

## **Proactive Customer Service:**

Seizing the Initiative to Exceed Customer Expectations, Cut Costs and Out-Service the Competition

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## Table of Contents

Executive Summary	3
Why now?	4
How Proactive Customer Service Works	5
Requirements of Proactive Customer Service	7
Getting Started	9
About the Author	9
About RightNow	9

## Executive summary

In business, as in life, it's often wise to seize the initiative. Reacting to problems after they occur is usually more expensive than addressing them proactively. It also usually means that the problem gets bigger than it would have been if it got nipped in the bud.

This principle applies to customer service as well. While most customer service organizations (CSOs) have traditionally operated almost exclusively in reactive mode—responding to customer queries as they arrive—it is also possible to address customer service issues proactively. With a simple shift in thinking and the appropriate enabling technology, CSOs can seize the initiative and become highly proactive in their communications and problem solving.

A proactive approach to customer service delivers many benefits. First, it significantly improves the quality of customer service. No matter how quickly a CSO responds to a customer inquiry, there is still a lag between the customer's awareness of the problem and its resolution. With proactive customer service, problems can be eliminated before the customer is even aware of them. Such proactive care demonstrates the extent of a company's commitment to customer satisfaction and substantially exceeds customers' expectations. This high quality of service can be a serious competitive differentiator and ensure the longevity of customer relationships. Second, proactive customer service reduces costs. The math is simple. Just compare the cost of receiving and responding to several hundred phone calls and emails to the cost of sending a single, well-crafted email message to a targeted list. By pre-empting inbound inquiries, proactive CSOs can replace interactions that cost several dollars with interactions that cost pennies. Third, proactive communications allows CSOs to support more customers and more products within existing staffing levels. With automated proactive service mechanisms carrying more of the burden, CSO headcount no longer has to grow in proportion to demand. The proactive, automated handling of routine issues also frees CSO staff to focus on more complex and/or urgent problems that truly warrant their personal attention and skills.

This paper describes the mechanisms and techniques companies are using to deliver proactive customer service. It also details the benefits that these companies are experiencing as a result of going proactive. These benefits—including stronger customer relationships, lower operating costs and better use of human resources—are available to any CSO that follows their example and seizes the initiative.

## Why now?

These are challenging times for CSOs. Tight economic conditions make corporate decision-makers leery about increasing the budgets of their CSOs, which are generally viewed as cost centers. Yet these same companies continue to gain customers and introduce new products—increasing CSO workloads.

To make matters worse, no one can afford to let the quality of their customer service deteriorate. In fact, in many markets, customer service is actually a critical competitive differentiator. So CSOs not only have to handle bigger workloads. They also have to keep improving quality.

Simply put, CSOs are under more pressure than ever to do more with less. But it's not all doom and gloom. The good news is that the emergence of the Internet as a channel for customer service has created new opportunities for improving the efficiency of CSOs. The overwhelming majority of business and consumer customers alike have Internet access, and almost everyone checks their email daily. By leveraging email, web and chat channels, CSOs can greatly reduce workloads at the call center—where transaction costs are high and hold-times can lead to dissatisfaction.

In fact, by using Internet channels to proactively address service issues, CSOs can actually pre-empt inbound workloads. This proactive approach:

- exceeds customer expectations by giving them answers before they even ask a question
- strengthens customer relationships by tangibly demonstrating commitment to their satisfaction
- reduces costs by reducing inbound phone and email traffic
- allows more customers and more products to be supported within existing staffing levels
- delivers competitive advantage by out-servicing non-proactive rivals

And there's more good news. For the first time, the technology necessary to take advantage of Internet channels in a proactive way is readily available to CSOs of any size and structure. Thus, the challenges that CSOs face today are actually an opportunity in disguise. By becoming proactive, CSOs can deliver significant competitive advantage and contribute to overall corporate performance. That's why it's so crucial that they make the strategic move to proactive customer service.

### **How Proactive Customer Service Works**

Proactive customer service uses a variety of techniques and processes to get information to customers before they initiate an interaction themselves. These techniques and processes will vary from company to company depending on variables such as the nature of the products and services being supported, the skill level of the company's customer base and the type of ongoing communications that already take place between the company and its customers.

Proactive CSOs, however, generally adopt one or more of the following core techniques and processes.

### **Proactive messaging**

One of the core techniques of proactive customer service revolves around email messaging. Email is the ideal medium for distributing a single message to any number of recipients and can be applied to a wide range of service-and-support issues.

Obviously, proactive messaging can be very useful when a flaw in a product or documentation is discovered. Buyers of that product can quickly be informed about the problem—allowing it to be remedied immediately with minimum impact on the call center.

