



Customer Satisfaction Through Performance Management

Executive Summary

Once a champion of customer service, Sprint saw a steady decline in its customer satisfaction ranking during the mid-2000s. By the start of 2008, customer churn was peaking, retail stores were closing, and the company's stock had lost value.

Sprint needed to act quickly. To combat its slumping market share, the company embarked on an ambitious program to, among other things, revamp its customer service and call center operations. An organization-wide initiative focused on improving customer experience was undertaken, which included a focused performance management review. The goal was to establish more effective metrics and generate actionable information that would help the company focus its service efforts.

Sprint has decided to right the ship. Today, customer satisfaction is soaring, and Sprint has improved service quality and customer experience delivery. Operating expenses for the Care function are down, and customer churn has declined. Let's look at how Sprint executed this turnaround.

Compass Delivers Results

Sprint dehcnuua a new performance management tool it named Compass, built on the NICE Performance Management (Merced) solution. As part of Sprint's overhaul of its customer service program, Compass has helped:

- Improve customer satisfaction numbers by more than a third
- Improve first call resolution by more than a third
- Reduce calls per subscriber by more than a third
- Reduce cost of Care operations by more than a third
- Reduce billing adjustments by three quarters
- Cut Sprint's customer churn rate back to less than 2%
- Reduce the number of call center representatives while working to retain the top performers and training the mid-performers up
- Reduce the number of call centers required to deliver improved customer service
- Propel Sprint to the top. A leading consumer magazine survey considered the company as the "Best Choice" cell-phone provider in the U.S.

Challenging Times

In the early years of the mobile phone industry, Sprint had a reputation for solid customer service. Employees took pride in that distinction and helped to ensure that happy customers were a key competitive differentiator. But due to a combination of post-merger challenges with Nextel, growth, acquisition, and cost cutting, the service focus waivered, and Sprint experienced steady erosion in customer satisfaction.

By late 2007, this service decline had a significant impact on customers. Sprint's first call resolution was 20 percent worse than its nearest competitor. Customers had to call twice as often to resolve an issue, and, when they did call, the average hold time was more than seven minutes - nearly 14 times the industry average. Thirty-five percent of callers simply quit waiting and hung up.

It was little surprise that during this time Sprint ranked in the back of the pack in customer satisfaction, and customer churn was double the rate of the industry. The financial toll was huge. Sprint ushered in 2008 by slashing 4,000 jobs, closing retail stores, and taking a \$29.7 billion write down on goodwill. The stock was hammered and trading 50 percent below historic highs.

Faced with the twin forces of a global economic slowdown and its own deteriorating business situation, Sprint needed to act to remain relevant. The company decided to return to its service roots and put customer experience as one of three top corporate priorities. Customer satisfaction is always important, but during economic downturns, it holds even greater significance. The company hoped that a service reboot would add to the momentum for a turnaround.

To do so, the company launched an ambitious program to upgrade its internal management and employee development processes and replace its home-grown performance management system. Less than two years later, Sprint has reversed its decline with eleven consecutive quarters of improvement in customer satisfaction and first call resolution.

Under the Looking Glass

When Sprint examined its poor service performance, it was clear its internal management practices were a contributing factor. The procedures used to measure and communicate performance and expectations with each employee simply did not reinforce or align with the company's customer service goals. Additionally, employee compensation was not tied to service results, and Sprint's outsourced call center contracts were tied to volume, not customer satisfaction. The company's Care organization was out of step with the needs of the business and with Sprint's customers.

Sprint's performance management system was of little help. The company's system, a homegrown application, provided reams of information and tracked dozens of metrics, but it didn't provide the actionable information the company needed to drive behavior change and support better customer service in call centers and retail stores. "We were awash in data," explained Lance Williams, director of Customer Management for Sprint. "We needed less, but better focused information."

The lack of focus was exacerbated by a lack of structure. More than 80 metrics were manually tracked on spreadsheets. Because of the lack of automation, managers often spent more time inputting data than assessing and coaching employees. When they did take the time to coach, their efforts on focused symptoms or outcomes rather than root causes.

The lack of structure also created a lack of consistency. Different managers focused on different metrics and often shifted priorities based on the measures that cast their call center or store in the most favorable light. Fundamentally, Sprint needed more executional control to make the kind of change that was needed.

Sprint needed a system that tracked the behaviors that most influenced customer experience and delivered the actionable information for both call centers and retail stores. Because many visitors to retail stores are existing customers, service-centric performance management improvements would have a significant impact on both. Sprint also needed a system that enabled management to use this information to execute change through coaching frontline agents, shifting volume to the most effective outsource partners, and bolster management decision making on process change.



A More Focused Approach

Sprint's first step to recapturing its service reputation was to refocus its internal processes on service and customer satisfaction. Rather than a scattershot approach, the management team established a real focus and consistency of purpose. The points of focus were simplified and made consistent so everyone in the organization understood what was expected of them.

"Before the change, our metrics used to be like the whack-a-mole game," explained Lonnie Johnston, director of Call Center Analytics. "We'd pound one metric, then shift our attention to the next metric. The change to Compass," which is Sprint's name for its NICE Performance Management (Merced) implementation, "helped us focus on the metrics that matter."

The management team then conducted a study of the high and low performers to identify exactly which behaviors consistently delivered the best customer service performance. Based on the findings, Sprint developed specific training techniques to help coach all call center and retail store employees on how to adopt the most successful behaviors.

To ensure the success of the training, Sprint launched a Master Coaches program. The reality is that many managers - even very good managers - may not be completely comfortable training employees. The Master Coaches program helped directors and supervisors learn how to more effectively coach their employees.

