Organisations Seek The Human Touch In Communications Through Greater Process Control

Best Practices For Customer Communications To Improve Process, Visibility, And Profitability

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Forrester Consulting
Making Leaders Successful Every Day

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Executive Summary

Forrester Research drilled down into enterprises' top communication priorities and best practices. Surveyed companies placed a growing importance on transforming customer communications. Our research uncovered five top business drivers pushing enterprises to invest in and redesign communications for the future. We also surfaced seven best practices being used by enterprises today. Overall, there is a move toward centralising communication functions and processes at more than 15 of the 20 companies interviewed. Key findings were:

- **Decentralised communications processes impede customer relationships.** Enterprises today depend on decentralised and siloed communications systems and processes that are not delivering the quality, cost, or customer experience required. Companies are concerned that the current approach of decentralised communications bombards the customer with inconsistent and irrelevant information and, over time, devalues the brand. Addressing this is the top priority for organisations, and the leading best practice from interviewees was the formation of 'corporate solutions' that supported multiple departments and business units.

- **Technology needs to enhance human connections with customers.** Organisations perceived that relentless automation had eroded the human touch in customer relationships and expected the pendulum to swing away from mass automation and return to more personalised, human-driven interactions. Enterprises agree that an overwhelming process goal is stronger and more intimate customer engagement that will require standardised and more central control of communications. They believe that today's communications do a poor job connecting to the customer, but they are optimistic for reform.

- **New channels offer a path to more personal customer communications.** The enterprises we interviewed communicate with customers using antiquated approaches. And all are worried about smart devices, pervasive video, and social media that give new power to customers — allowing them to interact easily with customer service agents, pass information electronically, and complete business transactions on the run. The long-term vision is of empowered employees using a wider range of social media tools to communicate with customers. The immediate challenge is to manage communications across these diverse channels to maintain a consistent brand experience.

- **Organisations are finding benefits through an evolutionary approach.** Enterprise communications is too big and complex an area to solve with one new system or change programme. Successful companies created a road map based on overall strategy but then implemented it incrementally. They reported seeing benefits such as faster turnaround times on customer enquiries, reduced incoming calls to the call centre, and increased sales through more cross-selling between departments. Focusing investments on improving specific customer-related metrics emerged as a best practice.

The Big Challenge: Decentralised Processes Get In The Way Of Customer Relationships And Innovation

Forrester asked 20 companies about the current state of their customer communications, their efforts to transform them, and their plans for further change. All of the companies we interviewed wanted to change but recognised that it's a difficult and complex area; several organisations were daunted by the change

management, organisational, political, and cultural barriers. But the importance placed on improving the customer experience and the strong role that communications plays are making reform a strong priority.

Our research found that the big barrier facing enterprises today is decentralised processes. Twelve of the 20 firms interviewed characterised their enterprise as loosely decentralised and uncontrolled from a quality, cost, and customer experience perspective. Enterprises have redundant and clashing solutions to support document processes, and 15 firms had plans for centralizing communication functions:

> *'We are decentralised. Our plan is to be more consistent in a centralised way. Even if they are decentralised, communications processes should be aligned with the organisation's overall communications strategy. In some cases we have standardised our document processing systems across the group. We do use the same tools and systems for communications; however, trying to maintain centralisation is very difficult. Each country, each department customises documents to suit their needs. They each have different usage and long histories of ways of doing things. We are still working to align all these things. Our customers require and demand synergies and want to have to deal with only one point of view/contact in communicating with us.'* (COO at a German insurance organisation)

> *'I don't know what we print [due to the decentralised nature of the organisation]. Each operating company has a board of directors that makes independent decisions but often with a level of customisation, translations, and localisation. I have seen ads originally intended for the German market but dubbed into English for UK audiences. This does not work!'* (Sourcing director of a global pharmaceutical organisation)

Decentralisation can lead to poor internal communication, and a few enterprises felt this was the root cause of poor customer communications. In a sense, customer issues all stemmed from the inability of siloed departments to coordinate effectively, share information, and cross divisional boundaries due to being functionally organised and having an 'inside-out' versus an 'outside in' perspective. A large manufacturer put it this way:

