

RESTRUCTURING CUSTOMER SUPPORT SERVICES

AN EKS CASE STUDY

Situation Analysis

A multi-national industrial equipment manufacturer determined that their customer and technical support services needed to be restructured. The goal of the restructuring was to reduce costs without compromising the speed of response and level of support to customers that tended to employ their products in vital, time-critical applications.

The company had invested heavily in sophisticated support and CRM systems. Customer support was part of the firm's culture, and everyone, at every level of the organization, was encouraged and empowered to take the initiative to address customer needs. Independent surveys ranked the company at the top of their industry in service satisfaction.

However, the cost of the support services had escalated to the point that they were well above service revenues. To cover costs, the company had to raise product prices to levels that were causing significant erosion of their once dominant market share.

Desired Outcome

The President of the firm engaged EKS to address the issue. His stated objectives were to:

1. Improve the efficiency and cost effectiveness support processes; and
2. Identify service products that could be reduced or eliminated without substantially impacting customer satisfaction.

Intervention

Over the course of 4 months, the EKS team worked with the company's internal specialists. They used the EnCompass Enterprise (E²™) suite, consisting of the EnCompass® Organizational Process Mapping module and the OrgAnalyst® Organizational Activity Cost Management module, to gather data and analyze the results.

The begin the study, a series of structured focus groups engaged a cross-section of the customer community to determine their principal concerns and priorities with respect to support. The E² tools' intuitive online survey-style data gathering method facilitated and expedited the data collection process.

EnCompass was used to analyze the information paths, organizational activities, system interactions and decision processes relating to each of these issues. Associated activity costs were captured and assessed using OrgAnalyst. A tailored activity dictionary provided accurate and readily allocatable data from the top level down to the level of the individual respondent for a comprehensive "big picture" with deeply granular drill-down capabilities.

The results startled management. The output clearly showed that support processes were not operating as designed. There were support request routing and response systems in place, which included verification of paid service contracts, but in reality, customers were routinely circumventing them. They were going directly to the customer-oriented technical staff for help, bypassing the verification of paid service contracts. Service contract renewals fell, which eroded service revenues while the internal costs of providing support continued to rise. Based on the clear E² findings, the company assessed alternatives and determined the necessary governance changes in systems and process practices.

Results

As a result of the EKS study findings, a transformation project was initiated. They performed periodic assessments using EnCompass to provide in-process metrics on their progress. Seven months later, the revised system was successfully in place. The following year, support costs were down by nearly 20%, with no reduction in services. Support revenues started to climb, reversing a four year downward trend. The next year, the support organization became profitable for the first time in its history, allowing the company to adjust product pricing to a more competitive level.

