4 Steps to Calculating the ROI on Customer Experience Intelligence

UNLOCKING THE POWER OF DATA

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Harvard Business Review estimates it costs up to 25 times more to acquire a new customer than to keep an existing one. And NewVoiceMedia approximates that poor customer service costs U.S. companies $41 billion every year. That's why "customer experience" (CX) has never been more of a focus than it is right now.

But for most companies, achieving intelligence into true CX is easier said than done. Yet it's imperative—the ROI is undeniable. By harnessing the power of data, you can translate the voice of your customers into CX business intelligence (BI) that sets you apart from every other organization.

In this eBook, we share four key steps for building and executing an effective CX ROI strategy, and explore the sometimes-obscure value proposition of CX intelligence.

STEP 1: START DISCUSSING THE VALUE OF CUSTOMER TOUCHPOINTS.

First, ask your quality team for the Quality Index Score (QIS). Don't worry if eyes glaze over—most people don't think in terms of QIS.

Then ask how many customer interactions the organization has each day and make sure they consider all touchpoints (e.g. inbound/outbound calls, chats, emails, snail mail, social media, IVR self-service, etc.).

Once you're armed with this number, ask how many quality touches are made on these customer touchpoints. I typically hear about quality touches from quality assurance, compliance, and audit checks, which I refer to as "checkmark mentality." Few—if any—of these efforts really impact the customer experience, but it's a way to gut-check employee work.

Now, back to the numbers and a simple math exercise. Take the quality touches number and divide it by the first number—the total interactions per day—to get your index score, which can be converted into a percentage.

So what does this index score tell you? The average organization analyzes just two percent of its customer interactions, so if your organization scores less than two percent, it's scoring below average.

.0018 0.18%

90,000 | 160.0000

2%

The average organization analyzes just 2% of all customer interactions – mostly for random assurance checks and reactive investigations.

98%

The rest of this invaluable intelligence sits on the shelf – not working for the organization.

Use this data point to start the discussion on building BI around customer touchpoints within your organization. And be sure to include your C-Suite in every discussion!

STEP 2: DOCUMENT YOUR CX GOALS AND OBJECTIVES.

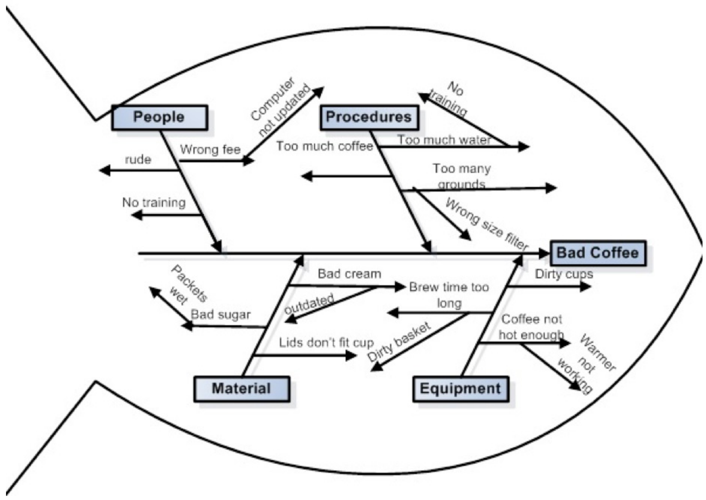
First, you need to help align your executive team's vision around the customer experience while considering your customers' expectations.

Starting the discussion on building BI around customer touchpoints begins with planning, and planning begins by documenting baseline measurements for the customer experience. Even if your baseline data is skewed by low volume survey results and/or low QIS, capture it anyway—you can use it as a starting point until you have more accurate data.

Then work with your executive team to understand and whiteboard the organization's high-level goals—both short- and long-term—and build a cross-functional team to identify the top five high-level customer experience objectives that align with each goal.

Now for the tough part: solicit input on your objectives from a handful of customers representing different personas and vertical industries. And, since customer expectations often do not align with existing or planned goals and objectives, their feedback may need to be reviewed by your executive team.

Conflicting goals usually do arise, at which point it's helpful to identify and define the relationship between them—i.e., cause and effect. I recommend Ishikawa diagramming, which is a simple way to visually explore all of the potential factors that may be causing or contributing to poor customer experiences.