> *'Our sales, manufacturing, and other departments have to interact together to share a single story to customers. But we do not even communicate internally let alone communicating with a single voice to the customer. Information does not reach sales or marketing, so customers are not properly informed or sometimes get the wrong information.'* (Marketing manager at a $3 billion steel manufacturing company)

Decentralisation becomes an even bigger problem as organisations move to modern communications. Seventeen of the 20 enterprises interviewed mostly communicate with customers using traditional approaches. All the organisations interviewed were worried about smart devices, pervasive video, and social media that give new power to customers — allowing them to interact easily with customer service agents, pass information electronically, and complete business transactions on the run. One large insurance company put it this way:

> *'I think there will be more complexity through the various emerging communications channels. Customers will expect to be able to use them, and there will be no single way of communicating. Our fax volumes are still high, but in five years we expect no fax, but there will be portal technology and applications to manage. We have to build service frameworks that are aligned for all communications channels. This will be difficult.'* (COO at a German insurance organisation)

The growing importance of new channels means that the management of communications processes plays an even bigger role in the overall customer experience. There is a wide difference between the best and the

worst companies in delivering customer experience, based on our review of more than 7,600 US consumers (see Figure 1).

So the challenge and the opportunity is this: Customer communications significantly affect a company's ability to deliver a strong customer experience across channels, and decentralised communications processes stand in the way. In several industries, the scope for improvement is huge.

Figure 1

Customer Experience Index Scores Across 13 Industries
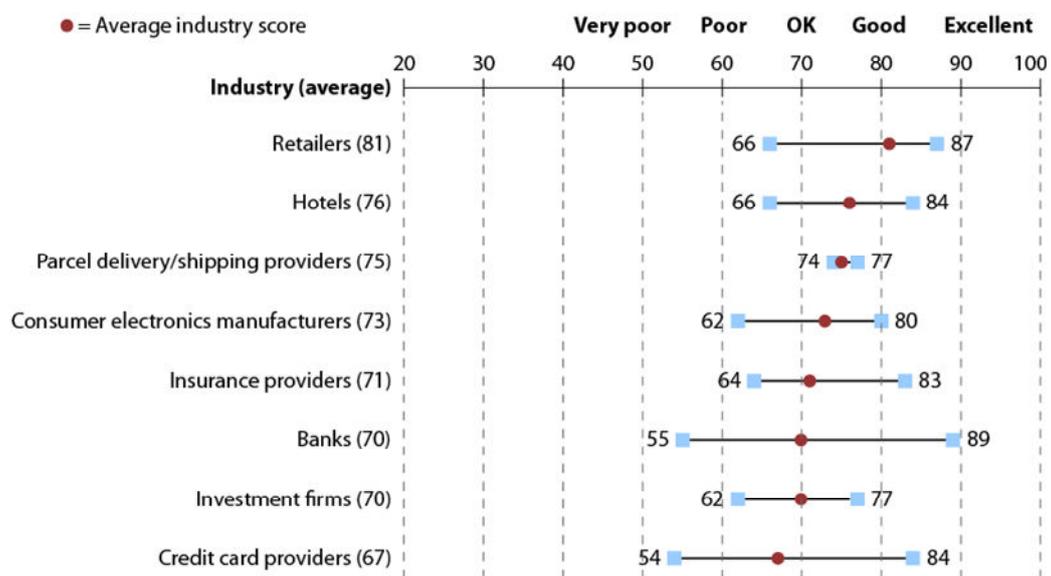
Source: 'The Customer Experience Index, 2012,' Forrester Research, Inc., January 23, 2012

Making The Challenge Manageable: Companies Are Setting Specific Objectives For Achievable Change

None of the organisations interviewed were embarking on a huge enterprisewide transformation toward a grand vision. The firms that were changing had instead identified specific business objectives and were focusing their change efforts on those objectives. From the conducted interviews, five top objectives emerged that are justifying redesign and investment in improved communications (see Table 1).

