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# WORK 3.0

# HIGH PERFORMANCE CUSTOMER ENGAGEMENT

By Tech Research Asia
Sponsored by Canon Business Services Australia

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# Work 3.0: High Performance Customer Engagement

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## Executive Summary

2014 is the year of the return of the customer as king, queen and the rest of the assorted monarchy. Australian CxOs are placing a significant focus on improving customer engagement to drive higher levels of growth. IT will play a central role in these efforts and companies acknowledge that they need to support customer interaction through better process optimisation and automation. This white paper delivers an analysis of a survey of 1047 Australian CxOs and their views and intentions towards process optimisation and what this means for efforts to improve customer engagement. It also offers guidance for business and IT leaders on how to pursue these goals.

## Key Findings

• Better customer engagement is a key goal for organisations of all sizes and industries in 2014 and is considered critical to growth and better cost management.

• The customer relationship management (CRM) system and mobile devices and apps are considered key technologies to improving customer engagement.

• Process optimisation is recognised as providing strong benefits, yet most firms do not have a concrete plan for addressing the challenge. This will adversely impact their ability to attain growth through better connected customers, employees and partners.

## Recommendations

• Audit your processes to identify which are inefficient and the causes. Improve the process before digitising, automating and mobilising.

• Look to IT providers that have proven process optimisation solutions and services to assist. The first step is acknowledging you have a challenge to overcome.

• Consider adopting flexible working practices while improving processes. They are closely related and offer a win-win benefit.

• Go agile in the workplace. Assess new work cultures and strategies such as ABW to support high performance teams. The new world of work is one of multiple choices and independence for employees.

## The Dashboard

**Topic:** The role of technology and process optimisation in improving client, partner and employee engagement

**Organisations: All**

**Industries: All**

**Countries: Australia**

**Results:**
* 61.6% of CxOs agree productivity loss from inefficient processes is a significant challenge
* Improved customer engagement is a key focus for helping CxOs achieve the top goals of growth and cost management in 2014.

**Key Statistic:**

# $3283

For two out of three Australian organisations at least $3283 in labor hours is wasted per average employee every year because of inefficient processes.

**Future:**

The ability to offer customers seamless service across channels, geographies and types of service in an anywhere, anytime, any device manner will define competitive advantage for many organisations in the next 3 years.

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## Introduction

The way customers want to engage with organisations is fundamentally changing. The rise of online services, mobile devices and apps, and social media has dramatically altered the manner in which organisations can interact with their clients. More critically, these technologies have given customers the power to engage with suppliers far more quickly across a multi-channel environment. The landscape that once encompassed just a handful of channels such as the phone, email and snail-mail, mass media, events or in-person at a store has multiplied: *see diagram*

These channels – and other emerging avenues like the connected car, wearable computing devices and the connected home – promise the ability to develop, in near real-time, greater customer insight through the data that is generated and analysed. However, using analytics/big data is only one aspect of improving customer engagement. Better engagement also means better service across all channels, employees and, importantly, partners. This is a challenging goal unless companies extend their efforts to encompass process optimisation and flexible working.

