

Customer Contact Revolution Not Evolution:

Embrace Disruptive Change or Get Out of the Game

Dr Gerald Power

Trapeze Transformation

www.trapeze-transformation.com

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Foreword

This paper has been inspired in large part by the work done with and by participants of the CIPFA customer contact benchmarking club which now enters its second year of operation. It also draws on experience working with individual Local Authority and Housing Association clients on transformation. I am from the start aiming to be provocative in what I say as I believe that serious debate does need to be provoked on many issues that are sometimes 'taboo' in local government. If I attempt to use humour it's because I realise these are very serious and challenging issues and sometimes humour helps us engage on issues that make us a little fearful. Most of all I hope you find the debate useful to you in considering your own organisation's channel shift strategy even if you may not agree with everything I say.

Disruptive Change: Let's be clear its *Revolution* not Evolution

For decades digital visionaries have been telling us that change in how we use technology would come and I suspect that most of us thought that it would be an incremental process. Like the process of replacing typewriters with word processors, faxes with printers, CRT monitors with flat screens and from having 'a computer' to having an IT account. It was all change. Some people found it challenging, but ultimately the status quo didn't change that much. It was largely a 'like for like' swap. There was still an office, there was still a team and we all did pretty much the same things as we did before just with better technology, but that's not what lies ahead.

The path ahead involves challenging many of the things we take for granted and will be disruptive if it's going to yield value for organisations. There may be no clear divisions between phone, tablet, laptop, work and home. There may not be an 'office' with the same people sitting at the same desk and sharing the same kettle or coffee pot. When the futurologists and visionaries first started to suggest these things they suggested we would do it because we would be able to. In the current financial climate the reality may be more brutal and urgent; we will do it because we will *have* to do it to keep our services affordable.

Revolutions are seldom tidy, safe or predictable and that's not an environment everyone thrives in. Change is a risky business; big change represents big risks and big *technical* change that attempts to change the behaviour of your personnel and service users ramps that risk up to another level. Most dot.com millionaires will have several failed ventures to their names before they get out of their early twenties. However, it would seem unthinkable to appoint a senior public sector manager with a track record of ground breaking, but failed, endeavours. That's something we will have to reconsider pretty urgently.

This creates a dilemma; instinctively the public sector wants to avoid risk as it has a duty to serve rather than to speculate and take risks. However, it's being forced into the most radical changes it's seen in perhaps half a century. Entering a state of denial, attempting to use solutions and approaches that worked last decade and to change things through incremental 'stove-pipe' approaches, simply will not work. The only sensible approach involves accepting that this is a risky endeavour and improving your ability to manage risk and to manage or mitigate failures when they happen. However, very few senior teams have quite woken up to this yet and the majority seem to be either clinging on to the hope that 'something good will happen'. The economy will pick up, government policy will change, some wonderful new technology will save them. Others will simply remain on deck until the last service they manage collapses and bravely 'go down with their ship'.

When you sort it out let me know

There is often truth in humour and the more years that I work in channel shift and change the more I realise that success and failure mainly depend on the behaviour of people and that's why it can be so unpredictable and challenging. The people employed to manage your organisation and to implement change as well as the people that pay you as service users and customers. In theory channel shift is all very logical and pretty much all the technology you need exists and is affordable. In practice it's about as easy as changing a wheel on your car, while you are driving it across a field.

"A problem shared is a problem halved; so when presented with a problem first work out if it's your problem or half of someone else's"

David Brent (Visionary)

For well over a decade both local and central government have agreed that change to digital delivery and channel shift were essential. It is an unusual Local Authority that does not have a digital strategy and policy and central government had been offering advice and money for well over a decade before the 'austerity years' began. However, the evidence is that it simply has not worked and nearly a decade after the publication of the Varney report local government service delivery is still largely through telephone, face to face and paper transactions. This was demonstrated in 2014 by benchmarking work done by CIPFA and the RedQuadrant consultancy working with around fifty local authorities in the [Customer Contact Benchmarking Club](#).

It is my belief that one of the key reasons for this failure to transform has been that channel shift has always been perceived as someone else's problem. While central government was providing grants to local government to 'go digital' it was seen as a problem owned by central government. Within local government channel shift programmes have in the past often been seen as the remit of the web team, IT team, customer services team or communications team. Even when channel shift was seen as the responsibility of a cross cutting team all too often this team has lacked the influence and resource to implement real change in service teams.