Sample Ishikawa fishbone diagram that maps out cause versus effect. Source: Wikipedia.org

Executive Team: Ensure first interaction resolution with the customer…always with a hidden context of "within our published average handle time (AHT)" for that interaction type.

Customer: I don't care how long I interact with an employee, I want to ensure that I have the right answer before I finish. Anything less than that can break down my relationship with you.

Executive Team: Monthly goal and KPI is to upsell "x" on 20% of all interactions with a customer. Ask open-ended questions to ensure an upsell and meeting your personal KPI goals.

Customer: Do not try to sell me anything until I am 100% happy my issues are resolved. I need to know you are knowledgeable and have given me accurate information before I will purchase.

Examples of mismatched executive goals and customer expectations.

DON'T FORGET ABOUT ANALYTICS TECHNOLOGY...

The single most significant software development in this decade unquestionably is sophisticated analytics. For enterprises—and, in our case, contact centers—you most often hear about use cases involving speech analytics. But don't be fooled—today's analytics is so much more than that: desktop, text, sentiment *and* speech. So to substantially impact customer experience and differentiate your service delivery model, it's important to consider which type of reporting and analytics technology will be needed to meet your new goals. And there are some must-haves. For instance, you want reporting and analytics that:

- capture and measure the right data needed to track performance against your goals and objectives
- can be personalized to your organization's unique needs
- deliver dashboards that are: a blend of performance management (and drillable to coaching moments), process improvement and customer experience, so you can easily balance between efficiency and effectiveness measures; and also intuitive and drillable, so users can quickly reach the root cause(s) of performance, process or customer experience issues
- let users visualize and customize "actionable" dashboards based upon each unique role in the organization, so anyone can easily understand how and when to take appropriate action
- and has an artificial intelligence (AI)-powered and machine learning framework that drives predictive, embedded analytics throughout the entire platform.

There's no cookie-cutter recommendation on software to support your unique needs, so be sure to work with a vendor that will help you take your CX strategy, decisive data needs and goals to the next level. In addition, pick a software vendor that has analytics and BI woven into its entire platform (so you can easily add the modules you need without increasing your software costs); has embedded analytics and business-driven visual discovery into everyday customer experience tools; and allows all business users to intuitively consume and act upon data with less effort and higher precision.

From the Trenches: Top 3 Challenges in Strategy Execution

1. **Over-promising on the return (ROI) with scattered themes.** I typically reference this as a "scattershot ROI with minimal qualitative and quantitative data" that lacks focus on specific goals and/or an accurate estimate of ROI that aligns with the strategy. Do this just once, and the credibility you lose very well might hinder any future budget requests.

2. **Trying to collect too much data to launch your project and/or support your budget request.** These projects never get off the ground due to the analysis paralysis and procrastination caused by insufficient preparation and disorganization of the data needed to meet the goals.

3. **Insufficient understanding of customer needs mapped against internal biases.** Without enough upfront planning and communication of the documented current state, projects are strategized and executed without a true understanding of the existing customer experience.

STEP 3: ASK, "HOW HARD IS IT TO DO BUSINESS WITH US?"

Now that we've discussed how much value your organization puts into customer touchpoints and the value of capturing baseline data to support goals and objectives, let's take a look at how easy—or how hard—it is to do business with you.

When looking through this perspective, you'll probably have an "ah-ha" moment when you realize all of the areas where you can positively impact the customer's experience within your organization—the same areas, I believe, where you also can reduce costs.

So where do you start? I suggest you build a key indicator that consists of 5-6 metrics that can measure on a basic level how easy it is to do business with you.

First identify some of the key outcomes from your conversations and findings from the first two steps above that can be tracked and measured—that's your basic starting point. A few tips...

- If you want to translate the voice of your customers into actionable BI that will transform your company into one that's easy to do business with, you must ensure you have the right data—specific customer data. Even if your organization is a pro at collecting a lot of data, the guidance here is collecting the right data to make intelligent business decisions—quickly and easily—and knowing where to focus in order to positively impact the suggested key indicator. And you'll need much more than transactional data—you'll need access to and the ability to understand and act upon unstructured data as well.

