

BY DAVE BROWN

# STS Systems

One company invests in process re-engineering *before* a systems overhaul—and sees dramatic results.

## The Problem

When customers called Montreal-based retailing software provider STS Systems ([www.stssystems.com](http://www.stssystems.com)) for technical support, the calls were picked up quickly—but they were picked up by non-technical dispatchers who then logged the calls and promised callbacks. Sometimes the responses went out fairly quickly (15 minutes to an hour), but at other times, it took several hours for the company to respond. At times, dispatchers transferred callers “live”—but to a different *dispatch* group. Dispatchers *there* then proceeded to take messages and promise callbacks! Unfortunately, customers learned that if they were demanding, they would be transferred live, and if they complained to management, they would receive a “priority” response. Not surprisingly, management was soon fielding a great many complaints, and a Complaint Desk with a staff of two was set up to handle the volume of escalated issues.

## Background

STS Systems, founded in 1972, provides a variety of systems to several different markets, primarily retail store systems and their supporting back-office operations. The company provides a turnkey system that combines hardware and software from IBM, Data General, NCR, Fujitsu, Symbol Technology and others. STS’s own software is at the heart of these systems, which include everything from the checkout register (barcode scanner, cash register, credit-

card terminal, receipt printer, etc.) to the head-office systems that poll the stores for information. The company serves several hundred clients representing more than 10,000 retail stores throughout North America. Many of the firm’s clients are high-end retailers such as Giorgio Armani, Chanel, FAO Schwarz, Warner Bros. Studio Stores, and Calvin Klein.

STS’s callback support model had been in place for quite a while and was full of inefficiencies. It wasn’t unusual for a support engi-

neer and a customer to play “voice tag” for days—even weeks—before connecting. There were different support groups for different products and customer types, including separate “hardware” and “software” support groups for the same product! The process did not allow for one group to log calls for the other; hence the transfer between dispatch groups.

When STS called our firm, they were actually looking for independent confirmation before they launched a systems evaluation project to replace their homegrown customer information system. They were convinced that their service problems were the result of a poor system, and that a new one would solve those problems.

The system they were using, SCAN (Support Call Analysis Network), was indeed slow and awkward, with a fairly archaic text-based interface. It also lacked key CRM features such as the ability



to set priorities and escalate calls, and reps could not view a customer's previous call history. But it actually had some very ingenious features such as the capability to track the time spent on customer issues, and automatically bill for that time. Much of this capability was the result of the tight integration between the customer support module and the other company systems (also homegrown). I thus realized it would be a massive project to replace SCAN with an "off the shelf" product, for that would require a large amount of customization and integration. I also

ees' willingness to communicate openly.

Of course, Management wasn't terribly comfortable with this suggestion, so, to compensate, I held regular group sessions with Management, in which I discussed the concepts behind the re-engineering effort, and kept them updated regarding the teams' progress. I also had the *teams* hold regular status meetings with Management, asking for "blessings" before moving forward. This kept the management folks in the loop, and fed their need to keep some semblance of control. It also encouraged the teams, and

cubicles of the support department, the call center was filled with low-walled workstations for individuals. A large digital display board on the wall flashed the current status of calls holding and agents available for different queues. A central supervisor's station provided up-to-the-second agent status: Speaking with a customer? In wrap-up? Unavailable? For how long? The call center was surrounded by tall partitions that minimized distractions from hallway traffic. But smoked-glass windows in the partitions let company salespeople "show off" the center to customers and prospects. Yes, it was an impressive hub of activity.

Workstations in the call center were equipped with the fastest PCs and largest monitors. Several stations had motorized desktops that could be raised and lowered for tall or short employees. Other stations were outfitted with counter-height desktops and stools, for employees who liked to stand while speaking on the phone. Every effort was made to create a comfortable and inviting work environment.

But changes haven't been limited to physical modifications: All calls now come in to a single English or French phone menu. Customers select from options, respond to (typically) three questions, and are then routed to an appropriately skilled agent—live, no dispatcher, no callbacks. We've also implemented a "level-one" skills-based routing model. Individual agents are assigned to a particular group that specializes in handling a certain category of calls. All agents in that group are also cross-trained in one or two other call categories. While they specialize in one type of call/problem, they are able to handle many of the calls in their secondary skill area, when necessary. If calls start to back up for a particular skill group, they overflow to the secondary group that has been cross-trained to "triage" the calls. The "secondary skill" groups are actually able to solve many of the more common problems. This method provides a good balance between quality (routing the call to the best agent) versus speed (answering the phone quickly). (cont'd.)

