about six to eight weeks to put in place. The results start showing up within one or two weeks. I would venture to say faster than any IT program that I've seen implemented. Faster than most major organizational changes that I've ever seen implemented over the years. Because you're not switching everything on overnight, you're not transforming everything across every product segment in one shot. You're going incremental, and when I say incremental team-by-team, you're driving some radical shifts in that timeframe. I would say if you're going to take longer than six to eight weeks to drive these things, then you'd just going to start losing the attention and the interest. The one thing though, when I say you switch on the process within that short timeframe, it's really interesting to say, obviously it won't happen all overnight because what you're trying to do is create a repetitive pattern in terms of solutions and discovering of new ways of tackling things. What we learn from neuroscience is that the more you create this repetitive pattern, that's really how you create a new skill. That's how you start creating a new neuro-path. So really, the concept of repetition makes it last but we saw results really fast.

Joe: I'm going to say that it's not the repetitive pattern is, basically on understanding the procedure because you're really leaving the individual person - it's not like it's a script that we're talking about - it's more of the freedom to understand the bigger picture that the company and capabilities of what they can and can't do. Is that the way to say it?

Ed: The repetitive pattern is a discovery pattern of 'I don't have a solution for every problem in front of me', but it really becomes 'How do I start solutioning on the flying and improving thing', so that's the part that you're trying to create if you want continuous improvement that are happening on a daily basis at the team member level.

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Joe: I think it's a really great distinction of it in you also talk about applying neuroscience and psychology to create this operational excellence that we might call it. How is it different than when we are just looking at the process and that we have to change the process to make it better. Are we talking more about soft people skills? Can you clarify that for me?

Ed: Yes, absolutely. I'd say you still need to change process, people, and leadership at the same time. I think that the major distinction is - and I'm going to push the boundaries a little bit - as I'd say, traditional process improvement tools and my background in process started out in the traditional Six Sigma Master Black-belt way and so forth. But it's very much about how do I start optimizing the process, breaking down to the smallest repetitive task and a lot of that, if you think philosophically, is anchored in Taylorism in the 1800s, which is this rational breaking-down of the work into the easiest possible task that you repeat on a regular basis. What you start seeing through the Japanese quality movement, a lot of the changes as well as more and more Lean Six Sigma is let's start bringing in more team member involvement in the changes, let's start looking at change management disciplines because recognizing that, we're also changing people that are part of our process.

Here it's actually saying, well let's take a step back, and the most optimal decomposition of our process might make sense if I'm moving my machine - and if it's done by machine that's highly repetitive with very limited variability. But I'm really tapping into a team member and I have this huge human potential and this brain that we're tapping into just a very small fraction of. How can I start really switching on that team member so that I'm turning that team member, not into a repetitive task-making individual, but somebody

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who's really switched on and thinking about, "How do I constantly innovate, improve and provide a better product from an end-perspective?"

It becomes particularly relevant I would argue in transactional processes which are almost fully reliant on team members. Then it becomes, "How can I start optimizing the tasks and the work so that I'm capitalizing on the human being that's in the process; and improve it?" We're still changing overall process; we're still looking on an outside-in view of process improvement but at the same time, we're starting to build in some things that we know from a team member's perspective, are going to switch them on. These are what we call the five As of operational excellence, but it's five things that from a psychology and neuroscience are bound to deliver a better outcome in terms of how we think. These are things, such as alignment, things around authenticity and leadership, and also in terms of peer-to-peer communication as well as autonomy. Giving a lot more latitude to team members to drive decisions but still being aligned to the end-outcomes. By giving them agility, but also awareness of what's working and what's not working, if you start looking in those dimensions from a leadership and individual perspective, but also a process perspective, you simultaneously improving the process in the customer experience perspective. Using things like customer effort, then you'd start getting radically different outcomes because you're not only optimizing the process, but you're optimizing your human potential.

Joe: Does the organization keep the consistency that I know that my customer wants when I start just turning everybody loose?

Ed: So you're not really turning them loose. You're giving them very clear guidelines, but

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you're giving them more flexibility if you want to improve and change. In the call center environment that I was describing before that was the biggest concern that was to say, we're going to have some variability in it. The reality is that there is variability in a lot of the customer requests, but we are trying to respond as though I'm making a burger. The burger comes with one slice of pickle, two slices of tomatoes - the reality is the customer request is different.

I remember talking to one organization in telecommunications based as an example, and they were really gung-ho that we needed to have troubleshooting to be extremely consistent. As a result of that, they had blocked internet access from team members so that if you're calling in, and you have the latest iPhone version and you're having a certain problem, you couldn't go onto the web or Google to find a solution. You could only look at the procedures, but the problem was the procedures weren't evolving at the pace of what was available on the Internet. In other words, the customer was better off self-serving himself through Google than trying to go to the call center. This over desire to have a consistent answer, we've all been through those call centers, and sometimes it doesn't give us the answer to what we want because there's variability in a request and a lot more complexity than what we start seeing. What you want is a reasonable outcome that's consistent, I'd argue.

Joe: Okay, I buy into this. Tell me, what obstacles am I going to have? Is it going to be in people? Is it going to be in structure? What's down there that I don't see thirty days down the road?

Ed: If you have a switched-on workforce, that is really firing all cylinders, a lot of things

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should be working a lot better. Some of the obstacles that I've typically seen are at a middle-management level; it's the fundamental big shift. In a call center environment as an example, people are very tight in terms of reporting metrics, which in most case makes sense, and so forth. I see that's where you typically get a lot of the barriers because the leader now becomes less of the manager of the metric, but now becomes much more of a leader. I would say a coach that's developing the team member, giving them better solutioning skills, challenging them or questioning in terms of the decisions that they've made; how could they have made better decisions in terms of dealing with the customer issue. Most of the issues is we promoted people who are really good at their old job, and who are used to being the super user that are very good at "Here's my problem and here's a solution" and now we're asking them "When there's a problem, don't solution it, involve your team members in that solutioning process".