Local Authorities have invested in digital technology such as websites and customer relationship management systems. Although some have been innovative and very successful, most have not yet changed the essence of how they deliver services. This is a challenging assertion to make and I know it will expose me to criticism for not recognising major improvements in digital service delivery. However, my assertion is supported by both the recent benchmarking survey of local authorities and personal experience of change programmes. Some organisations and services are changing the game, but as a sector overall the change has been very slow and data from the CIPFA benchmarking club in 2014 showed that on average local authorities received:

- Forty times more phone calls than web forms.
- Three times more face to face visits than web forms.
- Seven times more paper forms or letters than web forms.

Although the data is limited to around fifty local authorities the participating authorities tended to be more forward looking ones already engaged in change.

The logic of failure

Psychology tells us that human beings are typically not creatures of logic or evidence and tend to use logic or evidence only selectively and only when all other more comfortable options have failed. Coming from a background of science and research that's not something I was very willing to believe, but many years spent fixing broken projects and reviewing why things went wrong has changed that. I now firmly believe that most of us are by nature wildly illogical creatures and that we need to actively work to bring logic and evidence into our decision making processes.

In arriving at this view it has also been helpful to find that people have been studying the illogic of decision making for decades through formal project tools like PRINCE II, MSP and Benefits Realisation. The whole basis of Neuro Linguistic Programming (NLP), which is beloved by sales team managers, even if they don't talk about, is that we make decisions based on factors that we are often oblivious to. It's also been helpful to look at the work that psychologists have done in understanding how to influence consumer and corporate behaviour. If you want to dig even deeper you can look at cognitive behavioural psychology and seminal work by people like Robert Cialdini.¹

This all brings me to the purpose of this paper; which is to put forward some deliberately challenging proposals on the future of customer contact in local government. These proposals are all based on evidence and logic, but will still be very challenging for many readers. In some of them I am being deliberately provocative. It is my aim to challenge many of the accepted wisdoms in order to help people make better decisions on the future paths of their organisations and so serve their services users and their own teams better in the process.

¹ Influence: The Psychology of Persuasion. Robert Cialdini. **ISBN-13:** 978-0061241895

The bottom line: There are still big savings to be made

This is probably a good place to start as heresy goes as some readers will simply nod and others will be tempted to stop reading as they are just too tired of attempting to get blood from a stone. All of the evidence we have gathered from benchmarking and working with clients leads us to believe that significant savings and efficiencies are possible for most organisations. However, the caveat is that to actually deliver them you will probably need to look at making significant changes to the way your organisation operates rather than simply offering some new channels or technology. That implies a smaller organisation in terms of its headcount and estates footprint. It also implies profound changes in the roles customers and your personnel play in delivering services.

Heresy one: We are not here to help anymore

This is possibly the most fundamental heresy and perhaps the most challenging since we have spent several decades training public sector customer services personnel to help their customers. The thinking probably came from the private sector and the need to win and retain customers in an ever more competitive environment. It has almost certainly been influenced by the recognition that providing good customer service requires very specific skills that can be developed through training and better awareness of the psychology of customer-provider interactions. It has also been influenced by a growing awareness among local politicians that the quality of contact can significantly affect the perceptions of voters regarding the quality of services they are receiving. It is in some circles known as the 'lipstick on the pig' effect; the fact that a really good customer contact team can make a pig of a service seem almost attractive.

However, the world has moved on and having a service delivery and customer contact strategy based on 'happy to help' and good customer service masking a poor delivery process is not a viable proposition. If your service is structurally flawed then eventually no amount of expensive lipstick is going to hide that fact from your service users or from the bottom line costs. If we look to the private sector where competition for business and the need to cut costs are constant pressures, the emphasis is increasingly on 'happy not to help'. That is, delivery processes that are so well designed that the customer serves themselves with little or no need for a customer services team to get involved at all. You might also call this the 'Amazon.com' model, one click no further contact.

A good example is this is the personal banking sector. Even a decade ago the emphasis was on great staff being able to do things for you in a branch and now the emphasis is on great account deals and really easy to use online banking and apps. Similarly high street retailers like John Lewis, Argos and a growing number of others are encouraging customers to browse; order and pay online before picking up the goods themselves at a high street location. You search, you compare, you select, you pay, then you collect it and carry it home. They are happy not to help. Even in supermarkets there is a growing trend towards self-service at the checkout with scan and pay or self-scan.

If the customer services team is there to help your service users navigate the process then the process is wrong, they should be there to solve problems when the self-service option has failed, which should in time be increasingly uncommon.

