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## Stop Trying to Delight Your Customers

*by Matthew Dixon, Karen Freeman, and  
Nicholas Toman*

### IDEA IN PRACTICE

Included with this article is an Idea in Practice, which contains the following information to help you apply the ideas in this article to your own situation:

- The business challenge
- What to do first
- The right people to involve
- How to remove obstacles
- How to achieve early wins
- Lessons learned
- How to get started

## Stop Trying to Delight Your Customers

Matthew Dixon, Karen Freeman, and Nicholas Toman | July–August 2010



The notion that companies must go above and beyond in their customer service delivery is so entrenched that managers rarely examine it. But a study of more than 75,000 customers interacting with contact center representatives or using self-service channels found that over-the-top efforts make little difference to customer loyalty: All customers really want is a simple, quick solution to their problem. The Corporate Executive Board's Dixon and colleagues describe five loyalty-building tactics that every company should adopt:

1. Reduce the need for repeat calls by anticipating and dealing with related downstream issues.
2. Arm reps to address the emotional side of customer interactions.
3. Minimize the need for customers to switch service channels.
4. Elicit and use feedback from disgruntled or struggling customers.
5. Focus on problem solving, not speed.

The authors also introduce the Customer Effort Score and show that it is a better predictor of loyalty than customer satisfaction measures or the Net Promoter Score. And they make available to readers a related diagnostic tool, the Customer Effort Audit. They conclude that we are reaching a tipping point that may presage the end of the telephone as the main channel for service interactions—and that managers therefore have an opportunity to rebuild their service organizations and put reducing customer effort firmly at the core, where it belongs.

*To really win their loyalty, forget the bells and whistles and just solve their problems.*

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# Stop Trying to Delight Your Customers

by Matthew Dixon, Karen Freeman,  
and Nicholas Toman

The idea that companies must “delight” their customers has become so entrenched that managers rarely examine it. But ask yourself this: How often does someone patronize a company specifically because of its over-the-top service? You can probably think of a few examples, such as the traveler who makes a point of returning to a hotel that has a particularly attentive staff. But you probably can’t come up with many.

Now ask yourself: How often do consumers cut companies loose because of terrible service? All the time. They exact revenge on airlines that lose their bags, cable providers whose technicians keep them waiting, cellular companies whose reps put them on permanent hold, and dry cleaners who don’t understand what “rush order” means.

Consumers’ impulse to punish bad service—at least more readily than to reward delightful service—plays out dramatically in both phone-based and self-service interactions, which are most companies’ largest customer service channels. In those settings, our research shows,

loyalty has a lot more to do with how well companies deliver on their basic, even plain-vanilla promises than on how dazzling the service experience might be. Yet most companies have failed to realize this and pay dearly in terms of wasted investments and lost customers.

To examine the links between customer service and loyalty, the Customer Contact Council, a division of the Corporate Executive Board, conducted a study of more than 75,000 people who had interacted over the phone with contact-center representatives or through self-service channels such as the web, voice prompts, chat, and e-mail. We also held hundreds of structured interviews with customer service leaders and their functional counterparts in large companies throughout the world. (For more detail, see the sidebar “About the Research.”) Our research addressed three questions:

- How important is customer service to loyalty?
- Which customer service activities increase loyalty, and which don’t?

- Can companies increase loyalty without raising their customer service operating costs?

Two critical findings emerged that should affect every company's customer service strategy. First, delighting customers doesn't build loyalty; reducing their effort—the work they must do to get their problem solved—does. Second, acting deliberately on this insight can help improve customer service, reduce customer service costs, and decrease customer churn.

### Trying Too Hard

According to conventional wisdom, customers are more loyal to firms that go above and beyond. But our research shows that exceeding their expectations during service interactions (for example, by offering a refund, a free product, or a free service such as expedited shipping) makes customers only marginally more loyal than simply meeting their needs.

For leaders who cut their teeth in the service department, this is an alarming finding. What contact center doesn't have a wall plastered with letters and e-mails from customers praising the extra work that service reps went to on their behalf? Indeed, 89 of the 100 customer service heads we surveyed said that their main strategy is to exceed expectations. But despite these Herculean—and costly—efforts, 84% of customers told us that their expectations had not been exceeded during their most recent interaction.

One reason for the focus on exceeding expectations is that fully 80% of customer service organizations use customer satisfaction (CSAT) scores as the primary metric for gauging the customer's experience. And managers often assume that the more satisfied customers are, the more loyal they will be. But, like others before us (most notably Fred Reichheld), we find little relationship between satisfaction and loyalty. Twenty percent of the "satisfied" customers in our study said they intended to leave the company in question; 28% of the "dissatisfied" customers intended to stay.

The picture gets bleaker still. Although customer service can do little to increase loyalty, it can (and typically does) do a great deal to undermine it. Customers are four times more likely to leave a service interaction disloyal than loyal.