Joe: I would expect that our training and our development would be looking at that middle-manager if we're going to take this process on?

Ed: I would say the bulk of the change is going to be at the leadership level, particularly at the middle-management level. Because it is really about involving the team member in a very different way as opposed to managing them by saying, "Why did you spend 325 seconds on this last call? You need to get it to 315 seconds." Now, we're removing a lot of those indicators and really challenging say, "Okay, I saw you make these decisions." Not questioning why you did it but helping them through the solutioning process, so you're becoming a teacher potentially improvement type skills.

Joe: This sounds more of an appreciative-leadership type style that you need to move into

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and draw that out of the people of what they're doing well for the other team members to see. Is there some of that in all this?

Ed: Absolutely, a huge part - this is where the psychology comes into is; the attitudes and their beliefs of the team member drive the behaviors, and the behaviors drive the results. You can't hammer in behaviors, you got to start zeroing in on the attitudes and beliefs, and that's really also linked to employee engagement so that's where all the elements around "How do I lead, how do I go about telling it" and appreciate the team members that I have start really shifting which is also why at every intervention or activity that we do, the first metric to dramatically shift is around employee engagement. The others are either side effects of employee engagement or direct contribution of what you're doing. I mean it's well-documented from research boiling down to that if you start impacting engagement, you'd get some whopping impact on absenteeism, on turnover, on things such as safety incidents, in terms quality outcomes, but also productivity, profitability and customer experience.

Joe: This fits well in the quality world? I mean since you're talking ASQ and things; the traditional quality people seem a little stricter than this - how has it been received?

Ed: I think there's a lot more shifts that I'm seeing in the quality profession. I've spoken a few times now at ASQ; you've got the more traditional view of more of an auditor type approach, and this is probably not the most compatible but a lot of the comments and a lot of the latest articles even within the ASQ are much more about how do you get to the outcome? How do you start into tapping into team member talents and passions? I see a lot of compatibilities but there's still some that are a bit resistant. If you really think of it,

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it's not dramatically different from a lot of the work from Deming, it's just probably taking it more with the latest events and learnings from neuroscience and psychology in terms of what does it really mean. But Deming was really about involvement and engaging in the process.

Joe: I think this is a great conversation to have. This interview is taking place before the ASQ conference. Hopefully I'll get a chance to sit in on your session because I find it interesting. But one last question I have for you is we talk about engaging the customer and understanding that we need to reduce the customer effort. How do we know what the customer really wants, is it just how we monitor things? Or can we be proactive by asking them and how do we go to the customer and draw it out of them? Because do they really know what they want?

Ed: That's a big question. Absolutely, I think you need to have a lot of involvement with the customer in terms of what are they looking for, but I mean there's a lot of great quotes to basically say, if you ask a customer "Did you want this?", nobody would have said "I wanted the iPhone back" when the iPhone first came out. Nobody would have said they wanted a car way in the good old days when Ford was coming out with motor vehicles. I'd say there's a difference between how you deliver it with the most possible customer effort and what the product that you're actually selling is.

What I'm not addressing is the marketing, or what's the right product that you need - but in terms of how you deliver, make it as easy as possible for the customer and don't throw in a lot of the traditional roadblocks which we've thrown in over the years in terms of IVRs, which are complexity, in terms of transfers into call centers in the call center world; in

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terms of a lot of rules and procedures that don't make sense. I was talking to a gentleman in the airline industry, and the same thing is a huge manual which is about 'If you have this, do this. If you have that, don't do that.' and so forth. What it does is people aren't thinking about what's really the attempt that we're trying to achieve here.

There was a case where they were trying to fly a dog to one location to another, and this was the only way to save the dog's life. The dog had to be in a particular cage where he has a lot of space to be able to maneuver and move into, because of the injury that he had, and this was all prescribed by the vet. The agent was basically refusing because in the policy book, it said that the kennel for the dog had to be very tight so the dog couldn't move around, which was contrary to what the vet had prescribed for the movement. He's going to refuse the transfer of the patient in this case from one location to another, again because according to the manual rather than thinking about what's the intent of what we're trying to achieve was trying to focus on a standardized answer which would result in the dog passing away, until finally somebody with a bit of logic said, "Wait a second, that's not why we're trying to do. We're trying to be safe for the dog. That's why in some cases, you need a tight kennel and for other cases, you don't have a tight kennel." That's really intense; it's really, make it easy, don't throw in all these roadblocks that you typically throw in for a customer.

Joe: Well I would like to thank you very much, what is upcoming for you Eric?

Ed: A couple of speaking engagements - ASQ being the main one that by the time, this is published would be over; I'm not sure with my schedule coming up in the next year but quite a few other conferences around the U.S and Europe as well - but also available in

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terms of email if there are questions that you'd want to interact with.

Joe: What are the best ways for someone to contact you?

Ed: Either through LinkedIn at Eric Michrowski or you can, through Twitter **ProcessExcel**, and also I have a personal website ericmichrowski.com which you can contact me through that, as well.

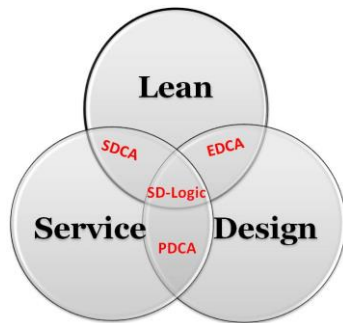
Joe: Well I'd like to thank you very much for your time.

Ed: Thank you very much have a wonderful day.

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Joe Dager is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena. He takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing and Lean Service Design.

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