Optimising, digitising and automating processes offers benefits in how organisations serve customers, as well as improving employee engagement. In TRA's opinion, better engagement is tied closely to flexible work styles. This includes activity based working (ABW), which requires processes to be highly efficient and real time for employees to securely access and collaborate on the right information while mobile, especially when engaging customers. TRA research has shown that flexible working provides significant benefits in terms of improved talent management and productivity. Further to this, with flexible working strategies that offer time and place independence, employees can work at the best time to serve customers and from the best location. Lapses into an analogue processes or inflexibility on the times employees interact with customers can hurt engagement levels.
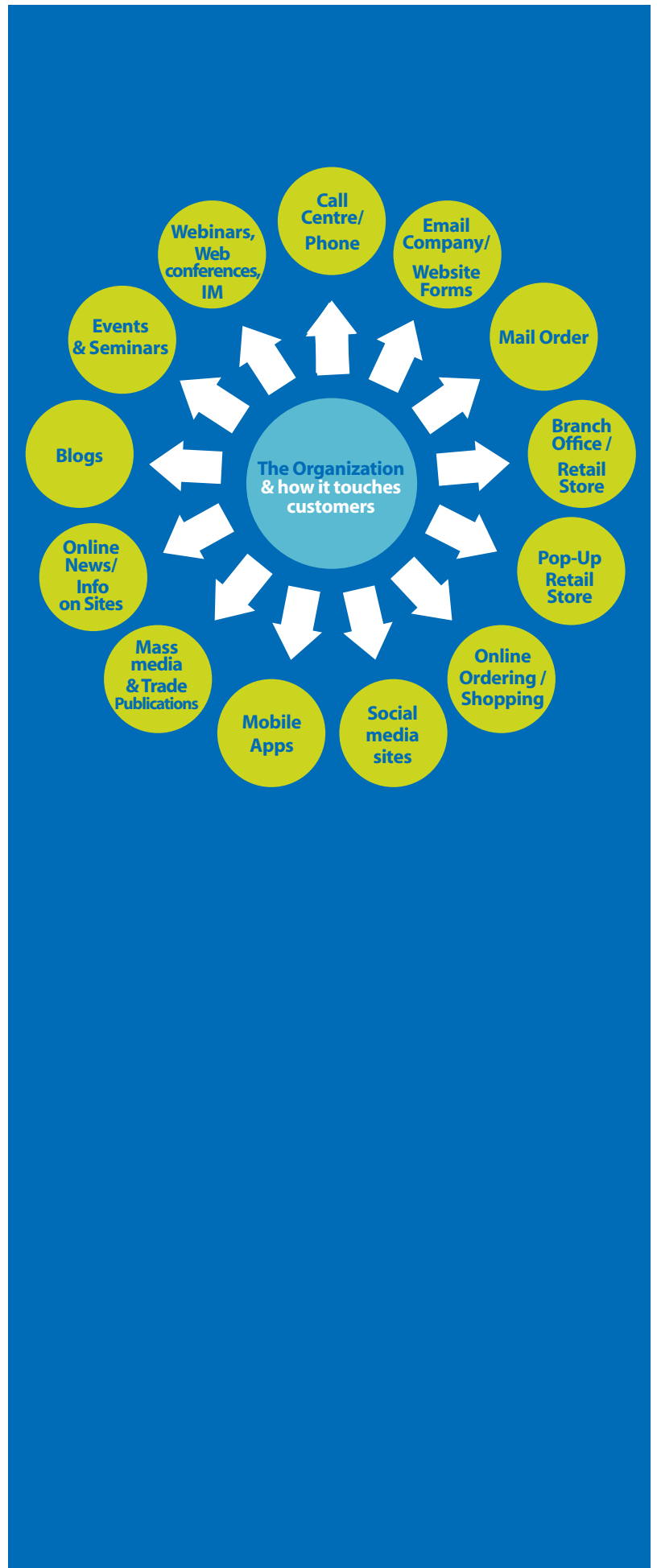
## The Research Results

In November 2013, TRA ran an online survey which canvassed the views of 1047 Australian CxOs working in human resources, finance, office management or IT disciplines. This was complemented by 20 deep dive interviews with CxOs at organisations in a variety of industries. The survey investigated general business and technology attitudes and intentions along with specific questions on workplace strategies and administration. The results are analysed below and are supported by key insights for business and IT leaders.

## 2014: The New Dawn of the Customer

Great customer service is a defining characteristic of highly successful organisations and it has risen to prominence again in 2014. Asked to rate their top business goals for the year 1047 CxOs unsurprisingly pointed to growth and cost management as the top two. Customer engagement, however, came in third, indicating that improved interactions with clients is considered the top way for achieving growth and lowering costs. Productivity and new products or services to market rounded out the top five.

Notably, the customer relationship management (CRM) system was identified as the top technology CxOs believe will help them achieve their goals in 2014. (The graphic below on the right outlines the top technologies respondents cited as underpinning business goals.) This was followed by devices and then social media tools, which are, of course, one of the newer avenues for customers to engage with organisations. These results also serve to show that CxOs now realise that running analytics on customer information (structured and unstructured data) to help understand their behaviour and purchasing intentions is only one element of the IT environment needed to improve customer service. Indeed, ensuring that the entire IT environment is effectively supporting employees and partners is critical to improved customer engagements. Analytics, online functionality and mobile app-based services are a worthy focus, but shouldn't be pursued independently of improvements to processes, people, tech and spaces that are used to serve customers. TRA recommends business and IT leaders also place a priority on improving the workplace technology strategy – in the office and retail or customer service outlets – and process optimisation.