Another way to think about the sources of customer loyalty is to imagine two pies—one containing things that drive loyalty and the

other containing things that drive disloyalty. The loyalty pie consists largely of slices such as product quality and brand; the slice for service is quite small. But service accounts for most of the disloyalty pie. We buy from a company because it delivers quality products, great value, or a compelling brand. We leave one, more often than not, because it fails to deliver on customer service.

### Make It Easy

Let's return to the key implication of our research: When it comes to service, companies create loyal customers primarily by helping them solve their problems quickly and easily. Armed with this understanding, we can fundamentally change the emphasis of customer service interactions. Framing the service challenge in terms of making it easy for the customer can be highly illuminating, even liberating, especially for companies that have been struggling to delight. Telling frontline reps to exceed customers' expectations is apt to yield confusion, wasted time and effort, and costly giveaways. Telling them to "make it easy" gives them a solid foundation for action.

What exactly does "make it easy" mean? Simply: Remove obstacles. We identified several recurring complaints about service interactions, including three that focus specifically on customer effort. Customers resent having to contact the company repeatedly (or be transferred) to get an issue resolved, having to repeat information, and having to switch from one service channel to another (for instance, needing to call after trying unsuccessfully to solve a problem through the website). Well over half the customers we surveyed reported encountering difficulties of this sort. Companies can reduce these types of effort and measure the effects with a new metric, the Customer Effort Score (CES), which assigns ratings from 1 to 5, with 5 representing very high effort. (For details, see the sidebar "Introducing the Customer Effort Score.")

During our study, we saw many companies that had successfully implemented low-customer-effort approaches to service. Following are five of the tactics they used—tactics that every company should adopt.

1. **Don't just resolve the current issue—head off the next one.** By far the biggest cause of excessive customer effort is the need to call

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## Obstacles All Too Common

Most customers encounter loyalty-eroding problems when they engage with customer service.

56% report having to re-explain an issue

57% report having to switch from the web to the phone

59% report expending moderate-to-high effort to resolve an issue

59% report being transferred

62% report having to repeatedly contact the company to resolve an issue

## The Bad-Service Ripple Effect

Service failures not only drive existing customers to defect—they also can repel prospective ones. Our research shows:

25% of customers are likely to say something positive about their customer service experience

65% are likely to speak negatively

23% of customers who had a positive service interaction told 10 or more people about it

48% of customers who had negative experiences told 10 or more others

back. Many companies believe they're performing well in this regard, because they have strong first-contact-resolution (FCR) scores. (See the sidebar "What Should You Measure?") However, 22% of repeat calls involve downstream issues related to the problem that prompted the original call, even if that problem itself was adequately addressed the first time around. Although companies are well equipped to anticipate and "forward-resolve" these issues, they rarely do so, generally because they're overly focused on managing call time. They need to realize that customers gauge the effort they expend not just in terms of how an individual call is handled but also according to how the company manages evolving service events, such as taking out a mortgage or setting up cable service, that typically require several calls.

Bell Canada met this challenge by mining its customer interaction data to understand the relationships among various customer issues. Using what it learned about "event clusters," Bell began training its reps not only to resolve the customer's primary issue but also to anticipate and address common downstream issues. For instance, a high percentage of customers who ordered a particular feature called back for instructions on using it. The company's service reps now give a quick tutorial to customers about key aspects of the feature before hanging up. This sort of forward resolution enabled Bell to reduce its "calls per event" by 16% and its customer churn by 6%. For complex downstream issues that would take excessive time to address in the initial call, the company sends follow-up e-mails—for example, explaining how to interpret the first billing statement. Bell Canada is currently weaving this issue-prediction approach into the call-routing experience for the customer.

Fidelity uses a similar concept on its self-service website, offering "suggested next steps" to customers executing certain transactions. Often customers who change their address online call later to order new checks or ask about homeowners' or renters' insurance; therefore, Fidelity directs them to these topics before they leave the site. Twenty-five percent of all self-service transactions on Fidelity's website are now generated by similar "next issue" prompts, and calls per household have dropped by 5% since the policy began.

**2. Arm reps to address the emotional side of customer interactions.** Twenty-four percent of the repeat calls in our study stemmed from emotional disconnects between customers and reps—situations in which, for instance, the customer didn't trust the rep's information or didn't like the answer given and had the impression that the rep was just hiding behind general company policy. With some basic instruction, reps can eliminate many interpersonal issues and thereby reduce repeat calls.

One UK-based mortgage company teaches its reps how to listen for clues to a customer's personality type. They quickly assess whether they are talking to a "controller," a "thinker," a "feeler," or an "entertainer," and tailor their responses accordingly, offering the customer the balance of detail and speed appropriate for the personality type diagnosed. This strategy has reduced repeat calls by a remarkable 40%.

The lighting company Osram Sylvania sifts through its call transcripts to pinpoint words that tend to trigger negative reactions and drive repeat calls—words like "can't," "won't," and "don't"—and coaches its reps on alternate phrasing. Instead of saying "We don't have that item in stock," a rep might explain, "We'll have stock availability for that item in two weeks." Through such simple changes in language, Osram Sylvania has lowered its Customer Effort Score from 2.8 to 2.2—18.5% below the average we see for B2B companies.