Table 1

Business Objectives For Investments In Customer Communications Management

Business objectives	Interviewed enterprises citing as top driver for investment decisions
Get control of what they send to customers, improve visibility into cost and effectiveness	12 interviewees
Creating more human and personalised communications	11 interviews
Improve high-impact solutions such as correspondence, enrolment kits, and pitch books	7 interviewees
Simplify language to improve customer experience	5 interviewees
Get central brand management under control	4 interviewees

Source: Forrester Research, Inc.

- **Get control of what is sent to customers; improve visibility into cost and effectiveness.** Communications reporting and analytics with improved visibility into cost and effectiveness of communications is a high priority across companies. No company interviewed had an acceptable centralised view of what the customer has received and when. Nor were they sending information to customers in a coordinated fashion; for instance, multiple business units were sending to the same customer. Those that had a communications system of record found it difficult for internal staff to access records of what the customer received. In addition, few companies understood what they spend on communications and which are the most effective. In short, improved visibility into the cost and effectiveness of communications is a priority.

  'We spend $35 million on printed material each year without knowing why. Any other area in our company with this level of expenditure would be highly scrutinised. Perhaps since most of the cost is postage, the business feels little can be done.' (Sourcing director of a global pharmaceutical organisation)

  'Another reason for investment is to measure improvements in customer communications, to be able to quantify improvements. Measuring the effectiveness of customer communications is important because if we're trying to get money from business for development, I need to prove it will bring benefits to business. I need to measure ROI.' (Marketing manager at a global electronics organisation)

- **Creating more human and personalised communications.** Enterprises continue to struggle with getting to the level of communications required by customers. A major cause of this is the decentralised communication silos that they face, which require too many integration points to CRM and other marketing databases. This is true for those serving other business or consumers.

'Our target audience is large enterprises, so communications with this group is really important. We don't have bulk products, we have tailor-made solutions, so it's important that we provide each customer with customised communications and find out the client needs in order to tailor-make the best insurance and risk management solution for them. Communication is the key. If we don't communicate with them, we can't provide a good solution.' (Marketing project manager at a Finnish insurance organisation)

- **Simplify language to improve customer experience.** Forrester found that a major driver across industries was to improve language clarity and consistency and that 'corporate solutions' or shared services for communications are part of the answer. Many enterprises felt that language has been too heavily weighted toward legal compliance to the detriment of actual communication. In a sense, the material is written by lawyers for other lawyers to read — and geared toward the worst-case scenario (court). Too many policies need to be clearer — in plain English and aligned with emerging demographic changes:

'Our biggest problem is actually that as an insurance company we speak our internal jargon to our customers, and we need to fix that. Generation Y doesn't know what these jargon words mean. From a regulatory perspective we have to use some of these words, but we need to actually explain these words when we send them out to customers.' (COO at a German insurance organisation)

Simplification is a big project, but enterprises are clear that challenges exist in the basic quality of communications:

'When we talk with customers, it's important to be differentiated and distinguishable from competitors. You can't have typos, and you must have lean, clean, targeted materials. Basic communications hygiene is our issue. Material must be prepared by a professional and not done in-house.' (Strategic marketing manager at a global human resources and recruitment organisation)

- **Improve high-impact solutions such as key customer correspondence, enrolment kits, and pitch books.** Enterprises developing corporate solutions prioritise applications that produce content that goes in front of customers as personalised marketing materials (account opening kits), tailored agreements, targeted correspondence, and relevant promotional pieces. These customer-centric documents often jump far ahead of other recurring transactional documents on the corporate road map.