Shift your terminology and tracking from "FCR" to "FIR," and you'll be well ahead of all of your competitors still focused on and attempting to track only FCR via a variety of disconnected methods.

- One metric you'll definitely want to track is how quickly your agents resolve customer issues since repeat interactions severely and negatively impact a customer's experience with your organization while exponentially adding costs to the business. And—because customers connect with you in so many more ways than just through a call—I suggest you measure "first interaction resolution (FIR)" instead of "first call resolution (FCR)." Then build a balanced dashboard, so you can easily visualize and take action when your organization is at risk of missing or negatively impacting FIR goals, so you are continuously working to positively impact the customer experience.
- Start small to ensure you achieve the goals you set and to ensure you simply get started. Once you take the first step, the other steps will follow more naturally.

Driving Value

Organization increases FIR/FCR, which saves agent time, reduces customer effort and increases customer satisfaction levels

RECOGNIZE	EXAMINE	REVIEW	CORRECT	CONFIRM
FIR or FCR dashboard shows repeat calls trending up	Filtering FIR/FCR report by team reveals it is significantly lower for one office	Reviewing most relevant customer interactions reveals agents in that office are giving customers inaccurate shipping information	New training component mandated for all agents in that office that struggle with giving inaccurate shipping info	Post-training re-measured to confirm KPI increase for office has been eliminated

- Choose a provider who partners with you for a seamless buyer's journey, ensuring your objectives are understood, and are part of the execution and success plan. Then leverage domain experts from the provider's consulting team to help you build a plan that under-promises then over-delivers on your ROI strategy. Meet your assigned Customer Success Manager early in the sales cycle to confirm they understand and are part of the journey you want analytics to take, then walk through concepts and ideas and build the strategy with them.

- And, lastly, use the table below to determine your organization's threshold for change and plan your efforts accordingly. If, for instance, your organization is more resistant to change, perhaps you need to take a slower, more phased approach to implementing new KPIs and taking action upon the findings you reveal.

Identifying, measuring and acting upon the right contact center analysis findings can positively impact your business in a variety of ways. Let's look at a few real-life examples.

Example 1

In this first, basic example, it was evident several key areas were causing undesirable sentiment based upon analysis of all recorded interactions and a growing negative predictive sentiment trend (as determined by machine learning). The organization wanted to quickly dig into the trend in order to take the appropriate action to reverse it.

Leaders used drillable dashboards to quickly get to the root causes of the trend. For example, they found a very complex service process caused a subset of employees to struggle to manage new information and customer requests. As a result, these agents were placing callers on hold and transferring inquiries to their help desk to try to manage customer needs. The result? Customers were unhappy, and their negative sentiment was on the rise.

CONSERVATIVE	AVERAGE	CHANGE MANAGEMENT
RISK TOLERANCE		
• Seek to minimize risk regardless of return on inestment • Only adopt proven solutions	• Evenly weight ROI against desired goal/objective • Pursue strategies to achieve market growth objectives	• Willing to spend/lose money in the short term to gain long-term results • Early adopter of new processes or technology
NEW TECHNOLOGY ADOPTION		
• Little or no training on new technology solutions • Leadership may not champion new technology solutions	• New solution fits existing technology strategy • Users have adequate technical skills to adapt to new solution	• IT and business units align on vision for new solution • KPIs and milestones defined for new solution integration
ADAPTING TO CHANGE		
• Does not deviate from the "norm" • Maintain consistency at all costs	• Willing to try something new if it's been proven effective elsewhere • Open to new ideas and processes	• Frequently asking "Can this be done better?" • Active process improvement team, e.g. Lean Six Sigma

Different organizations approach and welcome change in different ways and at different paces.

