

VIEWPOINT: Prudential's customer service strategy delivers personalized service for customers

In competitive markets like insurance, retaining customers is a challenge. Price is frequently a motivating factor for customers when choosing an insurer and customers have high expectations of service performance. Prudential General Insurance is one company that realizes the greatest impact on customers' views of the company is their interactions with frontline staff.

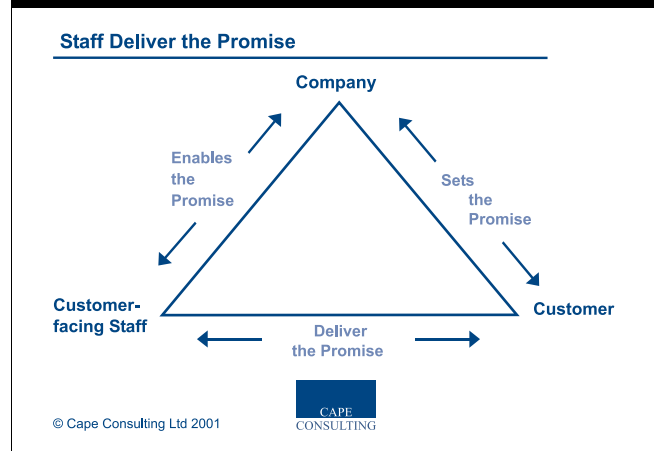
The challenge

Prudential GI wanted to deliver excellent customer service consistently, all day, every day.

In the service industry, a staggering 70 to 80 per cent of the customers' view of a company is conditioned by interactions with staff. These interactions are unstructured and unique. They cannot be totally controlled and are a mix of process and behavior. They require balance and flexibility, not tight controls. This means that the relationship between company and customer must be led and managed by operations (see Figure 1).

Internal culture and management style of an organization conditions the way frontline people behave. What they do and say when communicating with customers directly reflects what they think matters to their managers, how they believe their performance will be measured and what they feel they have the authority to do. The ability (or not) of staff to be flexible, their level of involvement in determining how they do their job and how well communication works, all influence frontline behavior.

Figure 1 — The service triangle



Hearing the voice of the customer

Prudential GI decided that the first priority in consistently delivering excellent service was to understand how customers should feel when dealing with Prudential and how those customers expected staff to behave. Cape Consulting carried out original, qualitative customer service research to probe how customers viewed insurance, what they thought of Prudential and how they wanted to be treated.

The research found that excellent service for Prudential's customers comprised three key elements – table stakes, functional elements and personalized service – each of which needed to be in place before the other could make an impact:

- (1) *Table stakes* are those elements that must be in place simply to be in business – efficiency, reliability and clarity of information.
- (2) *Functional elements*. Competitiveness, promptness and speed of response (claims, responses, settlements) and professionalism (knowledge, courtesy, listening) are vital but do not differentiate one service provider from another.
- (3) *Personalized service*. The real challenge in winning loyalty and driving retention. It relies on frontline staff conveying a sense of empathy and individuality; understanding individual circumstances, recognizing the needs of these circumstances, especially when traumatic, and being able to respond.

Demonstrating the right level of empathy is a real skill, especially when communicating over the phone. And while flexibility of response is needed, procedures also need to work. This is where management need to be able to empower staff to know when they can and when they can

not vary standard procedures in the interests of customers.

Retaining customers has to be everyone's responsibility as everything that happens has a small but significant impact on customer opinion. It dictates whether they feel positive or negative, whether they renew or go elsewhere, and whether they recommend the company to others. Staff need to have flexibility so they can respond appropriately, and maintain quality and accuracy.

Service strategy audit

Prudential GI then needed to know how it measured up to the customers' views of what constituted ideal service. An audit was conducted by Cape Consulting, involving customers and customer facing staff.

The customer audit of actual service experience showed Prudential GI was "OK" most of the time. Customers were not being wowed but it was apparent that no one else was doing much better. Individual experiences varied widely, suggesting inconsistent service. Inertia reigned in this market. Customer loyalty was up for grabs.

The internal service audit was a highly visible, qualitative audit of staff attitudes and behaviors, identifying current performance and internal barriers to service delivery. It revealed that staff believed Prudential GI intended service to thrive but the focus was internal, on "our work" rather than on "the customer experience". Performance measures did not always focus on service and customer service was seen as a series of tasks, with the greater focus on what was done rather than how or why it was done.