With 32% of Australian organisations expecting IT budget increases in 2014 and only 8% looking at a decrease, TRA expects a strong focus on IT investments that enhance customer engagements across online, mobile, call centre and social platforms along with face-to-face interactions in branches or customer service centres.
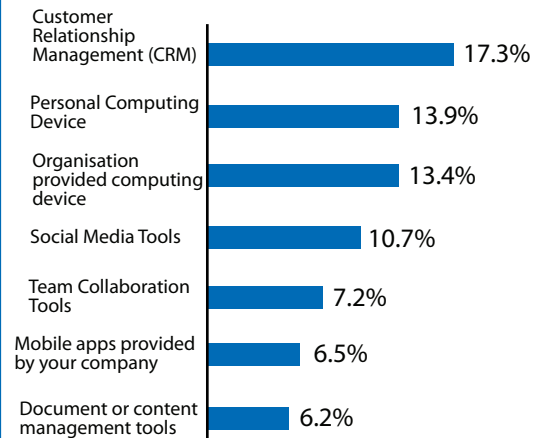
## IT 2014
### BUDGET EXPECTATIONS

**32%**
**INCREASE**
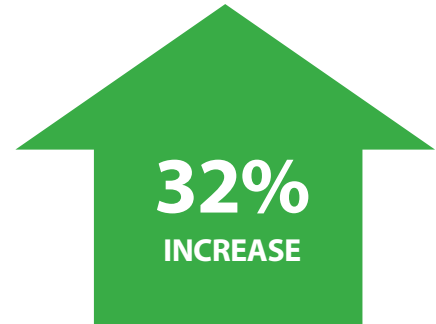
32% of CxOs expect an increase in IT budgets this year, with 8.8% looking at a 20%+increase.

**8.6%**
**DECREASE**

Only 8.6% expect a decrease. Enhancing customer engagement will be a key focus of IT investment.

### For the top business goal, what technology do you believe will be most helpful for achieving this?

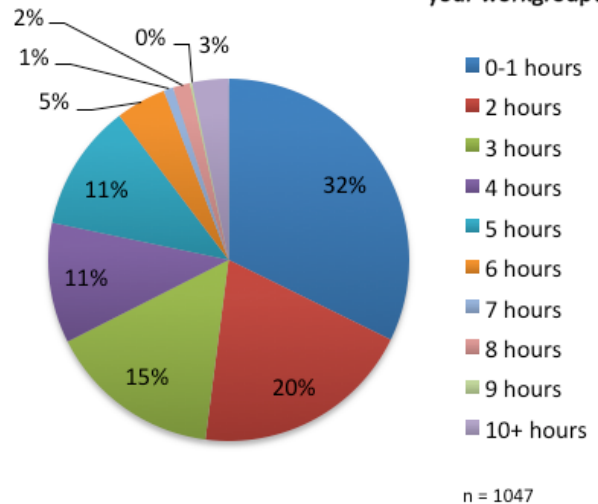| Technology | Percentage |
|---|---|
| Customer Relationship Management (CRM) | 17.3% |
| Personal Computing Device | 13.9% |
| Organisation provided computing device | 13.4% |
| Social Media Tools | 10.7% |
| Team Collaboration Tools | 7.2% |
| Mobile apps provided by your company | 6.5% |
| Document or content management tools | 6.2% |

n=1047

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# The Cost of Poor Administration

In TRA's research, 67.7% of Australian organisations believe that for the average worker at least 2 hours per week is wasted or unproductive because of inefficient administrative processes. More of a concern is the 5% of these respondents that state their average worker wastes 8 hours – or one working day – each week on administrative tasks. Put differently, two out of three organisations are wasting $3,283 per employee per year because of inefficient processes. This is only the minimum direct cost – time wasted by employees will cascade into the organisation's ability to help partners and serve customers, affecting the bottom line performance and market share.

The most time-consuming admin task identified by CxOs is data entry and updating spreadsheets. Just over one quarter of survey respondents said the main reason they spend so much time on administration is because "the role is manual and time consuming". The other top reasons are "Customers' needs demand it" (11.8%) and "We don't have sufficient staff" (11.2%). TRA would challenge most CxOs on the reasons submitted for the amount of time spent on admin. In our experience most organisations do not realise there are cost-effective solutions and services available to remedy process inefficiencies or simply don't have this as a priority. In other words the role doesn't have to be manual and throwing more staff at a problem isn't always the best approach.

Understanding and identifying what process inefficiencies are present in the organisation is always the first step to take – and sometimes the hardest. Not everyone wants to find out the way they do things isn't best practice. Improvements can be taken, including digitisation, automation and mobilisation.



How much of this time do you believe is wasted or unproductive per week by the average worker in your workgroup?

