Case Study

The *service1st* programme at Bank of Ireland

Received (in revised form): 20th January 2009

Lyn Etherington

has consulted on customer service since 1990 and founded the service excellence consultancy, Cape Consulting, in 1996. She advises on how to develop customer service strategies that will drive loyalty and retention – and assists clients in delivering programmes that bring these strategies to life. Cape Consulting's aim is to deliver quantifiable results for their clients. Lyn has extensive experience across a range of consumer and B2B markets focusing on businesses where there is a need and opportunity to differentiate through the experience delivered to customers. Lyn speaks regularly on the subject and has co-authored a book entitled 'Customer Loyalty, a Guide for Time Travelers'.

Journal of Database Marketing & Customer Strategy Management (2009) **16**, 4–6.
doi:10.1057/dbm.2009.1

Although improving the customer experience is a never-ending task, the approach taken by Bank of Ireland demonstrates how this journey can be broken into more manageable proportions with key milestones along the way.

INTRODUCTION

Banking has changed very fundamentally in the past 20 years as new consumer affluence and confidence have swept away the old days where customers considered themselves somewhat fortunate to be in good standing with their local branch manager.

Simultaneously, the emergence of ATM, phone and internet banking has freed many from the drudgery of a weekly branch visit to encash a pay cheque or to lodge surplus income. Banks themselves have embraced this new automation and direct channels for the capability it gives them to serve their customer base in a cost-effective fashion.

However, the distancing of the customer relationship has brought its own challenge. Engaging customers in both basic service encounters and relationship management meetings has become the challenge for banks today. Successful banks have proven that their superior customer engagement

has translated into sales and into their bottom line.

At Bank of Ireland the initial call to action on the customer service agenda was spurred by falling customer satisfaction levels following an intensive branch transformation programme. While the transformation programme had reduced costs and refocused the organisation, customers railed against branch closures and enforced migration to direct channels. The real clincher though was when senior bank executives started to field customer complaints directly at social and other gatherings. Something had to be done!

INITIAL DIAGNOSIS – WHERE TO START?

To address the emerging concerns about customer service, the Chief Executive for Retail Banking established what became known as the *service1st* programme. The programme was to span all of the bank's retail activities and to execute a rapid turnaround and improvement in customer experiences. Surely an easy task!

The new programme team's most immediate objective was to identify just

Correspondence:
Lyn Etherington
Parallel House, 32 London
Road, Guildford,
Surrey GU1 2AB, UK
E-mail: lynetherington@
capeconsulting.com,
Web: www.capeconsulting.
com

where to start as many areas of the bank offered potential for improvement and investment. Two key influencers for the team were:

- 1 Research from the Council for Financial Competition on ‘customer delighters’ – that is maximising your effort on those initiatives which have the potential to delight your customers while doing just enough on those customer experiences that the customer considers as hygiene and thus not differentiating.
- 2 Assistance from a specialist UK based consultancy, Cape Consulting, to objectively assess the current state of customer experiences at the bank and how they might be improved through a widespread service programme.

The Cape Consulting team conducted a series of interviews with employees at all levels to understand the bank’s service ideals versus the reality of what was being delivered in the many thousands of customer experiences each day. Not surprisingly, all of the interviewees were well able to articulate the gap as they saw it – and provided many different suggestions on how to close it.

The conclusion of the interview phase saw the Bank adopt Cape Consulting’s five principles of success in service. These were to define and shape *service1st* programme over the following years:

- 1 There is a *clear definition* of the customer experience – everyone can say how it should feel (and how they should behave).
- 2 The *importance* of the customer experience is consistently communicated by management.
- 3 Focusing on the customer experience clearly *fits with other organisational priorities*.
- 4 *Measures and rewards* recognise good customer experiences.
- 5 The organisation *feels ‘seamless’* to the customer across all channels.

GETTING STARTED – USING BASE CAMPS

With a ‘burning platform’ clearly established, a large number of suggestions for improvement at hand and a leadership team eager for results, some prioritisation and order were needed. Hence the concept of ‘base camps’ was introduced.

In mountaineering, a base camp is a place where supplies are stored ready for the next phase of the climb. On larger climbs, multiple base camps will be established at different altitudes to support the climbers on their journey to the summit. Only when the climbing team has acclimatised at one base camp will the journey begin to the next.

This analogy was very appropriate for the *service1st* programme that needed to have a ‘summit’ in view but with staging posts along the way to make the journey manageable and to ensure that each gain or improvement was sustained along the way. Each base camp would be defined in terms of the initiatives needed to get there along with the results that could be expected at that level – for example customer satisfaction of X per cent.

The first ‘base camp’ was all about getting the basics in place. The team set out to raise awareness of the customer experience throughout the organisation, to establish the core organisational service standards and to gain credibility by removing some key customer irritants.

- 1 A ‘service board’ with senior executives from throughout the retail bank met monthly to review progress. Such senior endorsement was critical to getting buy-in and priority throughout the organisation.
- 2 Service standards were published covering every aspect of the customer interaction – from what staff should wear through to the steps by which they could handle a customer complaint successfully.

- 3 Along with Cape Consulting, a 'FIRST' model to describe the unique Bank of Ireland approach to interacting with a customer was defined. Cape Consulting used a train-the-trainer approach to transfer their skills to bank trainers and this way enabled the rapid rollout of dedicated service excellence training to all staff. Measurement systems were adjusted or introduced to quantify its specific usage and impact at an individual employee level.
- 4 A new complaint handling system was introduced which encouraged staff to log all problems or complaints and to take primary responsibility for their resolution.
- 5 Internal satisfaction surveys were introduced to ensure that units who were supporting front line branches and contact centres were equally accountable for their role in delivering for the customer.

Over the following 2 years, a new base camp was established annually – which allowed a sense of accomplishment for the previous year's activities while keeping the ultimate goal firmly in sight. In addition to sustaining activity for earlier initiatives the programme added many new innovations such as:

- 1 Ireland's first 'queues' promise – that customers would be served in 3 minutes or less at branch counters.
- 2 Point of Sale electronic service trackers that allowed branch customers to give feedback on the spot about their individual experiences.
- 3 Weekly customer satisfaction reporting and training that allowed managers and their teams to focus on what had worked well or not in the previous week.
- 4 And to celebrate employees providing sales and service excellence – the 'Excellence Awards', a black tie event to rival the Oscars!

IN CONCLUSION

The *service1st* programme at Bank of Ireland has helped improve customer satisfaction and loyalty. Employees are more engaged than they have ever been (as measured by Gallup) and customer satisfaction is at an all time high of 85 per cent (from a starting point in the low 60s). The key learning from the programme has been:

- 1 Recognise the importance of providing *consistency AND differentiation* across all channels. Customers want reliability of interaction irrespective of the channel or the person they are dealing with – but the bank also strives to provide them with positive experiences that they can relay to friends and family.
- 2 The Bank measures *Satisfaction AND Loyalty* across all businesses and operating units. Satisfaction is not enough – the Bank wants loyal customers who will buy again. Thus, the external customer survey assesses:
 - Treated as a valued customer
 - Consider next purchase
 - Recommend a friend
- 3 *Chief Executive leadership* is vital to engage the organisation – and to ensuring that improving the customer experience is a *never-ending journey*.

The improvement in the customer experience in Bank of Ireland has been significant and, more importantly, the customer is firmly on the agenda at every level as the Bank continues to strive for service excellence.

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