LoyaltyOne, the operator of the AIR MILES reward program, teaches reps to probe for information they can use to better position potentially disappointing outcomes. A rep dealing with a customer who wants to redeem miles for an unavailable flight might learn that the caller is traveling to an important business meeting and use this fact to put a positive spin on the need to book a different flight. The rep might say, "It sounds like this is something you can't be late for. The Monday morning flight isn't available, but with potential delays, you'd be cutting it close anyway. I'd recommend a Sunday evening flight so that you don't risk missing your meeting." This strategy has resulted in an 11% decrease in repeat contacts.

**3. Minimize channel switching by increasing self-service channel "stickiness."** Many companies ask, "How can we get our customers to go to our self-service website?" Our research shows that in fact many customers have al-

ready been there: Fifty-seven percent of inbound calls came from customers who went to the website first. Despite their desire to have customers turn to the web, companies tend to resist making improvements to their sites, assuming that only heavy spending and technology upgrades will induce customers to stay there. (And even when costly upgrades are made, they often prove counterproductive, because companies tend to add complicated and confusing features in an attempt to keep up with their competitors.)

Customers may become overwhelmed by

the profusion of self-service channels—interactive voice response, websites, e-mail, chat, online support communities, social media such as Facebook and Twitter, and so on—and often lack the ability to make the best choice for themselves. For example, technically unsophisticated users, left to their own devices, may go to highly technical online support communities. As a result, customers may expend a lot of effort bouncing between channels, only to pick up the phone in the end.

Cisco Consumer Products now guides customers to the channel it determines will suit them best, on the basis of segment-specific hypotheses generated by the company's customer experience team. Language on the site's home page nudges technology gurus toward the online support community; those with less technical expertise are steered toward knowledge articles by the promise of simple step-by-step instructions. The company eliminated the e-mail option, having found that it didn't reliably reduce customer effort. (Our research shows that 2.4 e-mails, on average, are needed to resolve an issue, compared with 1.7 calls.) When Cisco Consumer Products began this program, in 2006, only 30% of its customer contacts were handled through self-service; the figure today is 84%, and the volume of calls has dropped accordingly.

Travelocity reduced customer effort just by improving the help section of its website. It had learned that many customers who sought solutions there were stymied and resorted to the phone. By eliminating jargon, simplifying the layout, and otherwise improving readability, the company doubled the use of its "top searches" and decreased calls by 5%.

**4. Use feedback from disgruntled or struggling customers to reduce customer effort.** Many companies conduct postcall surveys to measure internal performance; however, they may neglect to use the data they collect to learn from unhappy customers. But consider National Australia Group's approach. The company has frontline reps specifically trained to call customers who have given it low marks. The reps focus first on resolving the customers' issues, but they also collect feedback that informs service improvements. The company's issue-resolution rate has risen by 31%.

Such learning and intervention isn't limited to the phone channel. Some companies monitor online behavior in order to identify cus-

## About the Research

We defined "loyalty" as customers' intention to continue doing business with a company, increase their spending, or say good things about it (or refrain from saying bad things). During a three-year period, we surveyed more than 75,000 B2C and B2B customers about their recent service interactions in major non-face-to-face channels, including live phone calls, voice prompts, web, chat, and e-mail. The companies represent dozens of industries, ranging from consumer electronics and packaged goods to banking and travel and leisure, in North America, Europe, South Africa, Australia, and New Zealand. We isolated the elements of each interaction that drove customer loyalty, both positively and negatively, and controlled for vari-

ables including the type of service issue, whether it was handled by an in-house or an outside contact center, the rep's tenure with the company, the company's size, the customer's personality type, the customer's mood prior to the interaction, switching costs, the frequency with which ads were seen or heard, the perceived product quality and value, product price, the industry, and the specific company. Finally, we conducted several hundred structured interviews in order to understand companies' customer service strategies and operations in detail.

Although our research focused exclusively on contact-center interactions, it makes intuitive sense that the findings apply to face-to-face encounters as well.

## What Should You Measure?

The number one cause of undue effort for customers interacting with contact centers is the need to call back because their issue wasn't resolved on the first attempt.

Companies trying to measure how well reps resolve issues in a single call typically use the first-contact-resolution (FCR) metric, but fully half the time that doesn't supply information about repeat calls and the reasons behind them. Tracking repeat calls within a specified period (we recommend seven to 14 days) is not

only easier than measuring FCR but also casts a wider net, capturing the implicit, or nonobvious, reasons customers call back, such as related downstream issues or an emotional disconnect with a rep. A word of caution: Tracking repeat calls instead of using FCR inevitably makes performance appear worse. However, we believe that it is a far better way to spot and eliminate sources of undue customer effort and that it can help companies boost loyalty in ways FCR cannot.

tomers who are struggling. EarthLink has a dedicated team of reps who step in as needed with clients on its self-service website—for example, by initiating a chat with a customer who has spent more than 90 seconds in the knowledge center or clicked on the “Contact Us” link. This program has reduced calls by 8%.