- **Get central brand management under control.** Cleaning out the shed of older, home-grown on-premises and outsourced point solutions gives enterprises greater control of their brand across geographies. Companies want to safeguard and enforce their brand globally, but often the communication's 'look and feel' and brand elements are trapped in diverse systems. We asked how important it is for communications to be consistent visually (such as with logos, images, and other brand elements) and content-wise (such as the degree of personalization, language, and contact information). Enterprises unanimously found this to be an important driver, particularly in maintaining consistency across channels. Only a small percentage of staff today in interviewed companies can create, manage, and personalise content across channels. Achieving central brand management through greater control of the brand across geographies was very important:

'Within our organisation, brand is a topic of contention, and we're still on the learning curve. People now understand it's an asset and needs to be taken care of like any machine that you have in the company. We're still learning how to customise the colours, image, or look and feel of the brand. Mostly, though, our people don't realise the damage caused if the brand is not used consistently. People go to brands that they know.' (Strategic marketing manager at a global human resources and recruitment organisation)

Progress Is Possible And Affordable

Enterprises that have identified specific improvement goals and tracked communications investments with metrics that matter have seen the investment pay for itself quickly. Savings from improved customer communications are sometimes subtle. There are no obvious departments filled with production workers that can be redeployed. And even the reduction in paper has to be looked at carefully. But a little digging is well worth it, as enterprises making these investments are seeing the benefits — and quickly. For example, several firms correlated improved communication with reduced calls to the call centre and reduced the time per call by 15%:

> *'Our customers have told us that they've seen considerable improvements. As a result, we've retained business and sold additional business, too. Everything just looks more professional. In the past, we've spoken to customers in tech language and not in a customer-centric language.'* (SVP of marketing, communications, and product management at a North American investment management organisation)

And several reported benefits when a worker can retrieve a document, enter data, or make selections that will alter and personalise the output in real time. One large insurance company reduced the time for letter creation from 15 minutes to 2 minutes — a reduction of 85%. Companies also can better manage the thousands of templates for documents such as contracts and insurance policies, account notices and correspondence, marketing collateral, and proposals. Today, most enterprises store them in different environments and use an average of six separate point solutions to manage them. For example, one enterprise listed the benefits this way:

> *'Our main benefit is increased sales for the bank as a whole. We are getting more aligned as a business, with even more communication internally. We are now a larger, more scalable system that can handle larger business requests. There is more cross-selling between departments. We feel as one bank and also sell us as one bank to the customer.'* (Marketing and communications manager at a global financial services organisation)

Implementation Best Practices: How To Transform Customer Communications

The research also explored how companies are implementing their change programmes. The interviews revealed strong consistency in the approaches that companies are taking and what they viewed as working well. In all, seven best practices bubbled to the top (see Table 2).

Table 2

Customer Communications Management Best Practices

Best practices	Interviewed enterprises using or planning to use practice
Centralise communications as a shared corporate solution	15 interviewees
Ground communications transformation in the customer experience	13 interviewees
Plan for a complete view of communication status	10 interviewees
Evolution versus revolution	7 interviewees
Outsource paper-based processes — focus on emerging multichannel communication strategy	7 interviewees
Overcome culture and change management barriers with flexible attitudes and internal marketing	5 interviewees
Strive for true global contracts to create a consistent vision	3 interviewees

Source: Forrester Research, Inc.

- **Centralise communications as a shared service.** Our research found that the fundamental challenge is decentralised processes with different and clashing redundant solutions. Whether developed in-house or outsourced, these solutions often perform the same basic service for a business unit, department, or application. This duplication results in communicating with customers in an uncoordinated fashion, with no centralised view of what the customer has received.

  Enterprises now look more to 'corporate solutions' that can be segmented and shared. In this way, they can eliminate point internal and vendor solutions and apply standard metrics. And it's a top priority to change this. It was the single leading issue that enterprises face today in customer communications. Firms are organizing and investing in 'corporate solutions' that support multiple departments and business units. Fifteen of the 20 firms interviewed had plans to centralise communications functions. These enterprises want customers to view them as a single, coordinated entity as opposed to single departments or business units:

  'Our goal and plans are to make the customer accept not only the individual companies but us as a group. We want them to see us as a single unit.' (Marketing manager at a $3 billion steel manufacturing company)

- **Ground communications transformation in the customer experience.** Enterprises are largely viewing communications as a process to transform and are using their desired customer experience as the starting point.