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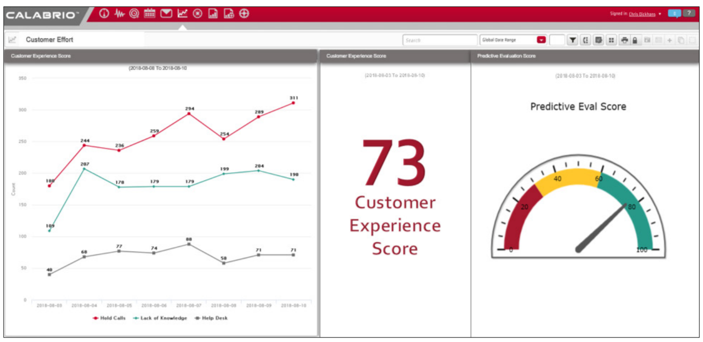
This example shows you don't need to start with complex data models and intricate scoring methodologies in order to make a difference. It also demonstrates why you must be able to quickly and easily drill into root causes when analyzing data: agility and the ability to react quickly in modern contact center environments leveraging many communication channels are must-haves.



By decreasing customer effort scores, you can help reduce overall operational costs.

Example 2

In the second example, an organization was shocked to discover it had a 35 percent repeat interaction rate (meaning 35 percent of their interactions required more than one interaction to reach complete resolution) because their own survey results showed they had an above average FCR rate.

By quickly identifying the root cause, the company was even more shocked to learn that 27 percent of the 35 percent that started as a repeat interaction also ended as a repeat interaction!

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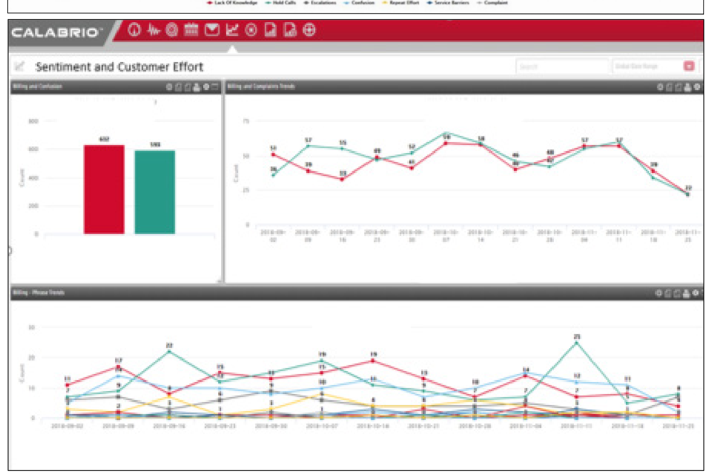
This very costly hiccup is just one example that proves the value of tracking, trending and acting upon customer effort issues while simultaneously reducing operational costs.

Example 3

In one last, basic example, an organization mapped seven major behaviors to increased customer effort, finding three of the seven to be closely aligned and needing immediate attention.

By easily spotting trends within data, users at this organization were able to easily move beyond visualization into quick analysis, without needless interruption to their workflow.



BPO TEAMS UP TO BUILD INDUSTRY-LEADING ANALYTICS PROGRAM WITH CALABRIO FOCUSED ON CUSTOMER EFFORT

Challenge

Baseline findings with Sentiment Analysis shocked the Analytics team: “We had high rates of neutral sentiment.”

Digging into the “why,“ they identified key topics that correlated with less positive sentiment. The team then build training materials to guide more positive reinforcement sessions with supervisors.