**5. Empower the front line to deliver a low-effort experience.** Incentive systems that value speed over quality may pose the single greatest barrier to reducing customer effort. Most customer service organizations still emphasize productivity metrics such as average handle time when assessing rep performance. They would be better off removing the productivity “governors” that get in the way of making the customer’s experience easy.

An Australian telecommunications provider eliminated all productivity metrics from its frontline reps’ performance scorecards. Although handle time increased slightly, repeat calls fell by 58%. Today the company evaluates its reps solely on the basis of short, direct interviews with customers, essentially asking them if the service they received met their needs.

Freed to focus on reducing customer effort, frontline reps can easily pick low-hanging fruit. Ameriprise Financial, for example, asks its cus-

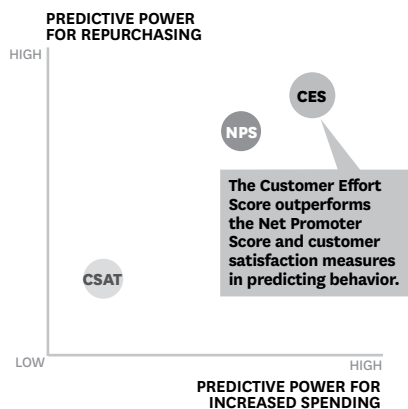
tomers service reps to capture every instance in which they are forced to tell a customer no. While auditing the “no’s,” the company found many legacy policies that had been outmoded by regulatory changes or system or process improvements. During its first year of “capturing the no’s,” Ameriprise modified or eliminated 26 policies. It has since expanded the program by asking frontline reps to come up with other process efficiencies, generating \$1.2 million in savings as a result.

Some companies have gone even further, making low customer effort the cornerstone of their service value proposition and branding. South Africa’s Nedbank, for instance, instituted an “AskOnce” promise, which guarantees that the rep who picks up the phone will own the customer’s issue from start to finish.

The immediate mission is clear: Corporate leaders must focus their service organizations on mitigating disloyalty by reducing customer effort. But service managers fretting about how to reengineer their contact centers—departments built on a foundation of delighting the customer—should consider this: A massive shift is under way in terms of customers’ service preferences. Although most companies

## Introducing the Customer Effort Score

We evaluated the predictive power of three metrics—customer satisfaction (CSAT), the Net Promoter Score (NPS), and a new metric we developed, the Customer Effort Score (CES)—on customer loyalty, defined as customers’ intention to keep doing business with the company, increase the amount they spend, or spread positive (and not negative) word of mouth. Not surprisingly, CSAT was a poor predictor. NPS proved better (and has been shown to be a powerful gauge at the company level). CES outperformed both in customer service interactions.



CES is measured by asking a single question: “How much effort did you personally have to put forth to handle your request?” It is scored on a scale from 1 (very low effort) to 5 (very high effort). Customer service organizations can use CES, along with operational measurements of such things as repeat calls, transfers, and channel switching, to conduct an “effort audit” and improve areas where customers are expending undue energy. Many of the companies we work with use CES to intervene with customers at risk of defecting.

We found the predictive power of CES to be strong indeed. Of the customers who reported low effort, 94% expressed an intention to repurchase, and 88% said they would increase their spending. Only 1% said they would speak

negatively about the company. Conversely, 81% of the customers who had a hard time solving their problems reported an intention to spread negative word of mouth.

We believe that the superior performance of CES in the service environment derives from two factors: its ability to capture customer impressions at the transactional level (as opposed to NPS, which captures more holistic impressions of a company) and its ability to capture negative experiences as well as positive ones.

A related diagnostic tool, the Customer Effort Audit, can be downloaded at <http://www.executiveboard.com/salesandmarketing/CCC-CustomerEffortAudit.html>.

believe that customers overwhelmingly prefer live phone service to self-service, our most recent data show that customers are, in fact, indifferent. This is an important tipping point and probably presages the end of phone-based service as the primary channel for customer service interactions. For enterprising service managers, it presents an opportunity to re-

build their organizations around self-service and, in the process, to put reducing customer effort firmly at the core, where it belongs.

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## Idea in Practice

# How Two Companies Drove Customer Loyalty by Reducing Customer Effort

*by Matthew Dixon, Lara Ponomareff, and Anastasia Milgramm*

If you need a refresher on “Stop Trying to Delight Your Customers” or the customer effort concept, see the summary on page 2.

Managers want to know how to help customers reduce the amount of effort they expend to get their problems solved. They want to know:

- What should we do to identify areas of high customer effort?
- How do we translate reduced customer effort into increased customer retention and revenue?
- How can we get buy-in from senior management?
- How do we involve our frontline customer-service representatives?

