

Industry: Wireless Services Industry
Business: Cellular

Title Vice President of Customer Services
Interviewee Jim B

Customer Services is a great place to start out in the organization. A Customer Care Representative has the opportunity to acquire a wealth of knowledge relating to the company and to the industry through extensive training and interaction with the customer. Also, working in customer care can provide a great deal of satisfaction resulting from solving customer problems effectively.

The Customer Services function at the company is composed of six subfunctions, each of which reports to Jim. These are: Technical Support, Applications Support, Business Operations, Customer Care, Business Services, and Quality and Process Improvements.

Jim's primary role is overseeing the Customer Care function, which is evaluated by expense control and customer satisfaction. Jim serves on the Executive Team, which is responsible for resolving issues encompassing all departments. For example, when new rate plans are in the process of being rolled out, Jim must determine what the effects will be on the Customer Service function. He develops and supports ideas for revenue generation and the related effects on the Customer Service department.

Perhaps Jim's most important role is ensuring world-class customer care within the most efficient and effective model possible that delivers the best long-term income for the organization.

Entering the Profession

Jim has held various customer care and marketing positions in the telecommunications industry for his entire career. In 1977 he began his career as a Service Representative at a regional phone center where customers would pick up their phones and receive service. After holding various call center positions and a customer service marketing position, Jim went to Bell Telephone Company where he was responsible for a regional market's small and medium business channels. In the mid-1990's he became Vice President of Customer Services where he now direct reports to the President and General Manager. Jim's educational background consists of a BBA in Marketing and an MBA from Northeastern University.

As to the qualities that the company seeks in new candidates, Jim reports:

The main qualities the company looks for in new recruits are work ethic, commitment, excellent telephone communication skills, good listening ability, and adequate problem-solving skills.

Training

A new recruit will typically undergo six weeks of specialized training to become qualified as a Customer Care Representative. During training, new recruits learn all about the company, the wireless industry, and customer service techniques. A two to four week transition period follows where the new recruit takes a limited number of calls and has a great deal of support from coworkers. Then the new recruit will "graduate" into the regular Customer Care group.

Jim estimates that approximately 90 percent of all customer service techniques and company and industry knowledge is learned by a recruit during the training process. Another five percent is learned in

transition. There is no way to train for the remaining five percent, as this category represents unique issues that must be dealt with individually. About 70 to 80 percent of all customer calls relate to ten main categories such as billing problems and rate plan questions.

A primary goal of the training process is to ensure all graduating Customer Service Representatives are well-versed on the top ten types of calls and how to respond to them.

Today the company has more than 1,000 rate plan codes, so it is essential the Customer Care Representatives have access to the most up-to-date information. The company currently utilizes a Customer Care Intranet for this purpose, and it contains easy-to-access customer care information such as rate plans and wireless coverage areas.

Performance Determinants & Compensation

There is an overall set of goals relating to quality, productivity and number of calls that are used to measure the performance of a Customer Care Representative. A normal distribution curve can be utilized to demonstrate that some Customer Care Representatives are slower and more thorough, and some are faster and less thorough. In simple terms, good performance means being fast and thorough, while still being pleasant to interact with, from the customer's perspective.

The company randomly sends postcards to customers that have called for service. These postcards ask simple questions relating to overall satisfaction, along with questions asking about the knowledge and courtesy of the Customer Care Representative that handled the call. If a Customer Service Representative receives a certain number of "great" postcards, he/she becomes eligible to receive a bonus. Each Customer Care Representative receives a base salary. For the first couple of years, they are eligible to receive a raise every six months, based on performance. Finally, all Customer Service Representatives are eligible to receive a year-end bonus, which is also based on performance.

The company is evaluated as a whole by a quarterly customer satisfaction survey. A sample of customers are asked to respond to the questions concerning a variety of performance categories including customer service, billing, network, and roaming. A scale of one to ten is used in the different categories corresponding to whether the company exceeded, met, or failed to meet expectations. The survey results are then used to determine what drives overall customer satisfaction and customer feedback is utilized to create meaningful ways to better meet the needs of the company's wireless customers.