However, proactive messaging can be applied to less extreme issues. For example, if a CSO notices that a large number of customers fitting a certain profile are asking a specific question about how to adapt a product to their particular needs, it makes sense to send that information to all customers fitting that profile. This is helpful to customers who haven't even thought about asking the question (even though they might have the same need) and clearly demonstrates the company has an intimate understanding of its customers' needs. It will also preempt any inquiries on the topic that customers might have otherwise made by phone or email—which would have to be handled individually at greater cost to the CSO.

Proactive messaging can also be used to notify customers when some important piece of information—about a product, service or policy—changes. This ensures that customers don't operate under the false impression that something they read in a manual last month or saw on the web site last week is still accurate. And, again, such outbound notifications can eliminate a huge volume of subsequent, costly incoming calls.

Proactive messaging can even be used to stimulate cross-sell and up-sell activity. In this case, CSOs typically work hand-in-hand with marketing to target the right offer to the right customer segment.

### **Proactive processes**

CSOs can also implement a variety of processes to proactively put relevant information in front of their customers where and when it's needed most. For example, when customers visit a company's web site it's often to find answers about the company's products or services. If they don't find what they're looking for right away, their next move is usually to call or send an email or go to a competitor's site. Conventional reactive CSOs simply wait and respond to these customers after they make their inquiry. Proactive CSOs, on the other hand, implement processes such as chat and automated email scanning to pre-empt such inquiries and answer customers' questions while they are still online.

These proactive online processes are particularly important to companies that sell products or deliver services online. By enabling customers to continue their web sessions uninterrupted, these companies can optimize the quality of the online experience and/or minimize abandonment rates.

Proactive online processes also encourage customers to use online resources, rather than engendering continued reliance on slower, more costly reactive processes. Customers who feel confident that they can find what they need on the web right away are less likely to call an 800 number next time they encounter a problem—resulting in faster service for them and lower costs for the CSO.

### **Proactive quality assurance**

Most customers won't tell you when your service has failed to meet their standards. Instead, they just take their business elsewhere. That's why it's particularly important for CSOs to proactively monitor both their objective statistical performance and their customers' subjective perception of service quality. This monitoring is vital because you can only improve what you measure. So service metrics—especially when used in conjunction with service level agreements (SLAs) and/or other benchmarks—are essential for achieving quality and productivity gains.

Therefore, proactive CSOs are highly efficient about capturing these metrics. Objective metrics are typically captured through reporting mechanisms that compare statistics such as response times and first-call resolution to organizational goals. Subjective metrics are typically captured through the use of online surveys. In addition to being a good source of statistical data about customers' perceptions, the latter also lets the CSO know immediately if a customer is unsatisfied with a specific interaction. The CSO can then take steps to remedy the situation—which often transforms unsatisfied customers into customers who are even more impressed by the level of attention they've received than they would have been if everything had gone right the first time! These "turnaround" situations often represent the biggest wins for CSOs and result in true customers-for-life.

These proactive practices are rapidly changing the face of customer service. Companies that truly understand the value of their customer relationships are implementing them in order to differentiate themselves from the competition, eliminate "churn" and grow their market footprint. In many cases, this premium customer service is also enabling companies to support premium pricing and/or avoid discounting. And proactive customer service invariably leads to significant cost savings and the ability to support business growth without increasing CSO headcount. Proactive customer service therefore improves bottom-line business performance and can enable business success even during challenging economic times.

### **Requirements of Proactive Customer Service**

CSOs need many things to become truly proactive. They need to have a clear vision of what proactive customer service is and how it can be achieved. They need strong management-level champions who can lead the transition to proactive service and ensure that the objectives of that transition are actually achieved. And they need to do a good job of educating staff about the new techniques and processes being implemented. The transition to proactive customer service also requires the adoption of certain technologies. These include:

### **A multi-channel knowledge base**

Proactive service is about getting answers to customers before they ask questions. Those answers must therefore exist in a well-designed, easily accessible knowledge base. The knowledge base should be driven by customers' actual questions, rather than by the "best guesses" of internal content authors alone. This ensures that knowledge base content always remains relevant to customers' primary needs. The knowledge base must also be easily used across all communication channels (i.e. phone, email, web and chat). This ensures that consistent answers are given to customers regardless of how they contact the CSO or how the CSO contacts them. It also ensures that proactive techniques can be implemented across all channels.