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knew that to derive substantial benefit from a new system, the company would need to make some major process changes. I agreed that replacing the system would be a good idea, but not without coinciding *process* changes. However, fixing the process while "living with" SCAN would bring dramatic results, and the process re-engineering could be accomplished in approximately six months, at a fraction of what it would cost to replace SCAN. Moreover, this process re-engineering could be viewed as *preparation* for the eventual system replacement. When I estimated a 30 percent improvement in capacity—and the promise of dramatically increased levels of service—Management agreed to move ahead.

#### **Re-engineering STS Process**

The re-engineering process followed a "team" approach, with a caveat: I insisted there be no management members on the various project teams, because STS had a heavy-handed management style and related to company employees in a very formal manner. I was concerned that having management on the project teams would stifle creativity and hamper employ-

made them confident that Management was indeed on board and would not shoot down their eventual recommendations.

The other aspect that was unique to the STS process re-engineering effort, was the emphasis on facilities and telephony consistent with an inbound call center model. Since the company's old model was that of a "callback" operation, there had not previously been a need for sophisticated telephony. The typical call center ACD functions (such as routing calls to different queues, and queuing for the next available agent) were not present. The teams saw the need for these capabilities and also felt it was important to provide physical separation for inbound phone duty and outbound follow-up work, that would encourage the mental separation needed.

#### **The New Model**

When we were finished with the process re-engineering and ready to go live, STS had a dramatically different support organization. We had built a separate call center area where all agents spent a portion of the day carrying out "phone shifts." Instead of the high-walled, semi-private



## Results

Once the new model was implemented and fine-tuned, the re-engineered operation provided dramatically improved service to customers. Today, more than 80 percent of all STS calls are answered within 60 seconds, and the average speed of answer (ASA) is also less than 60 seconds. First-call resolution has increased to slightly more than 50 percent. Customers are pleased of course, but what about employees?

Actually, the new model allows most STS employees to feel more productive and less stressed. Instead of juggling multiple tasks and the conflicting priorities of follow-up work versus taking on new customer issues, the day is now cleanly segmented into inbound phone duty (in the call center) and follow-up work. STS customer service representatives spend only an average of three hours per day in the call center; they have the remainder to follow up on open issues, and attend to other duties.

## Mission Accomplished?

Well, almost. Instead of increasing capacity by my 30 percent estimate, we achieved 24 percent. I'm embarrassed to admit that during the initial assessment, I had violated two of my own cardinal rules. One: Never assume anything. Two: Validate all data. It seems that in estimating the potential benefits of re-engineering, I "assumed" that STS employees worked eight-hour shifts. I didn't realize that they clock eight hours, but take a 30-minute lunch. In other words, they work only 7 1/2 hours per day. Of course, I always make adjustments for time lost due to coffee breaks; I adjust for utilization, and calculate shrinkage for sick and vacation absences. But I missed the 7 1/2 hour workday detail! While it may not seem like a major factor, that missing 30 minutes meant that I had 8 percent less labor available on any given day. I still grimace when I think of it.

Even so, STS did achieve a 24 percent improvement. A few months after going live, we benchmarked the operation ver-

sus the starting point: The headcount had been reduced by 5 percent; hours of coverage had increased (requiring 8 percent additional man-hours); and call volume had actually increased by 11 percent. So, through a combination of reduced headcount, increased hours of coverage, and increased call-handling capacity, STS did indeed achieve its sizable net gain.

Did STS benefit? Tremendously. Were the company's customers happy? Absolutely. Did I learn a lesson? Yes: Be more conservative with estimates! ■



**Dave Brown** is an industry consultant, teacher, and author, and is expert in the area of process improvement and change management. He teaches management-training programs for Support Center University ([www.SupportCenterU.com](http://www.SupportCenterU.com)) and

consults with selected clients to establish world-class service operations. You can contact him at (303) 494-4932 or [dave.brown@SupportCenterU.com](mailto:dave.brown@SupportCenterU.com).

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