

# Is Your Financial Institution Delivering on It's Customer Promise?

Client surveys bridge gap between ambition and results



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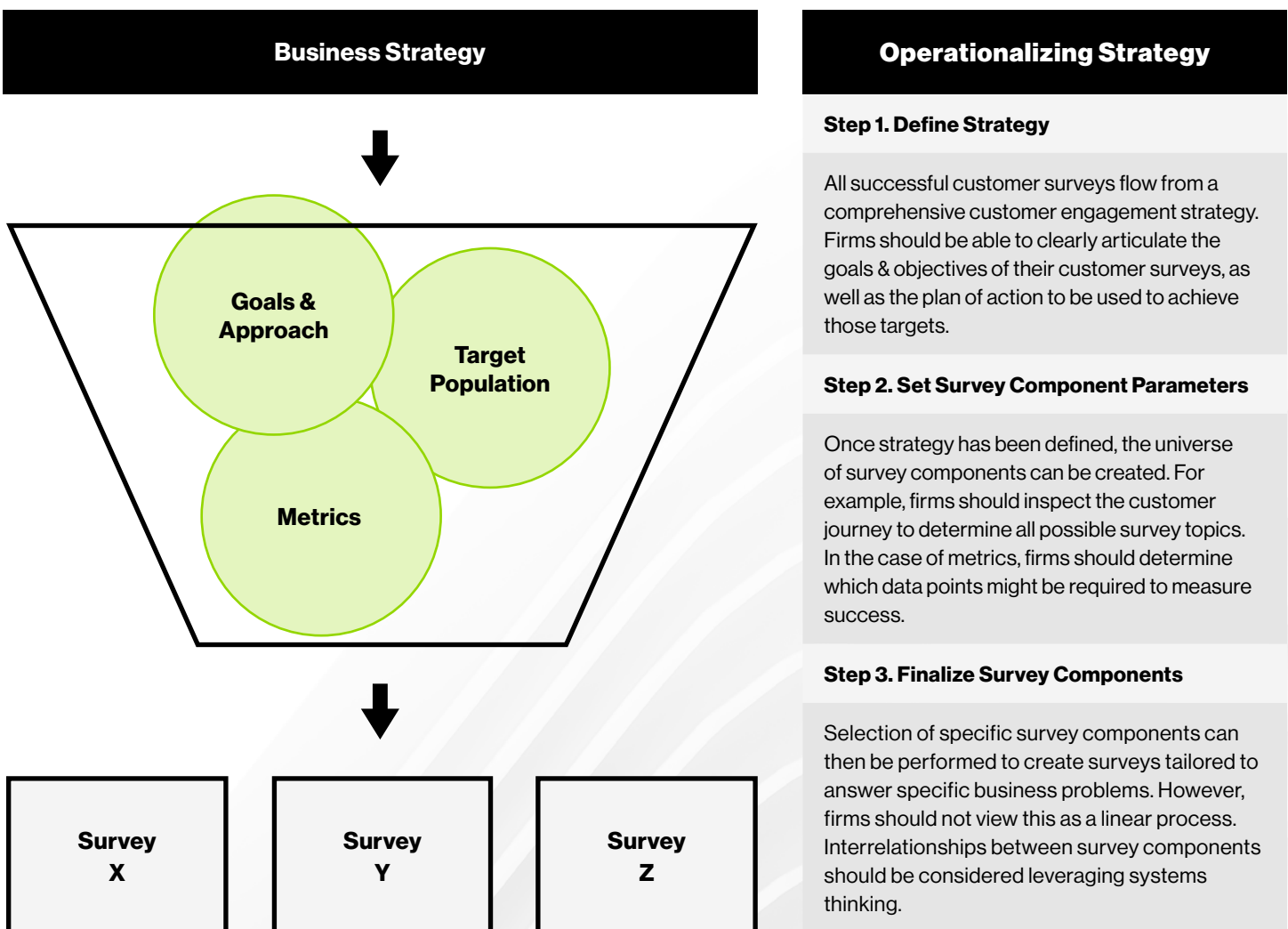
## Introduction

In Microsoft's annual *Global State of Customer Service* report, 58% of customers said they would not hesitate to sever their relationship with a company should customer service fall short of their expectations.<sup>1</sup> This should not come as a surprise, considering the evolution of consumers who have become better informed and more demanding. As consumers, we tend to gravitate toward the firms that offer us the most refined customer experience. We seek out firms that offer seamless interactions, attention to our needs, and transparent communication. These hallmarks of a superior customer experience are now the expectation, not the exception.