Greatest challenges

The wireless industry in general is very competitive and quality customer care stands at the frontline of ensuring overall customer satisfaction and customer retention.

The wireless services industry is characterized by increasing complexity, growing competition, and demanding customers. One challenge the company faces is improving processes and service quality so that the customer does not need to call in the first place.

According to a recent customer satisfaction survey, overall customer satisfaction at the company is primarily driven by four factors; customer service (not the largest driver of overall customer satisfaction), billing, network quality (largest driver of overall customer satisfaction), and roaming.

Despite the finding that customer service is just the second most important factor in overall satisfaction, Jim is well aware of other research, conducted by the Forum Corporation, which found that customers are five times more likely to switch vendors because of perceived service problems than because of product quality issues.

Since network quality is the largest driver of customer satisfaction, expanding upon the existing communications network infrastructure to improve call quality and clarity has the potential of increasing overall customer satisfaction. The company is constantly grappling with network issues such as the cost versus perceived benefit of implementing new cell sites and technologies. Furthermore, other issues play a factor in network expansion, such as geography, weather, community issues (most communities don't want a cell tower within close proximity, yet they want the convenience of wireless service), and population density (whether or not there is enough density to warrant a new cell site). Most customers are willing to pay a little more for wireless service if they perceive that a provider has a superior network.

The company continuously strives to position itself within the market as having the best wireless network in the region, and maintaining this status is a significant ongoing challenge. To maintain this status the company needs to constantly publicize its efforts to improve its wireless network.

A key challenge faced by the Customer Services Department is customer retention. According to a study conducted by the management consulting firm Booz, Allen & Hamilton, Inc., poor service is responsible for 40 percent of customer turnover. Another study recently indicated that each problem a customer encounters causes a 20 percent decline in long-term customer loyalty. It is the role of the Customer Services function to develop processes that help ensure customer satisfaction.

For Jim, loyal customers are crucial; a study by the American Management Association found that the business of loyal repeat customers yields 65 percent of an average business' sales volume. Further still, in the wireless industry it can cost hundreds of dollars to win a new customer - making loyalty a pivotal part of the success of the company.

Because repeat business has a more positive impact on the bottom line than new business, customer retention is a key driver of long-term profitability in the wireless industry.

The company has one of the lowest "churn" or customer turnover rates in the region. Wireless contracts help to retain a customer for the first one to two years. After this initial period, retention is driven mainly by the factors found in customer satisfaction surveys. In addition, retention is increased if the customer perceives a good price-to-value relationship. Thus, pricing and rate policy work in conjunction with network quality and quality customer service to ensure competitiveness and customer retention.

One of Jim's biggest challenges in being a successful leader is effective communication.

Effective communication helps to ensure everyone shares a common vision and work ethic. Through effective communication, Jim must convey that each person in the organization is instrumental in his/her respective area and is encouraged to voice and/or implement good ideas.

Jim must coordinate activities with every major function to be effective. Customer Services does not operate autonomously, and the action of any function can impact the Customer Service group and vice versa. It is Jim's challenge, through serving on the Executive Team, to ensure that Customer Service, Public Affairs, Network Services, Marketing/Sales, Finance, Human Resources, and Legal are all on the same ship, sailing in the same direction, and embracing a common vision.

Jim believes that being able to feel empowered and having the ability to get things done is one of the most rewarding aspects of his job. Achieving superior results drives his satisfaction.

Jim firmly believes that the goal of any business is to deliver value to its owners who are taking a risk. This is an application of the idea that every job within an organization ultimately exists to create value for customers and shareholders. The central goal of any business organization is to satisfy customers *profitability*. As Jim suggests,

Customer satisfaction ultimately ensures profitability and the transfer of value to shareholders by increasing customer retention.