  'To some, a clear definition and segmentation of customers is needed. If we don't have this, everything else will fall apart.' (IT director at a North American bank)

  Centring transformation on customers also helps gain buy-in from divisions.

  'You have to show that [the transformation] is important to the clients. If communications is important to clients, it will be important to the organisation.' (SVP of marketing, communications, and product management at a North American investment management organisation)

  Several firms conducted client reviews using different approaches to help this understanding.

  'We worked with leaders and conducted a customer audit of what's out there. We started to monitor what they received, what they downloaded.' (SVP of marketing, communications, and product management at a North American investment management organisation)

  Some organisations interviewed are developing optimal future-state business architecture, often referred to as a target operating model (TOM). This first defines the key capabilities of the firm, focusing on those services that deliver value to customers and then organises the end-to-end processes that enable this delivery. This is a long-term strategic view, and enterprises are only taking tactical steps today as cultural and organisational barriers make it difficult to fully implement in a short time frame. Implementation advice from one enterprise focused on gaining this customer perspective:

  'I think it is important to understand the customer's journey. Understand who your clients are, and for each client, clearly define what experience they will go through. Then identify the different touchpoints; which communications do you send to each and how often? And then the hard part, align these needs with your channels.' (Strategic marketing manager at a global human resources and recruitment organisation)

- **Plan for better data management about customer communications.** At least five companies were concerned that the current approach of decentralised communications does not allow a central view of what the customer has received. The result is a number of different divisions inside the enterprise that independently bombard the customer with sometimes inconsistent information. Over time, some enterprises felt this can devalue the brand. More than 10 companies had plans to create data repositories or integrate with existing systems to gain greater insights. To many, the need for better insight is a key driver to reduce the number of vendors and solutions and create shared services and help get control of communications costs and effectiveness.

  'Another challenge is to summarise all the communications sent to a customer. Our different sub-companies sometimes serve the same customer, and this can lead to multiple communications being sent at the same time. We need to have greater visibility and control of information. Centralised view of customers is our goal. We are reaching this goal slowly.' (Marketing manager at a $3 billion steel manufacturing company)

  Clearly, enterprises recognise the need for more centralisation, governance, and a service-level approach to customer communications (see Figure 2).They realise that they cannot meet customer demands in a fast-paced, consumer-driven world with the tactical piecemeal approach pervasive in the industry.

Figure 2

Document Process Services: Typical Shared Services View
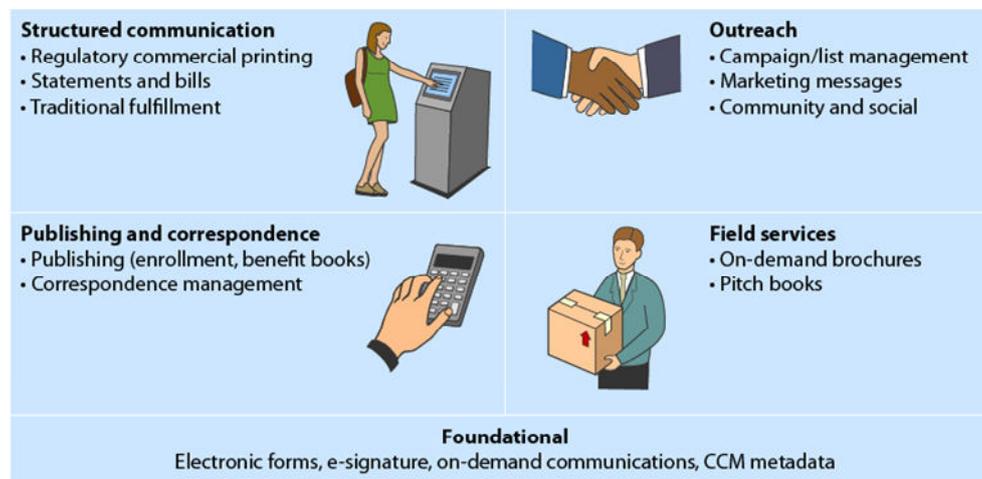
Source: "The Forrester Wave™: Document Output For Customer Communications Management, Q3 2011," Forrester Research, Inc., September 14, 2011

- **Evolution versus revolution is the best practice.** One success factor for several firms was that they didn't make a huge investment at once, but in an evolutionary manner. Successful companies created a road map based on overall strategy but then implemented incrementally.