- 0-1 hours — 32%
- 2 hours — 20%
- 3 hours — 15%
- 4 hours — 11%
- 5 hours — 11%
- 6 hours — 5%
- 7 hours — 1%
- 8 hours — 2%
- 9 hours — 0%
- 10+ hours — 3%

n = 1047

# $3283

**Is the average cost of wasted time on admin for each employee per 48-week working year for 2 in 3 Australian organisations. For 5% of Australian organisations that say the average worker wastes 8 hours each week, this equates to $13,132.**

*According to the Australian Bureau of Statistics (ABS) the average pay per hour for a non-managerial full-time adult employee in Australia across all occupations and contract types in May 2012 was $34.20.*

## The processes considered to be most inefficient were:

- **Training and development for HR**
- **General financial reporting for finance**
- **Project management for IT**
- **Compliance and regulation for office managers**

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## Plans to Address Process Inefficiencies

Productivity loss from admin tasks is a "significant challenge" for 61.6% of Australian CxOs. Two out of three say automating these tasks is a high priority in 2014 and agree that automating admin tasks would: A) improve client interactions and B) improve employee engagement.

While this would appear a good sign that process optimisation will be a focus in 2014, additional survey results indicate there is still significant progress to be made. Companies must walk the talk to be successful, yet:

- Approximately one in three haven't started thinking about it or are still considering what to do.

- Only one quarter of organisations with 21-50 employees expect to conduct training to address workflow inefficiency with 16.9% also intending to employee more admin staff.

- 53% of organisations with 1-20 employees either haven't started thinking about how to improve their process inefficiencies or are still considering their options.

- For organisations with 301-500 employees, 28.6% intend to employ more staff.

- For organisations with more than 500 employees the most likely steps for addressing inefficiency are to review the process and conduct training.

These results give us some insight into CxO mindsets in different size organisations. Small firms often don't perceive any process inefficiency and thus don't have a concrete plan of action – "it's just the way things are". Mid-size firms typically look to employ more people or throw additional technology at the problem, especially if they are growing quickly. Larger firms conduct reviews and training. Those CxOs looking to capture competitive advantage through improved customer engagement in 2014 should evaluate whether they are simply following the same steps as their peers. To be successful the company must have an executable plan of action to ensure the processes that connect customers, employees and partners in all channels are optimised.

**Which of the following is your organisation planning to do in the next 12 months to address this inefficieny?**
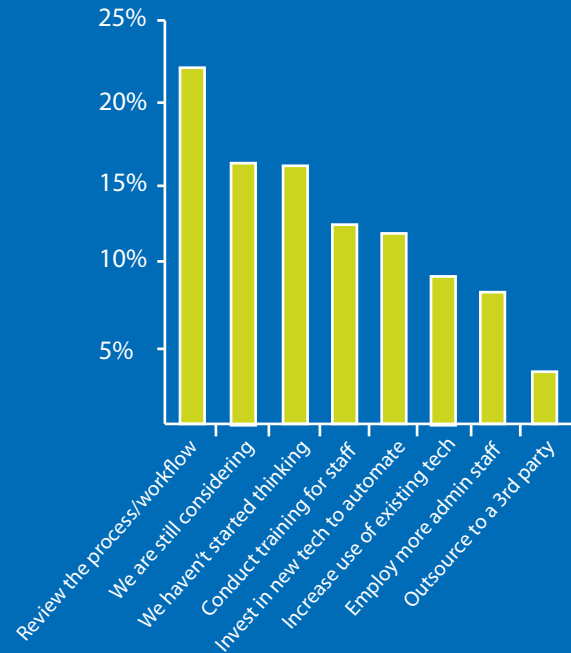


**Should these actions prove successful and give time back to the organisation, 25.5% of CxOs would focus on the core business, 19.5% on customer engagement and 13.5% would expand the business with new products or services.**

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## Recommendations for Achieving High Performance Engagement

There is little doubt that for most organisations customers will increasingly expect anywhere, anytime, any device, and any channel engagement. This will often be with demands for seamless service across channels, geographies and types of service.

While many Australian organisations have started to address this new customer reality and are placing a big focus on customer engagement in 2014 – as evidenced in TRA's research – there is still a long way to go. In TRA's view not enough organisations have placed sufficient focus on the processes that allow information to flow between customers, employees and partners.

This lack of process optimisation means there is an opportunity for organisations to gain advantage by moving early to address these inefficiencies. While many CxOs indicate they are going to address process inefficiencies this year, TRA believes many don't understand how to do it or are only giving token effort to the task. For those that do want to enhance customer engagement via process optimisation we recommend:

**1 • Undertake a comprehensive discovery audit that identifies which process and administrative tasks are inefficient**
Prioritise intended improvements based on the processes that will have the biggest impact on customer engagement and the bottom line – but don't ignore the 1%-ers (i.e. the supporting processes). You should consider a 3rd party with extensive experience in this field to assist.