In the first part of this Idea in Practice, we show how to get an organization on board with a customer effort reduction initiative using the example of the American Express U.S. Consumer Travel Network. In the second part, we focus on implementation, discussing the steps Texas-based Reliant took to achieve an average Customer Effort Score 26% lower than its peers.

## Getting Buy-In at American Express

### The Business Challenge

American Express has one of the world's largest global travel networks, with more than 2,200 travel service locations across 140 countries. The American Express U.S. Consumer Travel Network (CTN) provides travel, financial, and card member services to leisure travelers through its travel offices, call centers, independently owned travel agencies, and website.

CTN tracks both customer retention and satisfaction as key indicators of success. The management team noticed, however, that customer retention rates remained flat even as satisfaction rates rose. This presented a challenge: CTN was devoting resources to improving satisfaction and customers were telling CTN they were more satisfied, but the company wasn't reaping the desired financial benefits. This dilemma prompted senior leaders to reconsider their customer retention strategy. They needed to effectively and efficiently drive customer retention and loyalty.

### The Right People to Involve

The research on customer effort as a critical predictor of customer loyalty strongly resonated with Laurie Farquhar, Vice President of Customer Experience, and her team, which was comprised of managers dedicated to improving the customer experience. They were convinced that reducing the amount of effort customers expended to get their problems solved would help meet their larger goals of increasing customer retention and revenue.

### What to Do First

As a first step, Farquhar's team wanted to include a question in their customer surveys to measure how much effort customers expended. But senior leaders resisted.

In response, the team reworked their approach. They decided to focus on getting frontline support, reasoning that they could go back to senior leadership to prove the concept worked and demonstrate a return.

### Steps to Take

Before embarking on any change effort, it is critical to convince those involved that the initiative deserves their time and attention. In the case of customer effort reduction, there are two key groups that CTN focused on:

1. Frontline reps and their supervisors
2. Senior leaders, whose support was vital in launching the initiative companywide

Instead of introducing customer effort reduction directly—and risking the possibility that stakeholders would resist this new concept—the team deliberately positioned the idea to meet each group's most important interests.

**1. Convincing the front line.** The team found that while frontline customer service supervisors and reps were interested in the idea of customer effort reduction, they had concerns. To the front line, reducing customer effort seemed like an academic concept and “just one more thing to do.” The team needed to demonstrate that reps could easily integrate effort reduction into their current processes and drive improvements in customer interactions that would make everyone's job easier, not harder.

So instead of heralding their project to those at the front line as a new initiative, the team focused on how the changes they proposed would improve something that mattered to frontline employees: the

regularly scheduled coaching interactions between supervisors and reps.

In the past, these coaching conversations tended to center around surface-level metrics, such as average handle time (AHT), the combination of a rep's talk time with a customer plus any wrap-up work after the call, or completing the internal quality checklist, rather than the behaviors that drive those metrics. Additionally, due to new government regulations, changing processes, and company growth, CTN had amassed a long and unwieldy checklist of required frontline rep actions. The result was that reps spent more call time ticking off all the boxes on the checklist rather than listening to customers' needs. Their customers were frustrated by the resulting impersonal service and transactional nature of their conversations.

The team wanted to eliminate the checklist so reps would have the flexibility to offer customers personalized, consultative service. They also wanted to focus the coaching sessions on the rep behaviors that would create the kind of service that would reduce customer effort. However, they didn't initially call attention to this new customer effort strategy when they communicated with the front line. Instead, they highlighted the positive impact on coaching interactions, because both supervisors and reps valued them as critical to high performance.

At this point, David Magnan, Senior Manager of Customer Experience, assembled a team of line managers and senior frontline representatives to assist him in replacing the checklist with a competency-based coaching and monitoring program, called CORE. This program focuses on four broad competencies to which the reps are held accountable: Consultation, Offering solutions, Responding, and Engaging customers. Each competency contains key goals and examples of desired behaviors to reduce customer effort. For example, a rep that successfully engages a customer would "match the customer need with the best-fit solutions," "engage in a two-way collaborative conversation," and "match the customer's conversation style." Because it doesn't matter how reps demonstrate each competency as long as they succeed at doing so, reps have more flexibility to meet individual customer needs.

Two customer service teams piloted CORE over two months. Frontline supervisors, along with management and the project team, listened to calls and coached reps to actively listen to customers' needs and respond with CORE competencies. In addition

to the four CORE competencies, they also tracked seven technical behaviors as a baseline for performance, such as verifying accounts and adhering to legal information regulations.

During the pilot, the team invited managers, frontline supervisors, and high-performing frontline reps to provide feedback on the CORE model in weekly sessions. Then they tweaked the model based on feedback to ensure that the reps would integrate CORE into their daily workflow.

The response from frontline supervisors and reps was overwhelmingly positive. Both parties saw improvement in coaching sessions and customer interactions. Initial data from an internal assessment of low versus high customer-effort transactions also suggested that when reps excelled in the CORE principles, the customer was more likely to do business again with CTN.