Acting on the results

The research delivered a clear message that what customers wanted was a more personalized service. At an executive workshop the challenge was to turn the results of the research into a service model (see Figures 2 and 3) that defined how service should feel for the customer and what impact achieving that would have on the organization. After much debate, four key components to delivering excellent service emerged:

- Giving reassurance – overcoming the cynicism that exists; assuring people that choosing to buy insurance from GI is the right thing to do.
- Sharing knowledge – customers need to feel better informed, not to feel that insurance is a subject that they are not meant to understand.

Figure 2 — The Service Model™

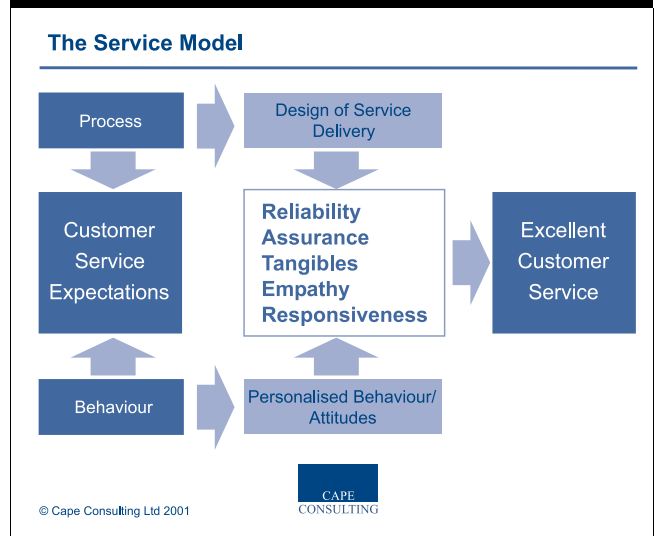
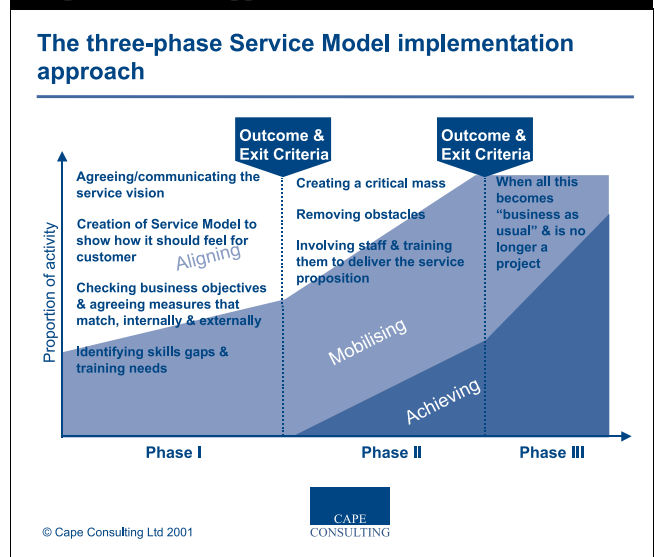


Figure 3 — The three-phase Service Model™ implementation approach



- Solving problems – recognizing that when people get in touch it is generally because they have a problem they want to have solved.
- Personalizing – making the customer feel they has been listened to and are important.

The next stage was to take the operations managers from five national service centers (covering sales, service, telephone claims, technical claims and paperwork fulfillment) through the service model and agree how they would apply the key principles locally.

Operations managers were trained to run launch sessions of the service model with their teams. These workshops

involved briefing on research background, building links to business goals and facilitating “real work” exercises designed to encourage discussion and build understanding. A measurement system to bring customer feedback on the delivery of the service model for every team was put in place to give rapid, actionable information on which to base specific improvement and coaching efforts. Each team now has an individualized questionnaire that is being used on a monthly rolling basis to gather feedback from customers about performance.

Prudential GI has taken a huge step forward in understanding its customers and in organizing its operation in order to respond. Prudential GI’s experience illustrates personalized service is key to creating customer loyalty. To achieve this, companies need to base any service strategy on customers’ views and involve staff in the process to ensure buy-in from all involved. In summary, to deliver service excellence:

- Establish what your customers really want from your service.
- Understand customers’ priorities and what they think about your current performance.
- Identify internal barriers to delivering service excellence.
- Involve your staff in identifying what needs to change.
- Use the results of research to develop strategies for improving service performance.
- Set a plan to change over time.
- Make service excellence a way of life!

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