Heresy two: Customer Relationship Management (CRM) is dead

Ideally you don't want a relationship with the vast majority of your customers and they don't want one with you. Don't take it personally they have lives and other things to do. This point is strongly linked to point one and is based on the assumption that you and your customers have better things to do than engage in dialogues so lengthy and convoluted that you need to employ dedicated software to keep track of them. The roots of CRM software probably go back to the origins of the travelling salesman and the notebook he or she used to record the details of the endless list of customers they visited. The entries might have started out with just name, company role and last orders. In time it would become obvious that if you recorded a few more details about the customer, like where they went to university, their last holiday and the names of their wife/husband, kids and dogs you would get better rapport and more sales.

In the modern world the personal touch is still there if you are a sales rep and now you probably have a corporate software suite and database to help you. However, a lot of other things have changed since the days of the travelling salesman's note book. Now we can collect a vast warehouse of data on every service user in terms of their interactions with us or through demographic profiling their general circumstances and behaviour. There are also many very clever ways we can manipulate this data to predict their behaviour and influence it and the big questions are; should we do it and why?

In the public sector we are not competing for the business of individual service users, they don't have the ability to find another provider as they might with their energy or telecoms providers. In the vast majority of interactions the customer wants something very simple and there is no real need to understand their history and past contacts. They want a new bin, they want an old fridge collected or they want to make a payment. In these situations what the customer really wants is an outcome with minimum effort on their part. It is not unusual to see a CRM system that allows a call centre agent to view a record of all past calls from an individual but not actually **do** anything to help. Classic lipstick for the pig; the call agent knows their customers whole history of woeful service failure, they can empathise, they can apologise, but can't get into the back office system and fix it or even give an accurate progress update. In the case of a small number of high needs customers and services such as adult or child social care their contact is probably linked to complex ongoing issues best managed by a dedicated and secure case management system. In this situation then a complete and accurate history of contact and software that may predict or flag patterns of behaviour might be very useful. However, for the vast majority of routine contact it would seem to be of very low value.

This argues that while it may be worth investing in technology that allows your customer services personnel to view active cases and past transactions; there is little value in investing in a CRM system that simply logs details of contact history. Advances in data integration and sharing within organisations may mean that this argument increasingly becomes one of semantics e.g. when does a system stop being CRM and start being transactional 'back office'. However, it will still be the case that it is more important to enable your personnel to track transactions and 'fix' problems than to very accurately record and recall a customer's history of contact.

You don't want to have a 'relationship' with the service user, you want them to self-serve and you want that to just work.

Heresy three: The telephone contact centre is dead – long live telephone contact

If you are over the age of forty then you may remember a day when telephone contact centres did not exist. It's hard to believe, but true. There was a day when goods and services were either delivered face to face in a shop or by post and if things went wrong you either called the supplier or more often than not you wrote to them with pen, paper and stamps. It was the optimal solution for a time when only a minority of households had a telephone, calls were expensive, call routing technology was very basic and the person who answered your call had to consult a paper file system to actually find out what was happening with your order or service request and update it.

When we reached a point when most households had landlines and telecoms technology allowed these calls to be routed in sophisticated ways and for call agents to answer calls while using a computer terminal connected to a sales or case management system. The call centre was born. It has evolved through phases of 'off shoring', 'on shoring' as organisations looked first for very cheap call agents then call agents that could empathise with the customer. It has evolved to use automated menus and voice recognition to better route calls and automatically complete routine tasks like balance of account or take card payments.

However, like the best steam trains and finest ocean liners the call centre as a concept may soon become obsolete. The whole value of a contact centre was that it provided a better interface between your service users or customers and your back-office systems. Computer systems working in real time and employing scripts and prompts also meant that personnel with minimal training could process transactions that had previously been the remit of specialists.

The reason that it is becoming obsolete is that now most of your customers own several electronic devices perfectly capable of connecting directly with your back office systems via the internet. The call centre is no longer adding value and is in fact just adding an extra cost layer and a potential barrier between your customer and your back office systems. If the process is simple enough for a generalist call agent to complete it over the phone it's probably simple enough to be offered as an online self-service transaction. If the process or transaction is too complex to be offered as an online self-service option then it's probably going to have to go to a specialist team of call handlers and not a generalist following a script in a call centre.

In the context of local authorities, where the telephone contact centres were never very large this argues fairly persuasively that they should soon be obsolete. If routine transactions go mainly to the web then the remainder of transactions and queries will be too varied and specialist to deal with effectively in a generalist contact centre team. They will need to be fielded to specialists in back office teams that handle queries as part of a broader job and may choose to do this via the telephone or via other channels. Modern digital telecommunications systems also lend themselves very well to this and potentially allow the creation of sophisticated virtual networks within organisations to take the place of a call centre.

If you don't already have a contact centre, perhaps you should just forget about it and go straight to online self-service, they may have had their day.