Results

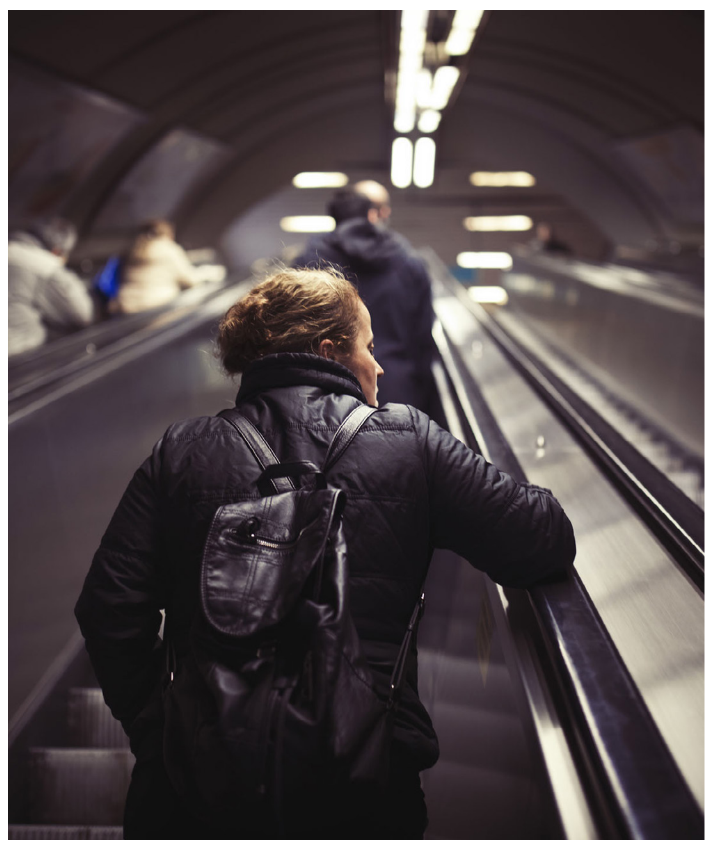
- Positive sentiment improved from 17% to 93% in one week
- KPI improvements in customer satisfaction, customer effort and representative knowledge and demeanor

STEP 4

Translate the Voice of Your Customer (VoC) into Business Intelligence

Now it’s time to deliver those measurable benefits by transforming the way you work and illuminating compelling insights about your customers. You might think I’m going to disclose some special formula or secret sauce on how to do so, but it isn’t rocket science. You can easily make this type of transformation!

First, take a few moments to articulate and write down any quantifiable changes made in your organization in the past 12 months that positively impacted the customer experience. Need a jumpstart? Here are a few basic, real-life examples that highlight in red the specific analytics struggle faced by contact center leaders, as well as the path we suggest they instead take.



CHANGE	LEVEL OF EFFORT	QUALITATIVE IMPACT	QUANTITATIVE IMPACT
CUSTOMER SHIPPING ISSUES	4 weeks – 3 FTE. Study included a sub-group of customers to contain scope of effort.	Brand loyalty at risk. Potential loss of future sales.	Financial losses were calculated based upon known shipping issues in the sample study.

Example 1

Outcome/Struggle: After four weeks of analysis, leaders asked the analysts to investigate one additional dimension of data that may have had an impact, forcing the study to be restarted with an expanded scope and adding human capital costs to the original project cost estimate.

Suggested Path: For many companies, simply taking the time to calculate all of the ancillary requests required to complete all small and large research initiatives will expose significant ROI possible with an automated analytics approach. In this instance, we suggested the company automate VoC for every interaction in order to study shipping issues (eliminating the need start from scratch if or when requirements change); expand the study with opinion mining machine learning (sentiment) for polarity classification; and augment current work with additional needs in order to quickly analyze the additional scope.

THE ROI OF HUMAN CAPITAL

Human capital is the most significant, quantifiable ROI because so many companies try to solve issues by throwing headcount at them, without giving any thought to the costs of doing so. That's why automating CX intelligence by using robust analytics enables companies to achieve fast ROI—they're able to, for instance:

- grow rapidly, without having to add headcount
- no longer need to backfill FTE attrition
- and redeploy FTEs to run more complex analyses that better align with continued CX transformation.

CHANGE	LEVEL OF EFFORT	QUALITATIVE IMPACT	QUANTITATIVE IMPACT
REPEAT INTERACTIONS TO DISPUTE BILLING	300 employees – 1 week with 6 categories on a tick sheet. Paper tick sheets were given to employees for 1 week.	Reputation and risk of losing customers in an extremely competitive telecom industry.	Everyone scored the tick sheets differently. Some forgot to score chats when multiple chats. No quantified data.

Example 2

Outcome/Struggle: After one week, analysts had data but no findings that would support potential actions for change. The analysis was determined to be anecdotal, so a re-launch was planned but never activated.

Suggested Path: Create a customer effort dashboard that includes billing disputes; cross correlate and trend the disputes featuring repeat interactions; and follow the data to analyze and determine root cause. In this example, negative sentiment and confusion were correlated to the same interactions, so the issue was much larger than initially believed. Leaders put into place defined actions and agreed-upon ownership for reporting improvement trends. They also recorded a new baseline of the issue (since the original baseline was inaccurate), so they could accurately quantify actual improvements.