### **A complete email authoring, testing, distribution and response system**

Proactive email involves more than just composing a few lines of text and sending that text to a distribution list. Emails have to be optimally designed and formatted in order to maximize their impact. In some cases, CSOs may want to test different versions of a message with smaller groups and measure their effectiveness before doing a full distribution. Appropriate distribution lists for each type of message have to be created and maintained. And customer responses to those messages must also be managed in an automated manner. Proactive CSOs therefore need an integrated set of tools for easily and flexibly executing these essential tasks.

### **Knowledge base subscription**

To proactively notify customers about updates and changes, CSOs need some sort of information subscription mechanism. This mechanism should make it easy for customers to choose knowledge items that are of particular importance to them and request automatic notification when those knowledge items change

### **Natural language processing**

To proactively present customers with items from the knowledge base, CSOs need to implement natural language processing to successfully parse inquiries and retrieve appropriate content. In addition to keywords and phrases, such a heuristics engine should also be able to "learn" about content relationships based on observed customer behaviors. For example, a customer who types "My feet hurt" would be guided to information about custom-fit shoes because previous customers whose feet hurt frequently viewed that knowledge item.

### **Full-featured chat**

In order to proactively intervene while customers are still on the web site, CSOs need full-featured chat capabilities. An effective system will manage chat queues and enable CSO staff to make use of existing knowledge base items in the course of their live chat sessions. Chat interactions should be logged in a common system with phone, email and web communications to ensure a complete view of the customer. Co-browsing tools are also useful since they allow CSO staff to directly assist online customers.

### **Survey and reporting tools**

A variety of tools is useful for tracking objective and subjective service metrics. On the subjective side, simple email surveys can be used to provide customers the opportunity to quickly give numerical scores for service attributes such as speed, helpfulness and professionalism. These scores can be automatically tallied and presented to CSO managers for review. Surveys with low scores can be flagged for immediate individual attention as well. On the objective side, CSOs can use “dashboards” or other report formats to track compliance with both pro forma and contracted SLAs.

Budget constraints and limited IT resources may make the cost of acquiring these technologies prohibitive. That’s why hosted applications offer CSOs a highly compelling alternative to internal software deployments. Hosted applications eliminate the initial and lifecycle costs associated with the ownership of software and associated infrastructure. They also enable CSOs to begin experiencing the benefits of these new technologies much more quickly and determine their effectiveness before investing too much money or time. Plus, hosted applications enable CSOs to distribute functionality wherever it’s needed—across multiple corporate locations, to external contractors and/or to their staffs’ home PCs.

### **Getting started**

CSOs can’t stand still as the world around them changes. They must respond to growing pressures and emerging opportunities. Proactive customer service clearly offers a powerful strategy for exceeding customer expectations, reducing costs and supporting profitable business growth. But to execute this strategy, CSO managers must become agents for change.

New processes must be implemented and new technologies adopted. Fortunately, CSOs don’t have to do all this on their own. The technologies and services CSOs need to plan, launch and sustain their proactive customer service initiatives are readily available today. And, by taking advantage of hosted application delivery models, CSOs can deploy proactive customer service technologies without excessive capital investment or risk. Growing competitive pressures make it especially important for CSOs to move quickly. As it becomes more difficult to differentiate products by functionality or price, the quality of a company’s customer service is becoming an increasingly critical competitive differentiator. Proactive customer service delivers this differentiation. That makes it a vital strategic imperative for every company.

No company can afford to take its customers for granted. That’s why CSOs must move quickly to get proactive and secure the customer relationships on which their companies’ futures depend.

## About the Author

Greg Gianforte is founder and CEO of RightNow Technologies, the world's leading provider of hosted customer service and support solutions. Greg holds a BE in Electrical Engineering and an MS in Computer Science from Stevens Institute of Technology. He has taught Computer Science at Montana State University as an adjunct professor. Greg co-authored *Reducing the Cost of LAN Ownership and The Business of Running a Network*, published by Von Nostram. Prior to RightNow Technologies, Greg was founder and CEO of Brightwork Development, a LAN Management software pioneer acquired by McAfee (now Network Associates) in 1994.

## About RightNow Technologies

RightNow Technologies is a leading provider of on-demand software solutions designed to optimize customer service operations for businesses of all sizes. RightNow's comprehensive customer service solution features a self-learning knowledgebase that is designed to seamlessly support multiple communications channels including web, interactive voice, email, chat, telephone and proactive outbound email communications. RightNow offers its solutions through a multi-tenant, hosted on-demand model to reduce the cost and risk associated with deploying traditional enterprise customer relationship management, or CRM, software. RightNow also provides business process optimization and product tune-ups throughout the lifecycle of its client relationships. Founded in 1997, RightNow is headquartered in Bozeman, Montana, with offices in Europe and Asia. For further information visit [www.rightnow.com](http://www.rightnow.com).

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