**2 • Ensure the process optimisation takes partners and employees into consideration.**
Any change to processes will have an impact on the supply and value chain along with the way employees work. Disruptions to these parties operations can adversely affect the business.

**3 • Consider adopting flexible working practices like activity based working in tandem with process optimisation.**
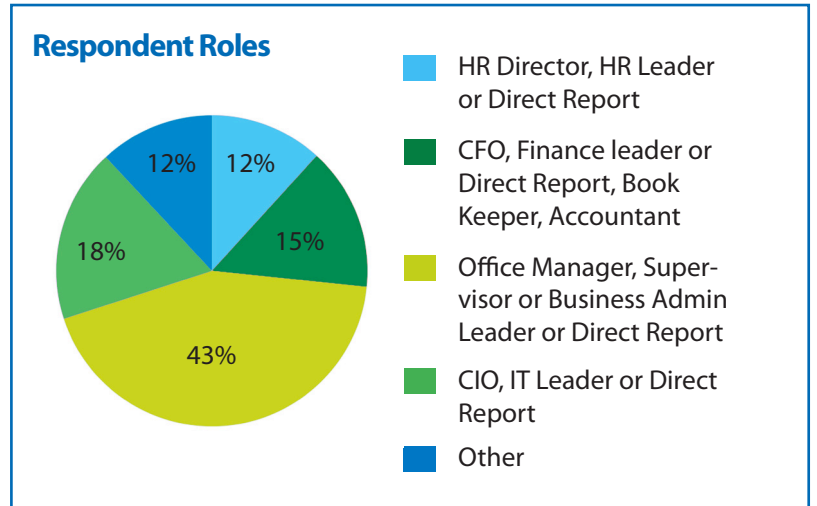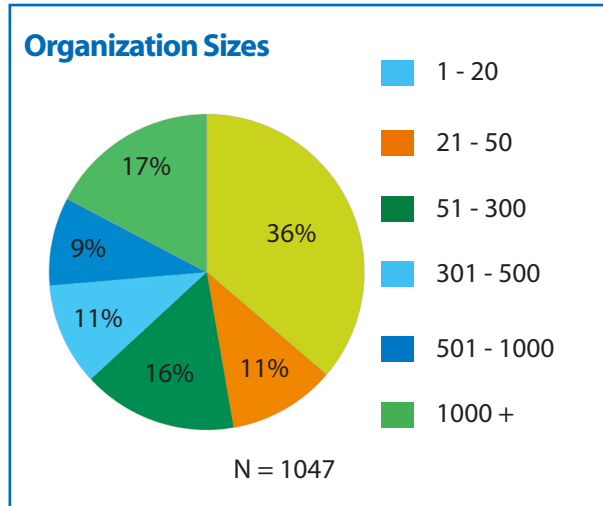The more flexible your employees are, the more likely you are to be able to exceed customer expectations when it comes to providing service at any time and place. Work styles like ABW also demand a less-paper environment and with it, process optimisation. ABW firms are also frequently able to use their offices as a showcase for the organisation with existing and prospective clients. So this may allow the organisation to achieve dual benefits – better employee and customer engagement.

**4 • Ensure secure information access in an anywhere, anytime, and any device manner – including face-to-face engagements.**
Create an automated and mobilised environment that enables employees to engage clients effectively regardless of time, place or technology used. Use technology to enhance, not replace, face-to-face engagements.

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# Methodology

TRA conducted 20 in-depth interviews with CxOs in organisations across Australia and ran two quantitative surveys in October and November 2013. The first survey captured a sample of 600 organisations with participants split across four roles: Finance, HR, IT and Office Administration. The second survey captured a sample of 447 organisations with respondents split across organisation sizes of 1-300, 301-500 and 500+. A total of 1047 responses were captured with the sample evenly spread across all industries and geographies. Both surveys shared identical questions that were split into three topics: General, Administration, and Workplace + Mobility.

## Organization Sizes



- 1 - 20
- 21 - 50
- 51 - 300
- 301 - 500
- 501 - 1000
- 1000 +

17%
9%
11%
16%
11%
36%

N = 1047

## Respondent Roles



- HR Director, HR Leader or Direct Report
- CFO, Finance leader or Direct Report, Book Keeper, Accountant
- Office Manager, Supervisor or Business Admin Leader or Direct Report
- CIO, IT Leader or Direct Report
- Other

12%  12%
18%
15%
43%

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