Heresy four: The single point of contact is in your customer's pocket

Many local authorities have achieved great things in terms of transforming their customer services teams and creating 'one stop shops'. These are a great solution to the problem of how to resolve the majority of customer requests and issues at first point of contact whether that is a face to face or telephone contact. The customer does not need to contact multiple teams on multiple numbers or at multiple locations, it's a 'one stop shop'. Achieving it involves developing processes and IT systems that allow your customer services or 'front of house' personnel to access back office systems and processes that allow them to resolve most issues while with the customer.

This immediately begs the question 'if it's that easy why don't customers do it themselves?' and for the majority of customers and services the answer is that they should. Currently over 80% of UK households have a fixed broadband connection and an increasing number of individuals are connected through mobile broadband and hand held devices. The UK also leads among European nations in the willingness of its citizens to transact online whether that's shopping, banking or booking things. Given these facts it becomes hard to argue that any public sector organisation can seriously propose that the 'single point of contact' should be anything other than a digital solution accessible to mobile devices.

Many readers will by this point be berating me for my ignorance of the 'digitally excluded' people within our society. Digital exclusion is an area that I have considered and continue to do work in,² but whichever figures you use you arrive at the conclusion that you have to design services around the majority that are online. This does not mean that you don't offer a face to face or telephone option for people who can't access the service online. You may also need to offer translation and advocacy for people with language, sight, hearing, literacy or mental health problems. I am in fact a passionate supporter of face to face contact as for many people and situations it is the best and cheapest way of addressing complex and often emotive problems. However, none of this undermines the argument that digital has to be the default and everything else is an exception.

If you are still heading down the road of a single point of contact that is not digital then you are probably heading down the wrong road.

² [The case for a systemic approach to digital inclusion. Gerald Power, Gail Bradbrook, 2014.](#)

Heresy Five: Disband your communications team it's not a good use of them

In the last decade the meaning of communication and the nature of the media available for communication has changed almost beyond recognition within local government. Print media has declined massively in its reach and importance, conventional broadcast media (TV and radio) are struggling to stay relevant under competition from the web and social media. Communication has also become a very important part of service delivery both in terms of behaviour change, demand management and process design. In particular, websites, social media accounts and other digital platforms have become vehicles for transactions not just broadcast messaging.

In this new world there is a vital need to have communications specialists that understand how to influence and interact effectively to either be embedded in your service teams or immediately available to these teams. Without this kind of expert support and guidance these teams will struggle to achieve channel shift, influence customer behaviour and achieve processes that customers actually like to use. Similarly, your ICT team and web team may be technically competent, but will struggle to deliver the necessary outcomes without this kind of communication support.

This implies a need to either get rid of or radically shrink the size of the communications team you have working on 'broadcast' political and statutory communication and invest in a team that has the ability to engage service users and support delivery. This implies employing people with a very strong marketing focus on influencing behaviour and achieving real outcomes through multi-channel communications. It implies embedding these people in your service delivery teams rather than keeping them at arm's length in a communications team. It is also my belief that you can't have a team that does both the support for services and support for elected members. It is far better to have a 'press office' type team that serves the members and an entirely different one with a different reporting chain that supports your service teams.

In the modern world communication is too important, expensive and complex to be relegated to a team that often has little connection to and no control over process design and service delivery.

Heresy six: Digital is not synonymous with cheaper or better

It would seem fairly far-fetched to imagine that any organisation in the private or public sector would make a major investment in digital technology without first scrutinising the evidence that the investment would yield a return. However, the evidence available suggests that all too often this is exactly what has happened in both the private and public sectors. There has been an assumption that simply spending on digital technology would magically result in savings and improvements.

On a very basic level it is possible to make arguments that digital channels are inherently cheaper than conventional channels and that the rise of internet commerce at the expense of conventional businesses proves this. However, this argument is flawed as it is based on very selective use of evidence. The reality of online businesses such as amazon.com, lastminute.com or the whole field of online banking is that achieving efficient online processes can be ruinously expensive and often fails.

The term 'burn rate' is very appropriately used to describe the way that online start-ups almost inevitably struggle with negative cash flow and have to reach profitability before using up all of their shareholder capital or exhausting market confidence and new lines of credit. If a company doesn't get to profitability quickly enough, or at least gain sufficient market share to gain more funding, it crashes and burns. The history of the internet is littered with examples of online businesses that failed to reach profitability. Even companies now considered archetypal success stories such as Amazon and last-minute required repeated re-financing before they hit the point where they turned a profit.