**2. Getting buy-in from the top.** Having succeeded at the front line, the team returned to senior leadership to secure their support. A project team of line managers and senior frontline reps who supported the customer-effort-reduction strategy made the case to senior management. The team presented to key stakeholders across the organization, starting at the frontline supervisor role and moving all the way up to the senior leadership team.

This time they were careful in how they positioned customer effort reduction. David Magnan reported, "[We had to] show and frame the research in our worldview." They talked about how CTN was both a service *and* a sales center. The team used the benchmark data from "Stop Trying to Delight Your Customers" to prove that customer effort reduction was not simply an internal process shift, but a fundamental alignment of the company's desired business outcomes—namely, customer retention and revenue growth—to its practices on the front line. Using this externally validated research, the team demonstrated that the organization could attain key financial goals and drive repeat customer usage by implementing tools that reduced customer effort in all CTN interactions.

During presentations, the team also played recordings of customer calls in order to show the impact of a high versus low customer effort experience.

Executives were swayed by these presentations but were still concerned that frontline staff would not buy into or understand the importance of reducing customer effort. The team was able to provide initial results from the beta testing of the CORE pro-

gram that showed reps were in fact embracing this low-effort program. “Providing details on the CORE pilot program brought the research to life because we were able to validate the observed rep behaviors against the competencies we had defined,” said Mr. Magnan.

In fact, managers noted that customers who spoke to reps and had low-effort or effortless experiences were more likely to complete future transactions with CTN than customers who had high-effort experiences. This helped prove to the senior leaders that the approach was working. The team continued to provide updates on the CORE program as it progressed.

### How to Achieve Early Wins

CTN supervisors now determine if calls require low, medium, or high customer effort for each CORE competency and rate them accordingly. Supervisors hold reps accountable for the level of effort a customer expends during an interaction. The team rolled out the model to the entire front line in November 2010 through a memorandum from senior leaders to all call center employees. The memo explained the business case for the program and outlined when each center would be trained on customer effort reduction and the CORE model.

Within a year, the CORE approach was up and running across the CTN organization. Managers now require each frontline supervisor to monitor five to 10 rep calls per team, per week, and provide coaching to each rep on the same day. This allows supervisors to give reps customized feedback. Farquhar believes this is one of the most successful things about the launch, because it encourages constant refinement of the customer experience program.

CTN leaders cite improvements in both customer satisfaction and rep satisfaction levels. As of October 2011, customer satisfaction and customer retention metrics have improved significantly. CTN has also seen double-digit improvement in year-over-year employee survey results.

Managers continue to improve the process. The team is partnering with a vendor to put a customer effort question into customer surveys. Once the survey is changed, managers will tie rep accountability, goals, and incentives to customer-reported results.

## Implementing the Strategy at Reliant

### The Business Challenge

Reliant provides electricity, energy services, and smart energy solutions to more than 1.5 million retail customers, including residential homes, commercial businesses, manufacturing facilities, government entities, and institutions in Texas, Delaware, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, and Pennsylvania. Headquartered in Texas, it is part of NRG Energy, one of the largest power producers in the United States.

Reliant’s customer care organization is a crucial differentiator for the firm. “We sell a product virtually every American has to purchase, called electricity,” said Bill Clayton, Vice President of Customer Care Operations. “One of the ways we differentiate our product is through the care that we provide our customers.”

Clayton’s team, including his Manager of Customer Experience, Suzie Dieth, continuously explored ways to improve Reliant’s service experience standards. Customers’ expectations of service had changed, in part because of the influence of social media. One difference was that customers now had little tolerance for wait times, and another was they expected tailored recommendations.

When Clayton and Dieth saw the research that “Stop Delighting Your Customers” was based on, they identified concrete steps they could take to meet evolving customer needs. The research provided them with validation of the work they had done so far and the framework they needed to focus on what customers value the most: getting their needs met without expending too much effort.

### The Right People to Involve

A team dedicated to managing customer experience took on the responsibility of reducing customer effort. Dieth drove the initiative by building networks across the organization and promoting effort reduction in contact center interactions. She was supported by other teams within the contact center as well as staff from all levels of marketing, sales, and back-office operations.

Executive leaders and senior management were receptive and jumped on board. They took time to understand the implications of the new low-effort framework on frontline staff.

## What to Do First

Once the team was in place, it identified several quick wins, including

1. Redesigning assessment metrics for reps;
2. Increasing focus on the “emotional” side of customer interactions to provide personalized experiences; and
3. Identifying tactics to avoid “callbacks” and other repeat customer contacts.

Recognizing that the entire organization needed to support the effort for it to succeed, the team leveraged the CEB’s Customer Contact Council’s loyalty research to prove to senior management that customer effort reduction would be a differentiator for the firm—and that this would, in turn, improve the bottom line by retaining and growing its customer base.

To engage staff, the team involved all levels of the organization within customer care, down to the frontline rep. They positioned the change as a “shift in consciousness,” rather than a one-time campaign. Frontline reps had already recognized the benefits of a customer-centric (rather than process) focus and welcomed the new flexibility they would have in customer actions.