Sprint also strengthened its long-standing practice of linking employee compensation to improvements in customer service. Results-based short term incentive goals were streamlined and extended to every employee. Customer service is a measured part of every job at Sprint.

Sprint also changed the way it compensated outsourced call centers. Rather than reward the centers for call volume, the new performance model tied compensation to customer satisfaction.

If the contract call center was able to raise its satisfaction numbers while decreasing the number of calls, they reaped the reward for increased efficiency.

The Importance of Performance Management

Rather than settle for the industry norm of making performance management one of many tasks assigned to, Sprint took the unique approach of creating a team solely dedicated to centralized performance management, operated by the business leaders. This singular focus ensures that customer service doesn't get lost in competing technical initiatives.

To implement this new program, Sprint required a proven solution with the ability to support a high-quality customer

experience. Additionally, Merced (now part of NICE Systems) demonstrated performance management expertise, proven best practices, and flexibility that would help inform Sprint's planning and implementation efforts. It also helped that NICE Performance Management (Merced) was the solution of choice for several large companies that had built excellent reputations for customer service and satisfaction, including four of the Fortune Top 10 companies.

Putting the Pieces in Place

With the key process and performance management components in place, Sprint set about turning its vision into a workable solution. Initially, the company focused on its call centers, and then followed with its retail stores, given their dual role in selling and providing service to customers at their 1,100 locations.

Call Centers

To improve the quality of its call center service, Sprint first needed to improve the quality of its performance data.

The performance management team scrubbed the data using Information Technology Infrastructure Library (ITIL) principles. The improved data quality helped reduce reporting turnaround time nearly three-fold and increased accuracy from 60 percent to more than 99 percent.

Now, managers and directors were able to trust the data and use it to track performance and make decisions.

The performance management team then tackled the overwhelming number of metrics tracked by Sprint. By focusing on key behaviors rather than symptoms, the performance management team reduced the number of tracked metrics from more than 80 to less than 20.

And the performance management dashboard highlights ten metrics to provide employees with a simplified portal that is easy to access and understand.

The tracked metrics changed in character as well as number. Previously, Sprint set goals based on stretch targets - the long-term performance ambitions of the company. Now, the goals for each metric are more immediately attainable and thus more motivational. Over time, goals will be reset to migrate toward the long-term performance objectives.

To 'sell' the revamped Compass system to employees and supervisors, Sprint's management team went on a road trip to introduce the solution, highlighting the credibility of the information and the ease of use. Married with the company's renewed sense of focus and purpose, the system has been well adopted throughout its call centers.



Retail Stores

The retail store performance management makeover benefitted from the work done during the call center implementation. The biggest difference between the two phases was the distributed nature of the stores. Rather than a few dozen consolidated call centers, Sprint operated more than a thousand retail locations. Managers of these retail stores were required to track both sales and service metrics.

Using the data quality and targeted metrics approach developed in the earlier call center launch, the retail implementation reduced the number of tracked metrics to five primary numbers, with an additional eight only available to managers. The implementation of the performance management solution, called “MyMetrics” (also built on the NICE Performance Management solution), was completed in just three months.

Compass and MyMetrics in Action

Coaching is Key

With Sprint’s new practices and performance management systems in place, the outdated approach to customer service has been replaced with a highly focused, highly structured process driven by customer satisfaction metrics.

The process is continuous, and each daily cycle starts when a new set of performance data related to targeted metrics is captured. The key data on performance is pushed out to call center representatives, retail store employees, and managers via easy-to-understand metrics and dashboards. At a single glance, managers and employees immediately know how they are doing compared to their peers and the expected company standards.

Based on their metrics, performers are segmented into categories. Each of the categories is coached differently. High performers tend to be very competitive and use metrics as motivation to outperform their peers. Medium and low performers are coached up with training that targets key behaviors in order to improve their performance.

Coaching sessions and observations can be documented and tracked in Compass and MyMetrics with employees acknowledging the coaching they receive. The documentation ensures coaching takes place and helps support potential human resource actions.

Outsourced call centers are also evaluated and compensated on customer satisfaction metrics and required to provide a

certain number of documented coaching sessions. Outsourced call centers that do not meet the service ratings or coaching standards are not renewed.

By managing low performers and training middle and top performers up, the overall performance of call centers and retail stores continues to rise. Since the launch of Compass and MyMetrics, Sprint has seen the variation between high and low performers decrease by 42 percent, meaning its customers are more likely to receive a great experience from a high performing agent.

Righting the Ship

The implementation of Sprint’s Compass and MyMetrics performance management systems has had a profound impact on the company’s customer experience. Actions throughout the company are now more reasoned and supported by facts and key behaviors. Employees understand what is expected of them and how their actions and behaviors impact overall customer satisfaction. The system reduces the noise and confusion of metrics overload so managers can focus on consistency and have the time to provide effective coaching rather than collect and input metrics.

The Numbers Speak for Themselves:

- Sales Representative gross additional productivity is up by a third
- Sales Representative accessory revenue is up by more than a third

The resulting return on investment has been dramatic. According to Mike Laughlin, manager of Retail Performance, the return from the retail store performance management project “exceeded our investment in six months.” In addition, “the improved service performance of the call centers paid off the initial investment within a year,” confirmed Lonnie Johnston.

The Power to Deliver

By implementing the Compass and MyMetrics performance management systems, Sprint has been able to steadily improve business by rebuilding its customer service reputation. The power of a satisfied customer is no secret. Sprint has been able to identify what keeps customers happy and to implement a system that helps ensure its employees and managers focus delivering on that knowledge.

About NICE

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