In many ways a similar story has been repeated in the public sector, the key difference being that money invested in new websites and IT systems has been written off without ever delivering the anticipated savings and improvements. The National Audit office has produced reports on the Student Loans Company Customer First project,³ the BBC's Digital Media initiative⁴ and the very major failure of the NHS digital Care Records system.⁵ In principle these projects should all have saved money and resulted in better services. In reality they all failed to deliver on their anticipated savings and benefits.

In the case of local authorities, in the current climate of major cuts and rising demands for services it should be simply unacceptable to embark on investment in digital change unless there is a watertight case that it will yield returns. In principle it should be possible for the more savvy authorities to learn from the multitude of failures and invest wisely. Similarly they can learn from their peers in terms of what approaches genuinely are giving a return on investment.

³ **The Customer First Programme: Delivery of Student Finance**, National Audit Office Report, 19 March 2010.

⁴ **The BBC's management of its Digital Media Initiative**. Report by the Controller and Auditor General presented to the BBC Trust's Finance and Compliance Committee, 13 January 2011.

⁵ NAO. Report by the Comptroller and Auditor General. The National Programme for IT in the NHS: an update on the delivery of detailed care records systems. HC 888. Ses SIon 2010–2012. 18 May 2011.

It's probably a very unwelcome message, but don't ever assume digital is cheaper or better, prove it with a comprehensive business case demonstrating an understanding of current costs and process and a detailed benefits realisation plan.

Heresy seven: Your senior team may be your biggest strength or your greatest weakness

In the world of internal local authority politics there is a strong tradition of a senior manager's worth being measured in terms of the size of her or his team. There has also been a tradition of the importance of a service being judged by the size of its budget. The success of a service manager is also often measured in terms of customer satisfaction, quality of service and of course the views of elected members. The process of bidding for funding internally, or avoiding cuts, is also an inherently adversarial one where the service putting the strongest 'bang for the buck' case wins the funding, or at least has the swing of the axe stayed. It's typically not a team game even if you call it the senior team.

In achieving channel shift you are asking your senior managers to do the precise opposite of this. Firstly, you are expecting them to think of ways of shrinking their teams by automating as much of their work as possible and giving up big chunks of their budget. Secondly you are expecting them to do this by engaging in potentially complex and risky change projects giving up well understood processes and employing new technology. This risks the failure of their service and the ire of service users and elected members. Finally, you are expecting them to cooperate with managers competing with them for a slice of the ever shrinking budget and headcount.

For most Local Authorities that kind of change programme needed is unprecedented, it represents change that cuts across service boundaries and is truly transformative. It is for many an unknown country which they will be deeply fearful of. It is in many ways a variation on the famous prisoner's dilemma,⁶ in the bigger picture it is logical to cooperate with your peers as this will produce the best outcome for everyone. However, in the absence of trust it is entirely rational to protect your own reputation and team by blocking change in your area and failing to cooperate wherever possible. This makes management of the senior team and the teams they manage of paramount importance. It also makes it vital that there is a senior lead for any change programme that has both clarity of what is happening and the authority and influence to break up log jams.

Finding an organisation with a senior team that fully supports channel shift can be seen as analogous to finding a flock of turkey's wholeheartedly voting for an early Christmas. If there is a trick it is probably to convince them that this is a version of Christmas when they do not individually or collectively 'get stuffed'. In parallel you also need to put in place detailed contact and cost metrics that show you in near real time which service managers are achieving change and which are just talking very eloquently about it.

If the senior team is to drive change rather than block it, their focus needs to be on value for money primarily and having a big team and budget should be seen as a challenge to be addressed not a badge of honour.

⁶ https://en.wikipedia.org/?title=Prisoner%27s_dilemma

About the Author: Dr Gerald Power

Gerald started his career as a research scientist and gained a PhD from Manchester University in polymer chemistry. He then joined the Ministry of Defence on its science and technology fast track management training programme. Later he went on to specialise in change and benefits realisation with a particular emphasis on the role of technology, skills and behaviour change in effective delivery of outcomes.

During his career he has worked across all of the major central government departments including DWP, DH, HMRC, DfT, Directgov and DCLG. This has also involved working with local government, the third sector and industry in situations ranging from simple procurement to international collaborative alliances.



His most prominent role within government before leaving to become a freelance consultant was with the Cabinet Office where he provided advice to ministers and departments on the economic case for digital services and on delivering cashable savings. Most recently Gerald has taken an interest in digital inclusion and is currently working with the charity Citizens Online as part of the 'One Digital' consortium to develop new and resilient approaches to digital inclusion. He continues to work for clients on channel shift and service transformation and with CIPFA and RedQuadrant on the [CIPFA Customer Contact Benchmarking Club](#).