   'We didn't try to change all outgoing documents at once, but we did it day by day in manageable portions.' (COO at a German insurance organisation)

- **Outsource paper-based processes — focus on an emerging multichannel communication strategy.** Most organisations we spoke with are considering or have undertaken outsourcing of document processing services — primarily those that surround traditional paper-based use. Those we interviewed have made short-term tactical gains reducing costs, replacing platforms, and helping a business unit solve problems. And results have been positive. But the real payoff to outsourcing is to focus on emerging communication requirements and solutions. These will make or break the business over the next five years.

   For example, one UK-based retail food chain selected an outsourced CCM provider to manage the end-to-end print and fulfilment process covering point-of-sale print, labels, publications, and other materials for back-office use. The service started with an on-site advisory service (from their outsourced business partner) that used print experts and buyers who analysed and suggested process improvements for all campaigns to deliver the greatest impact at the lowest possible cost. Transparency and insight provided by the partner far exceeded the existing fragmented approach:

   'As part of centralisation, we moved to an outsourced service; they installed a web-based collaborative workflow tool that gave us insight into the campaign progress. As a result, waste has been s reduced and sustainability goals met with a transparent view of the entire process, including agency activity. We can now focus on more strategic marketing goals." (Director of mobile advertising interactive sales and marketing at a broadcast television organisation)

A large telecommunications provider took a centralised approach and outsourced media inserts, magazines, bill inserts, welcome packs, point-of-sale materials, and other marketing materials such as direct marketing. Prior to centralisation, they had more than 800 suppliers in multiple countries. Different parts of the business followed different processes.

'There were too many inefficiencies in the process and it was too easy to lose control with a process that depended on people remembering to move things along; if someone forgot to send an email saying that they approved final artwork, there'd be a delay. If anyone went on holiday, nobody else knew what was going on, because all of the relevant information was stored in personal emails.'
(Supply chain manager at a North American telecommunications company)

- **Overcome culture and change management barriers with flexible attitudes and internal marketing.** Most organisations recognised the need to consolidate document services to gain better control of and visibility into communications. While there is no shortage of technology and process hurdles, the hardest implementation challenge is getting buy-in from the divisions. Those that were successful provided tangible incentives and were flexible over time with the rules of engagement.

'We had an organisational challenge. Once we had centralised our communications, we needed our diverse business units to use it. We launched the centralised portal, which had corporate guidelines, presentation and collateral templates, and material for exhibitions and giveaways. We found that when we offered the service for free — the magic word — we started to get adoption. We also found that initially the rules were too tight, but we have since loosened up; this really helped usage. For example, now we allow more than one URL (that can be tied to an event or niche market), and presentation templates vary by country, division, and niche, e.g., automotive in Germany. We now allow local pictures. We also had great success with a digital newsletter that was sent to all employees with news from the marketing departments — a "news flash" every two weeks.'
(Company secretary at a European logistics company)

- **Strive for true global contracts to help create a consistent vision.** Comprehensive global contracts were viewed as positive by several of the interviewed firms. Following the lead of more mature BPO and ITO approaches, enterprises want the safety and advantages of global agreements for document-oriented communications contracts. Organisations can reduce risk with a smaller number of solutions and outside vendors. Enterprises also look for document process service (DPS) providers to balance workloads across geographies and avoid a single point of failure. The reality today is that organisations have a series of local contracts stapled together that usually masquerade as DPS 'global' contracts. But this situation will change. For example, customers can 'follow the sun.' Another advantage cited is specialization with certain communications. According to one enterprise:

'Mainstream printing can go to a global supplier, and that way we get the best price. But we need to go one step further and start to consolidate different elements of the communications supply chain.'
(Sourcing director of a global pharmaceutical organisation)

The Future View: Enhancing The Human Connection

There was a perception by firms that the role of technology and automation needed to change. Over the past 10 to 20 years, firms had seen a relentless drive toward self-service and automation driven by cost, and they perceived that this had eroded the human connection with customers. They hoped to see technology reversing its role over the next 10 to 20 years and becoming a catalyst for more personalised, human-driven interactions.

