

An Outside-In Approach

Capturing real-time feedback and using it to listen to the customer makes for a positive experience for all involved.

By Pat Speer

March 1, 2006 - The customer comes first. We've all heard that phrase, but many insurers would be hard-pressed to prove it's a strategic and tactical reality.

Why? A number of carriers implementing customer relationship management (CRM) systems are hopeful that CRM's ability to provide profiling, micro-segmentation, and predictive analysis to reveal the preferences and proclivity of customers will help maintain their existing customer base and drive new business.

As many carriers have already implemented CRM systems, it follows that they have an eye on seeing CRM through to its promise.

"Insurance companies need to refocus their customer management strategies and resources on customers, not products and processes," notes Cindy Saccocia, research director, insurance, for TowerGroup, a Needham, Mass., research and advisory firm.

Saccocia encourages insurers to take advantage of CRM and analytics technology options to improve their delivery of combinations of products, services, and industry partnerships for competitive advantage.

But as companies examine the effectiveness of their CRM strategies, some are discovering that there's more to getting and keeping a customer than what CRM alone has to offer.

Enter customer experience management (CEM). A term first talked about by analysts back in 2002, CEM holds as its premise its ability to examine the dynamics of interactions between companies and customers and the ability to feed information back to the company in a self-calibrating system that can be used to make optimal use of every opportunity to influence customer behavior.

Philosophy, not technology

Rather than a specific technology or application, CEM is viewed as a philosophy, notes Eric Larse, co-founder of Kinesis, a Seattle-based consultancy.

In its broadest sense, CEM allows companies to see the bigger picture and look at changing company behaviors and operations in such a way as to benefit the customer.

"CRM pigeonholes customers based on past actions without informing companies how to build a more advantageous profile," he says. "It prompts customers to become more valuable to the company without promising greater value from the company."

Because CEM uses an outside-in approach (i.e., using real-time customer behavior intelligence to provide ongoing enhanced value to the customer, vs. examining traditional organizational-centric initiatives-such as CRM-to look at a fragmented or historical view of the customer's experience), it has the ability to facilitate accountability for positive change.

But some insurance companies are beginning to question whether CRM is adequate to provide insight into customer behaviors based on observed touch points (new business, renewals, claims, etc.).

With that question in mind, Pacific Blue Cross (PBC), a Vancouver, British Columbia, provider of extended health and dental benefits, decided to evaluate the effectiveness of its entire customer service approach with both its internal and external customers.

The 65-year-old health insurance provider works with 700 brokers and consultants to service close to two million members (600,000 members and their dependents). The company also manages 8,000 groups and 30,000 individual plan members.

Studying the customer

"We wanted to look at how the customer was responding to certain transactional situations or what the customer said and how they said it during a customer service call," says Cindy Bratkowski, PBC's vice president of client services.

The exercise revealed the need for an over-reaching strategic customer experience program, and the decision was made to find technology that could provide real-time feedback and actionable opportunities for resolution, improved customer service and more.

"Our customers' perception of how we can help them is important, and our ability to meet and exceed their expectations is important," says Bratkowski.

"So we decided to find a scalable, on-demand CEM system that would allow us to listen to our customers at various points throughout the customer life cycle, track their experiences in real-time, and provide us with the tools needed to transform this data into meaningful, actionable information."

The company ultimately decided on ResponseTek*CEM*, a hosted solution from ResponseTek Networks Corp., Vancouver, British Columbia, that uses a services-oriented architecture and Web services to enable PBC to continuously monitor customer experiences, identify specific customer issues as they occur, and rapidly manage their resolution. The carrier hopes to be in full production by early spring.

PBC will leverage the greatest value of the CEM philosophy, notes ResponseTek vice president of professional services and operations Bill Huva, because it's eager to take advantage of the myriad ways to collect and instantly act upon customer feedback.

A "Listening Post"

"We asked [PBC] to provide us with details on the typical customer lifecycle," notes Huva, "from the beginning of acquiring the customer, through the purchase, through various service elements, all the way to when a customer discontinues or adds services. Then we mapped out each and every possible touch point. We put in a 'listening post' or feedback mechanism for each one, and helped them establish the number of ways they can get that feedback."

The majority of PBC's feedback comes from its call center, but the product also integrates with CARESnet, PBC's member self-service Web site that provides groups and individual customers with a forum for feedback along with access to information on benefits and other products and services.

"On the Web, we offer, via e-mail, an invite for feedback, and as soon as they enter at that screen, that customer's issue goes to the appropriate, real person who can act on it in a specific area, such as claims," says Bratkowski.

Huva illustrates the process: "When a claim is filed, the system enables us to proactively approach the customer first via e-mail or even a phone call to check and see what their expectations were and if they were met. Next we use a passive data collector, and last a traditional customer service inquiry."

Once the information is available, the company conducts a biofeedback analysis. "The customer may not have liked a certain aspect of the transaction, mentioned a competitor's name, etc. We watch for these triggers and then tell the appropriate person at PBC that there is an alert to action on. All of this information gets aggregated so they can look at the larger-scale trends."

Kinesis' Larse points out that looking at larger trends means understanding why the customer is or isn't happy, something a traditional CRM may not be able to manage on its own.

"While CRM is fairly effective at measuring its own successes, it does not provide much information about its failures," he says. "It doesn't give much insight when customers do not respond in the predicted way. CRM is thus unable to determine whether failures are the result of faulty assumptions, incorrect information or poor execution. It is also unable to tell how these 'failed' interactions affect the customer relationship; it treats all failures as neutral, when in fact the fabric of the relationship may have been weakened or undermined by a poorly executed service encounter."

ResponseTek*CEM* includes tools that address churn, one at a time and in aggregate, Huva points out.

"A lot of companies think they understand customer satisfaction, but the information is six months old. A CRM program may tie it to the whole customer life cycle; by then you've lost because there is no immediacy."

Huva says the ResponseTek*CEM* solution will enable PBC to improve retention by identifying customers at risk of defecting to competitors in advance of policy renewal time,

while simultaneously giving them tools to develop more powerful processes and programs to acquire new customers.

"There is a positive effect on employees when they have the feedback they need to make it better with the customer," Huva says. "No one wants to be yelled at. When our customers have their front line people address issues quickly and diffuse them, or answer questions. A CSR can turn a conversation around, get the feedback quickly, and in some cases resolve the problem. They can even use the opportunity to talk about other products, issues, etc."

Bratkowski agrees. "Our clients are asking for new wellness products. We can move ahead and show that we are listening."

Future focus

PBC also plans to broaden its customer experience program to include other types of interactions. As part of its overall initiative to improve how it communicates with internal customers and stakeholders, the company is currently implementing the Transform Suite from Whitehill Technologies Inc., Moncton, New Brunswick, which enables conversion of ASP and lined format documents from the mainframe to PDF and text for Web use and postscript files for print.

Initially for use internally for items such as policy declarations, the plan is to extend the technology outside to stakeholders, brokers, producers, plan administrators, etc.

As part of PBC's overall customer service strategy, "our goal is to put a system in place to improve all communication service levels," says Bratkowski.

PBC's commitment to its new customer experience program extends to the carrier's management team, which will have the visibility to make continuous improvements to the company based on actual, timely customer feedback and requirements. "This holistic view of customer experience information will increase PBC's ability to track performance, increase retention and identify specific areas where it can improve," she adds.

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