But how can financial services firms be sure they are delivering on customer promises and crafting a great customer experience? To answer that question, Guidehouse polled our clients to ask about their secret sauce when it comes to customer feedback. What we found was that our clients leveraged a variety of tools, techniques, metrics, and processes, but all our clients abided by certain key principles, which we distill in this article series—from survey strategy development through execution.

All of our clients mentioned that customer surveys provide a practical, affordable, and effective way for them to interact with their customers to uncover opportunities and address challenges. Customer surveys allow firms to move beyond simply “filling orders” to provide additional value by solving customer problems and anticipating/addressing their customers' biggest needs. In an agile world, customer engagement enables firms to “inspect and adapt”—responding to customer feedback in real time rather than following a rigid plan. By leveraging real-time, qualitative data, firms can more flexibly improve products and processes.

This paper provides best practices and approach to design a survey that can provide actionable insights to solve root challenges and be a useful tool to all stakeholders. In it, our experts provide a framework that outlines how financial services firms can base their customer surveys in a comprehensive customer engagement strategy. Each section of this framework is then analyzed in detail, offering tangible guidance on how to institute these practices and begin to realize the value of customer surveys.



1. Microsoft, “Global State of Customer Service: The transformation of customer service from 2015 to present day,” [https://clouddamcdnproddep.azureedge.net/gdc/gdcPiLLQw/original?ocid=mkto\\_eml\\_EM582302A1LA1](https://clouddamcdnproddep.azureedge.net/gdc/gdcPiLLQw/original?ocid=mkto_eml_EM582302A1LA1).









## Survey Goals & Approach

When designing a customer survey, the first thing a firm should do is lock down the approach and prioritize which business challenge or opportunity to address. Is there a recurring issue your firm is attempting to resolve? Has your firm released a new product or service you would like feedback on? Or are you simply trying to gauge general sentiment regarding your company?

Generally, Guidehouse's clients have a solid understanding of the topic(s) on which they would like to survey customers. However, we often find a disconnect between the firm's strategic objectives and survey outcomes, resulting in poor insights and the inability to solve business issues with the data.

When building a roadmap, it is helpful to consider the customer life cycle to ensure the most important customer interactions with your firm are covered. Firms with best-in-class customer survey processes often answer these questions before putting pen to paper in designing the survey to ensure that results can be leveraged as a component of the customer engagement plan:

- What is the customer's entry point into your ecosystem?
- What stages does that customer progress through when doing business with your firm?
- What does customer success look like?
- Do the questions seek to uncover root causes rather than symptoms?

Financial Services Customer Lifecycles and Potential Survey Topics				
Industry	Customer	Acquisition & Onboarding	Maintenance & Servicing	Fulfillment & Closure
 <b>Life Insurance</b>	 <b>Individual</b>	<ul style="list-style-type: none"> <li>• Application Process</li> <li>• Sales Staff</li> <li>• Product Suite</li> </ul>	<ul style="list-style-type: none"> <li>• Request Initiation Process</li> <li>• Customer Service Staff</li> <li>• Digital Tools</li> </ul>	<ul style="list-style-type: none"> <li>• Claims Submission Process</li> <li>• Beneficiary Experience</li> </ul>
 <b>Asset Management</b>	 <b>Institutional</b>	<ul style="list-style-type: none"> <li>• Sales Process</li> <li>• Fund Options &amp; Fees</li> <li>• Distribution</li> <li>• Client Onboarding /KYC</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting &amp; Transparency</li> <li>• Research &amp; Analytics</li> <li>• Middle &amp; Back Office Servicing</li> </ul>	<ul style="list-style-type: none"> <li>• Fund Performance</li> <li>• Investor Services</li> <li>• Client Experience</li> <li>• Account Closure</li> </ul>
 <b>Retirement</b>	 <b>Individual</b>	<ul style="list-style-type: none"> <li>• Account Opening Process</li> <li>• Advisor Team</li> <li>• Investment Options</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Reports</li> <li>• Financial Advice</li> <li>• Website / Mobile App</li> <li>• Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Account Rollover</li> <li>• Money Out Process (e.g., hardships, loans, withdrawals)</li> <li>• Customer Support</li> </ul>
 <b>Banking</b>	 <b>Individual</b>	<ul style="list-style-type: none"> <li>• Marketing/ Educational Material</li> <li>• Document Request Process</li> <li>• Client Portal Setup</li> </ul>	<ul style="list-style-type: none"> <li>• Interest Payment Process</li> <li>• Repayment Planning Tools</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Initiation, Repayment, and Closure</li> <li>• Mobile App Functionality</li> </ul>

Our clients that have seen the most success from their surveys take another key step before finalizing survey content. When assessing the customer life cycle for potential survey topics, these clients call upon an internal network of stakeholders for input and guidance. Why is this so valuable? More than likely, customer feedback on certain topics will be useful to Marketing, but not to Sales. The Technology department may be interested in the customer's opinion of the online portal, but Operations teams want to ensure customer requests were processed as expected. While the time and effort required to build a team of reliable internal stakeholders can be significant, it is a crucial step to help ensure that all aspects of the customer life cycle are addressed and tied back to the comprehensive customer engagement plan.

