Cycle Time

Fixing weakest links of customer engagement

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Most large business-to-consumer and public sector organizations seek better and less costly ways of serving customers, growing revenues and reducing exposures to risk.

In his *Cycle Time*, I will make the case that automating physical mailroom operations supports all three of these strategic aims, shoring up one of the weakest links of customer engagement – cycle times and mistakes in service-fulfillment cycles. I will also make the case that digital mail processing, when fully implemented, will produce a new class of digital assets: a customer engagement package.

CUSTOMER ENGAGEMENT

The growing preference of customers for online, interactive services continues to drive overall expectation of value and satisfaction, demanding that enterprises improve all customer-facing business processes.

The relatively new term, customer engagement, conveys a new strategic priority and operational capability of the enterprise: how to attract, serve and keep customers for life; and in particular, how to serve and retain a new class of customers called ‘Netizens’ or networked customers.

Netizens demand faster, more cogent and transparent fulfillment of their requests for information, service and satisfaction.

Digital mail processing marks the next logical step in improved levels of customer engagement.

SERVICE-FULFILLMENT CYCLES

In the course of interacting with customers, hundred to thousands organizational staff as well as partners must satisfy a diverse range of customer criteria for information or service

fulfillment, using all available information sources that include paper-based correspondence, forms and documents. See side bar: What constitutes a service-fulfillment cycle?

The in-bound handling and distribution of individual pieces of mail – letters, orders, contracts and so on – often represents the weakest link in the customer value chain, adding significant time delays, paper management costs and barriers to fast-cycle collaboration among decision-making teams. The manual, duplicated and physical logistics workflows or mailflows consist of receiving, sorting, distributing and using customer-generated paper-based communications.

Mailflow processing that include orders, change orders, complaints, requests for information and contract amendments (and especially compound, multi-part documents that require two or people to review and contribute to an appropriate response to the customer) slows an organization’s overall time-to-satisfy customers and potential buyers.

WHAT CONSTITUTES A SERVICE-FULFILLMENT CYCLE?

Most firms fulfill hundreds to thousands of daily requests for information or service of customers, potential customers and other stakeholders in the firm. Once again, this emphasizes the central role of cycle-time analysis, calling attention to core process metric of every firm: the mean-time-to-satisfy a customer’s request for information or service. In other words, how much time passes to satisfy a request for information or service and how many *rework sub-cycles* does it take to produce satisfaction. The service-fulfillment life cycle defines productivity of customer

engagement – how a firm attracts, serves and keeps customers for life.

The key to boosting productivity of the service-fulfillment cycle starts by eliminating the number of *rework sub-cycles*. Achieving that requires reducing number *multi-step* and *multi-party collaborations* as well as increasing the effectiveness and efficiency of the remaining collaborations.

Finally, increasing the productivity the remaining collaborations entails *improved real-time collaboration* (among internal or external parties) and the *elimination of hand-off delays* (anything not done in real time such as faxes, voicemail, e-mail, wiki postings and so on).

Digital processing of physical mail items and the production of what we will be in a future column define as *customer engagement packages* can dramatically reduce mean-time-to-satisfy a customer's request for information or service. However, those familiar with compound PDF files containing a mash-up of documents, scans,

e-mails, embedded hyperlinks and web pages – information about a particular customer account and its current condition – will grasp the essential idea of customer engagement packages (Figure 1).

TIME TO SATISFY CUSTOMERS

The sluggish, error-prone mailflow processing often suppresses revenues from both new and existing customers, diminishing overall satisfaction, brand equity and loyalty.

The digital, online, pan-regional processing of customer-generated paper-based communications speeds an organization's overall time-to-satisfy customer criteria for timely and more personal service fulfillment.

Our research of large enterprises reveals the digital mail processing and the use of all-digital customer engagement packages add the equivalent of 2.9 days of revenues to firm.

Figure 1: Service-fulfilment cycle.

PRODUCTIVITY DIVIDENDS

Figure 2 depicts the basic logic of what we call a productivity dividend deriving from digital mail processing.

Sales pipeline acceleration represents faster buying cycles – the result of faster, more informed interactions with new and existing customers.

Incremental closings represent opportunistic sales – often result of faster approvals and expedited order processing.

Lower life cycle costs represent going digital earlier in the document life cycle, lowering costs of administrative labor, interim paper-storage and long-term business records archives.

Greater asset-utilization rates represents handling higher volumes of more diverse and complex interactions with buyers and customers – how firms satisfy evolving customer requirements, especially among networked buyers.

Greater business-process transparency gives management new operational and data-based insights – how firms can focus on higher value-added opportunities and challenges.

Better visibility of high-priority accounts means senior managers can track and expedite delays in establishing new major accounts or the handling of non-standard customer requests – how firms use make its quarterly goals without creating a big mess or breaking the system.

Figure 2: Time-to-satisfy customer requests for service or information.

Notes: Faster cycle-time increases sales, lowers cost and adds process agility. Faster processing of in-bound physical mail and documents saves an average of 2.9 days in the time it takes to receive, sort, and route customer communications to the appropriate internal staff or department, producing a number of immediate economic benefits and long-term process management options.

THE VALUE OF ONE DAY'S REVENUE

Front-line service staff's instant access to the pertinent information to a customer's situation – customer engagement packages composed of previous e-mails, voicemails, digitalized correspondence, forms and documents – speeds completion of service-fulfillment cycles by increasing the probability of more real-time multi-party collaborations and bringing a more complete set of problem-solving information to those multi-party collaborations.

Faster completion of service-fulfillment cycles can add up to significant positive effects for the firm.

GISTICS's research of digital mail processing reveals that a medium to large enterprise can expect an average net gain of 2.9 days in all business processes that rely upon in-bound mail and related documents.

A quick calculation of the 2.9 day cycle-time gain suggests that a firm with US\$1 billion in annual revenues or roughly \$4.5 million per business day (from 220 days in a year) can add up to \$13.5 million on incremental revenue – essentially adding 2.9 days to the fiscal year.

This one finding calls attention to the pervasive economic effects of processing in-bound mail, forms, and documents that also integrate native digital objects such as e-mails and their attached digital files to collaboration-inducing customer engagement packages.

In this view, each customer engagement package not only contains all sort of information, but it can and should also become a full-profiled digital asset and long-term storage object governed by the policies and services of enterprise digital asset management.