



Why a silo culture fails to deliver superior customer service

Silo culture is preventing companies in the Consumer Goods industry from delivering superior customer service

In the Consumer Goods industry, both B2B2C and B2B, the quality of the relationship with the customer is especially important in order to create sustainable loyalty.

Companies operating in this environment have customer interfaces in many different channels and parts of the organization. Still, a large part of these companies struggle with a silo culture and fail to deliver a seamless and consistent service experience cross these channels and departments.

Establishing a company-wide understanding of what customer service is and defining a common service vision is a first step towards superior service experience.

In order to illustrate the complexity of customer service within Consumer Goods, the FMCG (Fast Moving Consumer Goods)

industry is a particularly good example. A typical customer in this industry, e.g. a shop or e-tailer, a supermarket, a hotel or a restaurant, has multiple contact points with its supplier.

Depending on the product and the type of business the customer is in, during the customer life cycle contact points are e.g. responsible salesman, order department or e-commerce platform, logistics department and truck driver, technical support and technician, contact center for claims and other enquiries, "logged-in zone" / "my pages" and the credit department.

During a short period of only a couple of days the customer can be in contact with a majority of these channels and company representatives.

From a customer perspective all these interactions with the company's different representatives or digital channels are part of the customer service. Together with the brand and the product, these interactions form the overall customer experience. If the

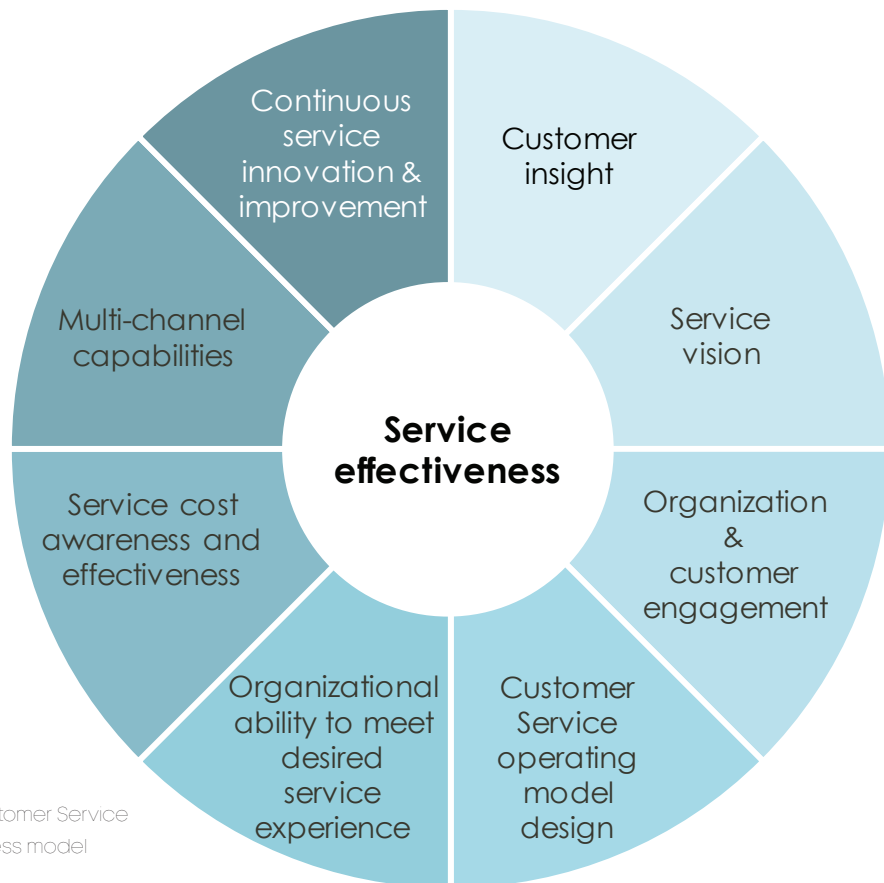


Figure:
Differ's Customer Service effectiveness model

different departments and channels operate as independent silos, with own targets, own processes and own service levels, a seamless and consistent customer service will remain impossible.

An additional challenge, of course, is the continuously increasing expectations from the customers based on competitors' or other suppliers' customer service delivery.

We see four steps in order to overcome these challenges:

Step 1: Current customer service performance

- Define customer service; which parts of the organization are contributing to the customers' service experience?
- How does customer service function today? Ask your customers, partners and your staff and identify what is working well and especially where the pain-points are
 - What do your customers value most with regards to service?
- Understand complexity and importance of most common types of customer issues/service needs
- How mature is the current service function with regards to, e.g.:
 - Service vision alignment to company vision and strategy
 - Staff engagement
 - Cross functional service processes and organizational set-up
 - Supporting systems and tools
 - Digitization and omni-channel service delivery
 - Customer service cost awareness
 - Service KPI's measurement and follow-up

Differ's Customer Service effectiveness

model (see figure) can be used to evaluate the current performance and to set an ambition level for the near future.

Step 2: Customer service vision

- Define or adapt the service vision, i.e. what kind of customer service does your company want to deliver in 3-5 years from now? – What does this vision mean to the customers, to the organization and to your employees?

Step 3: Customer Service transformation

- Develop a transformation plan based on the agreed-upon service vision and the current situation
- Typical areas that might need improvement and investment are:
 - operating model and organizational set-up, e.g. where lies the overall customer service responsibility and how does the organization ensure desired service delivery?
 - cross-functional service processes, e.g. order-to-cash optimization
 - supporting systems and tools, e.g. self-service possibilities, contact and workflow management, 360° customer view giving all staff the same complete picture of the customer
 - governance, e.g. process responsibility, customer service dashboard, how do the different service departments cooperate and what are the desired empowerment levels?
 - customer development or loyalty program, e.g. a value-based and need-based customer segmentation can give input to differentiated service – create customer value and loyalty through offering specifically designed service concepts, with differentiated service promises

Step 4: Track performance

- Select relevant KPI's, key performance indicators – does your set of existing KPI's steer towards the new service vision? If not, consider implementing new KPI's, e.g. Customer Effort Score, First Contact Resolution, Self-Service Rate, Cost-to-Serve, Net Promoter Score.
- Make sure to follow up on KPI development, analyze root cause of dissatisfactory development and use these new insights to improve the customer service function, i.e. closing the loop.

Conclusion: Consumer Goods companies should get a common, company wide grip on their customer service function.

Without buy-in from all units and levels in the organization and without tearing down the silo walls and creating a 360° customer view available to all, they will not succeed in delivering a superior customer service and eventually risk losing customers due to an insufficient customer experience.

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