“The research helped encapsulate what our reps already knew, but maybe didn’t have a word for,” Clayton said.

## Steps to Take

Once all stakeholders were on board, the team established new customer experience standards and re-evaluated the way rep performance was measured.

**Reliant removed the talk-time metric.** While most service organizations use productivity metrics like average handle time to assess rep performance, the Reliant team recognized a disconnect between a customer-centric focus and holding reps accountable to stay below an AHT target. Reps paid more attention to the clock than to customers’ concerns, rushing customers off the phone when they had hit their limit and leaving the customer without full resolution.

As a result, the team changed the way AHT was considered when evaluating reps. Managers continue to monitor the wrap-up work time in order to track individual rep performance and identify inconsistencies. Supervisors still track AHT for coaching opportunities but don’t report it directly to the rep. This allows the team to think about AHT more flexibly. For example, reps with high AHT rates—but also high cross-selling rates and customer satisfac-

tion scores—aren’t rebuked because higher call time is a result of successful engagement with customers in these cases. Conversely, managers monitor reps with high AHT rates and low cross-selling and customer satisfaction rates in order to identify gaps and coach reps to close them.

Changing how managers and supervisors used this metric gives reps more control over the customer experience and more flexibility to better address customers’ needs. According to Clayton and Dieth, changing the process was crucial to increasing trust between management and the front line. By removing a chief obstacle to effective customer conversations, reps felt that management trusted them to better serve customers’ needs—and, as a result, felt more motivated and empowered to do their job.

**Increase focus on the “emotional” side of customer interactions.** Managers defined customer experience standards to guide interactions by coaching reps on positive-language positioning.

In “Stop Trying to Delight Your Customers,” the authors demonstrate that 24% of repeat customer calls stem from emotional disconnects between customers and reps. To address this, Reliant focused on training reps to consistently use positive language, even when they couldn’t give customers exactly what they wanted. The team coached reps to avoid reacting negatively with words like “can’t,” “won’t,” and “don’t.” Instead, they should use alternative phrases that focus on what can be done. For example, instead of saying, “We can’t handle that issue, you’ll have to be transferred,” reps should say, “Our sales team will be able to help you with that issue.”

The team identified the most common scenarios in which reps need to say “no” to customers. They then narrowed the list to the top four or five situations that drive the highest call volume. They used this information to run an interactive training session in which reps examined how they could change the wording used in each of those situations to eliminate customer frustration.

Managers then constructed a full day of training on effective techniques. They cited Customer Contact Council research in the training session to demonstrate to reps the correlation between positive language and low customer effort. They incorporated role-playing exercises, one-on-one situations, and group events to help reps brainstorm positive phrasing they could use to lower customer effort in difficult interactions. They asked reps to “think like customers,” according to Dieth, to understand the

drivers of customer frustration and mitigate them by using positive language.

**Identify strategies to actively address future customer needs.** To continue to develop customer experience standards, managers addressed one of the biggest sources of customer effort: the need to call back to address an unresolved problem. According to the article, 22% of repeat customer calls involved secondary issues related to the initial problem, even if the primary problem had been solved already.

To preempt follow-up issues, Reliant provided customers with data on their electricity usage at critical moments during a monthly billing cycle. The company gave customers the opportunity to set personalized parameters to receive alerts about their accounts. For example, customers could elect to be notified by either text message or e-mail if their electricity usage exceeded a determined amount. This allows customers to make proper adjustments to electricity usage before their monthly bills are finalized.

Summary e-mails provide customers with a greater sense of control over their electricity usage. They also remove the shock factor that might result if customers receive a bill that is higher than they expect. By giving customers more information, Reliant saw a decrease in complaint calls from customers looking for bill-payment assistance and, more significantly, potential customer attrition.

Reliant also enabled its reps to offer new tools to customers, including Reliant Home Solutions, a full suite of additional fee-based services, such as A/C and surge protection programs. This service helps address complementary or knock-on problems that customers have throughout product life cycles. For example, the surge protection service covers customer repairs of kitchen appliances damaged by power surges. By enabling reps to offer these services to customers, Reliant solves unexpected but often common product issues, such as an A/C going out, and gives customers the tools to address these problems before they occur.

In addition, Reliant increased the number of chat reps to ensure customers could reach someone live 24/7.

To ensure that Reliant continues to focus on customer effort, the Customer Experience Management team identifies areas that positively and negatively impact the customer experience. They then analyze this internal data in order to call customers who had a high-effort experience, make recommendations for improvement, and work with support groups to

implement the changes. The department's goal is to monitor the customer effort program to confirm that stakeholders are aligned, customer experience continues to be a driving force governing service interactions, and process improvements are sustained.

### How to Achieve Early Wins

Clayton and Dieth indicated that the most important early win for the initiative was the change in how the organization measured customer interactions. Reps, supervisors, and managers began to actively think about interactions from the customer perspective and how much effort they had to expend—instead of using internal processes to define success.