CHANGE	LEVEL OF EFFORT	QUALITATIVE IMPACT	QUANTITATIVE IMPACT
CHALLENGES WHEN BOOKING PATIENT APPOINTMENTS	150 FTEs setting appointments. More than a year of horrific survey scores, and scathing and sarcastic reviews. Quality assurance program and survey scores were focused on the issue.	Community status. Facility reputation. Loss of established patients.	QA and survey scores were derived from too small of sample to understand the root cause. No quantifiable data. Started patient huddle discussions. No progress on root cause.

Example 3

Outcome/Struggle: After spending more than a year trying to understand the challenges in booking patient appointments during an interaction, no action was ever taken to improve the status quo. This organization lacked the tools to understand and impact the issue—they were, in fact, “stuck in a rut!”

Suggested Path: This organization’s compassionate employees unwittingly created a vicious cycle: the employees wanted to help patients secure appointments, so they would say something like, “We don’t have any appointments for that date, but if you call back each day, we can see if there’s a cancellation. I’m sure we will be able to fit you in.” So patients would do just that—keep calling back—and it caused the organizations more than a year of challenges and a significantly increased cost of doing business. Once the organization embraced the new analytics technology that rapidly identified the root cause of the problems, they quickly resolved their issues. It’s important to note that few—if any—organizations could transform this type of situation without using software that enables them to resolve it.

If these examples—where the intent was good, but the execution was poor—resonate with some of the challenges you face, I bet the following are also true:

- Your executives don't know the length at which it takes you and your team to manually analyze data… analysis that typically doesn't make a significant impact on the needed transformation.

- You and your team chase data and findings, only to find multiple departments capturing the same data without different outputs. This data chase is part of your everyday effort.

If I'm right, you're in desperate need of a new, clear path where you can present compelling insights, specific calls-to-action and results that show quantifiable outcomes. And the suggested path is to implement robust analytics software that can do all of the heavy lifting, so leaders can swiftly act upon the findings, implement strategies for change, and ensure the necessary impact and transformation within the organization. That's because leaders need the right technology tools in order to use data to positively impact the customer experience and reduce the effort needed to do business—instead of wasting human capital on monitoring outdated policies or devising workarounds to improve things that don't really matter to your customers.

TOP 3 REASONS ORGANIZATIONS AUTOMATE CX INTELLIGENCE

1. **To decrease the effort required by customers to achieve resolution.**

2. **To truly understand how their customers feel about the service and experience they receive.** According to a recent McKinsey study, more than 85% of customers purchased more following a positive customer experience, and—after a negative experience—70% purchased less. Clearly it can prove costly to your business to lack an understanding of how your customers really feel (like Maya Angelou said, "People will forget what you said, people will forget what you did, but people will never forget how you made them feel."). Sentiment analytics lets you detect what customers really mean via their words and actions.

3. **To meet compliance requirements (PCI, PII, HIPAA, etc.) or mitigate risk.** All industries deal with risk, but highly regulated industries—such as education, financial services, healthcare and banking—deal with an even higher amount of risk when it comes to complying with state and federal regulations. As a result, they must ensure employees follow a very particular script, include certain disclaimers, and do not overpromise or say anything they're not supposed to. It's critical leaders continually monitor, analyze and act upon this type of activity since non-compliance fines—or resulting litigation, for that matter—are costly.

This screenshot shows what an organization might review while monitoring for risk or compliance. As you can see from the pie chart, this organization sees a high percentage of risk-related calls in the credit card PCI compliance category, so some of the most common phrases they monitor are displayed front-and-center on the dashboard for them to easily utilize in the analysis. By monitoring the use of these phrases, the organization can drill into conversations by teams or individuals in which PCI compliance is critical or perhaps even at risk.

CONCLUSION

By building an engaged workforce that cares and is empowered by analytics to understand and do the right things, you'll foster within your organization cross-functional teams that balance great customer experiences against cost savings, so no business objectives are ever put at risk.

That's the ultimate goal of CX intelligence—and one that is well within your grasp.

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