The first part of that will be further process automation and control. Enterprises agree that an overwhelming process goal is stronger and more intimate customer engagement that will require standardised and more central control of communications. Also in this goal is that firms will distinguish themselves by providing the right level of human connection regardless of channel.

> *'Personalization is critical for our overall communications strategy, but we need new systems and technology to that centrally and at scale.'* (Executive VP of marketing and communications at a global water treatment and chemicals organisation)

The second part is to support employees in using emerging channels for customer communications and allow workers to blog, tweet, and maintain social networks that reach outside the business. For example, customer service reps at an electronics warehouse routinely monitor Twitter to listen to and engage with customers.

Text messaging, instant messaging, and social networks are the tools employees use in their personal lives and at home. But very few are able to deploy these tools when responding to customers. Most organisations lack the infrastructure to enable employees to send a message to a smartphone or tailor communications to the customer's preference. Basically, few employees are empowered as they need to be to respond to growth of consumer technology.

> *'We are positioning ourselves to give sales what they require to enable them to better communicate with the outside world. We're making communications investments into the Apple platform to help sales and marketing sell and communicate better with people they work with. We will make huge investments in technology to create that enablement, including apps used in field to communicate with customers.'* (Sourcing director of a global pharmaceutical organisation)

Stronger and more personalised communications will certainly be the engine of growth and the provider of prosperity for the rest of this century and beyond, but it will require a broader understanding of communications as the aggregate of all interactions a customer has. It will also require automation to link communications with emerging 'big data,' analytics, BPM, dynamic case management, and other 'dynamic' technologies to allow personalization and cross-channel orchestration to occur at high volume.

Appendix A: Definition Of Customer Communications

We asked all firms how they defined customer communications. In short, most companies have a broad view of communications and included any interaction with a customer or business partner as a communication. And this view includes all channels and touchpoints. This COO of a German insurance company with 10,000 employees was typical:

> *'We think every spoken and written piece of information on behalf of the company is part of communications. It's not just the system but also the logic, concept, and the implementation of processes and systems in a way that serves all communication channels.'* (COO at a German insurance organisation)

> *'We define communications as all direct contacts: face-to-face, phone, email, direct marketing campaigns, events websites, letters, and advertising, as well as newsletters and customer magazines. Everything is about communication.'* (Marketing project manager at a Finnish insurance organisation)

For this research, Forrester defined 'communication' more narrowly as more formal communication that becomes part of the business relationship. As such, phone conversations, customer service email, and social media interactions were not the core focus of the research. We included such content types as letterhead, invoices, campaign emails, correspondence, marketing materials, policies, statements, welcome kits, and the supporting services used to compose, format, personalise, and distribute content to support physical and electronic customer communications and improve the customer experience.

Appendix B: Methodology

In this study, Forrester interviewed 20 large organisations with more than 5,000 employees, in Western Europe, Canada, and the US to evaluate the challenges they face in customer communications management (CCM) and to assess the benefits realised through investment in CCM. Survey participants included decision-makers responsible for overall customer communications processes and implementations. Questions provided to the participants asked how they define CCM, the top challenges their organisations face, the initiatives they have undertaken to address CCM challenges, and the benefits their organisations have realised through investments. The study began in November 2011 and was completed in January 2012.

Appendix C: Supplemental Material

Related Forrester Research

"The State Of The Document Processing Services Industry 2011," Forrester Research, Inc., March 22, 2011

"The Forrester Wave™: Document Output For Customer Communications Management, Q3 2011," Forrester Research, Inc., September 14, 2011

"The Customer Experience Index, 2012," Forrester Research, Inc., January 23, 2012

"How Consumers Research, Buy, And Get Service, 2011," Forrester Research, Inc., March 16, 2011