### What to Watch Out For

Despite the early success at Reliant, quantitative measures were slow to respond. It took time for the reps and managers to incorporate the new standards into day-to-day interactions, so the team had to be patient and wait for the data to show the results. Meanwhile, they were motivated by the staff's positive reaction to customer effort reduction initiatives.

In recent months, data has caught up to managers' expectations. Reliant's Customer Effort Score is 26% lower than the industry average. Its first contact resolution rates increased by six percentage points, a change that significantly exceeds the benchmark average for the industry. The company has earned the best possible rating from the Texas Public Utility Commission for consumer complaints.

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## Lessons Learned

**Address the needs of internal audiences with segmented messaging.** American Express's CTN managers realized that they needed to tailor the customer effort reduction argument to align with the priorities of each stakeholder group—in their case, senior leaders and frontline reps—to ensure buy-in across the organization. They positioned the initiative to leaders as a means to drive revenue growth through greater customer retention, two main goals of the company. To get buy-in from the front line, managers focused first on engaging reps and supervisors by introducing a new coaching approach aimed at mitigating root causes of high customer-effort interactions without explicitly marketing it as a low customer-effort initiative. Frontline managers and reps were quickly able to see the benefits of these changes and bought into the customer reduction effort concept.

**Customer data and feedback are vital to assess success.** CTN is currently working toward implementing changes to its reporting system and customer survey in order to evaluate the effectiveness of the customer effort reduction program. While CTN has had internal metrics of success and ad hoc feedback, it believes it is crucial to measure success from the customer's perspective. In retrospect, CTN would have liked to start this customer feedback loop earlier in the process.

**Make it easier for reps to do their jobs.** Reps are often constricted because of technological or policy/process barriers—so the extent to which they can reduce customer effort suffers. Their engagement with the initiative also diminishes because they feel they cannot execute on it no matter how hard they try. CTN service managers continue to invest in upgraded technology and expand available tools to support reps and make it easier for them to provide consultative services to customers.

**Empower your reps to “think like a customer.”** CTN supervisors incorporated simulation exercises in coaching programs to encourage reps to view service interactions from their customers' perspectives. The exercises helped reps personalize and internalize sources of high customer effort, which then made it easier to define steps to remedy customer concerns and use these techniques on a regular basis.

**Remain patient in the face of lagging quantitative results.** Even though Reliant's frontline staff, supervisors, and managers united behind customer effort-reduction initiatives and shifted focus from process to customer experience, data did not immediately validate the program's success. However, managers remained committed to implementation because they saw signs of positive change. Once they incorporated the new policies in standard procedures, positive quantitative results strongly demonstrated success.

**Treat customer effort reduction as an ongoing process, not a one-time campaign.** Reliant's managers realized that customer effort reduction could easily fall to the wayside if the firm was not consistently focused. That's why they created roles to sustain the momentum. “We treat this as a crusade,” Ms. Dieth said. “We are never going to reach the destination. It is a constant refinement process.”

In fact, the company's success in delivering low-effort customer service helped spur the creation of a new subsidiary at Reliant's parent company, NRG. The subsidiary, SimplySmart Solutions, offers call center, sales support, revenue management and smart energy integration services to other business and nonprofit organizations.

## Get Started Now

Organizations that want to simplify the way customers get solutions to their problems must first attain buy-in from all levels of the company. Initiatives will only be successful if you support them with the appropriate resources and remove organizational obstacles.

### Here is how you can embed customer effort reduction initiatives in your organization:

#### □ Start a discussion with senior management.

Buy-in from leaders is critical to the success of any customer effort reduction program. Start by introducing leaders to the concept and sharing research that demonstrates its impact on customer loyalty and revenue goals.

#### □ Engage your front line in the design of the program.

When frontline reps and supervisors are involved in the refinement of the model, they are more likely to see it as a positive change to the service experience, not as a directive from senior management.

#### □ Eliminate rep “checklists” and replace with tailored customer interactions.

Checklists create impersonal conversations that frustrate customers. By replacing them with outcomes and competencies, reps have more flexibility to lead more-consultative interactions, better engage with customers, and reduce customer effort.

#### □ Stop penalizing customer service reps for high talk-time.

High talk-time numbers are not necessarily negative—they could be a sign of successful service. Consider these other factors when evaluating rep performance: cross-selling, reduced callbacks, improved resolution, and low customer effort. Conversely, monitor reps with high (or low) talk time rates and low customer satisfaction scores to identify gaps and provide necessary training.

#### □ Establish a team to drive effort reduction in the organization.

Early in the process, it is important to dedicate appropriate resources to define low-customer effort tactics, attain buy-in, and promote implementation. It is vital to create accountability and ensure long-term program success.

#### □ Identify specific customer needs and address them at the time they arise.

Understand who your customers are, what their needs are, and where service gaps might lie—and then work to fill those gaps. Predict scenarios that drive calls and provide customers with simple ways to address their needs, such as alerts, web portals, or informational e-mails. By doing so, you improve customer retention.