The benefits of this approach were made obvious during a recent engagement with a client in the Defined Contribution space. Our client was developing new functionality for its online customer portal, which would allow plan sponsors to make changes directly to their plans. The Operations team designed a survey to collect customer feedback on the proposed design. Upon sharing this survey with the Client Relations team, our client modified survey scope to include questions on the current state process. This change proved invaluable—when the results came in, our client realized nearly half of the plan sponsors preferred to work with their advisor instead of logging into an online portal! This led our client to pursue a hybrid approach, ensuring all customer needs were met.

## Metrics that Matter

When engaging with customers, our clients frequently supplement the qualitative feedback they receive with data-driven metrics. This can help remove any ambiguity from responses and provide additional context. The list below highlights some of the most common customer satisfaction metrics. When used properly, these stats will generally allow for insightful analytics that foster actionable business decisions.



### Client Satisfaction Score (CSAT)

Rates the overall level of satisfaction a customer has with your firm's product or service (e.g., a good experience with a customer service representative). This metric is most often measured on a 1-5 scale, with 1 being "Not Satisfied" and 5 being "Very Satisfied". A scale of 1-10 can also be used.



### Customer Effort Score (CES)

Rates the customer's perception of the ease of doing business with your firm (e.g., ability to conduct financial transactions via a mobile app). This metric is normally measured on a 1-5 scale, with 1 being "Very Difficult" and 5 being "Very Easy".



### Net Promoter Score (NPS)

Rates the likelihood of a customer recommending your firm to someone. This metric is normally measured on a 0-10 scale, with 0 being "Not Likely" and 10 being "Very Likely". Ratings of 9-10 indicate "Promoters"; ratings of 7-8 indicate "Neutrals"; and ratings of 0-6 indicate "Detractors".



### Things Gone Wrong (TGW)

Rates the number of complaints per a certain number of units, in this case surveys. Financial services firms should determine their own targets for this metric (which originated from Lean Six Sigma) and perform historical trending to measure progress.

## Metrics that Matter (cont'd)

### Measuring the “ROI” on Your Customer Experience Efforts

Once you have used the metrics described above to improve your firm’s customer experience, quantifying results and tying them to your bottom line is paramount. According to the customer experience specialty firm Temkin Group, even “modest” enhancements can create outsize impacts. In fact, they estimate that for a \$1 billion company, moderate improvements to customer experience can result in additional revenue of about \$775 million over three years.<sup>2</sup> While not all firms will realize the same results, it is important to consider how to tie increases in customer satisfaction metrics to your financial goals (e.g., revenue growth, reduction in asset turnover). Consider our six-step approach:

- 1** Define the goal of your customer survey and **identify key areas** to target (e.g., increase customers using multiple products by 10% this year).
- 2** Consider the “levers” available to your firm to **enhance the customer experience**.
- 3** Agree on the metrics you will use to measure customer experience; **baseline current state** (e.g., CSAT for life insurance policy, CES for online banking app).
- 4** Implement enhancements and **measure improvement** in customer experience metrics.
- 5** Examine the relationship between **customer experience gains and financial metrics**.
- 6** Incorporate learnings into your firm’s approach for **prioritizing future investments**.

### Defining Target Population and Building a Holistic Survey

Determining who to engage in order to gain the insights required is key. The most obvious target— customers—may be broken down into segments: individual and institutional. Individual customers may be further segmented: loan applicants; checking account holders; life insurance policyholders; separate account owners. Our clients have also gleaned valuable insights when segmenting their customers into demographics. Understanding how individuals behave differently based on age, occupation, salary, education level, and other common traits has allowed our clients to pinpoint gaps and opportunities in offerings and refine their service models accordingly.

Beyond traditional customers, firms may also want to engage “customers” in a broader sense. Retirement companies may want to survey the advisors with whom they do business. Investment management companies may want to get a sense of how brokers view their company. Essentially, any player in your firm’s value chain can provide relevant insights if you ask the right questions.

### Laying the Groundwork for a Successful Survey

In this article, we have discussed how firms can develop customer surveys that provide actionable insights on their business. It is imperative that firms evaluate their customer life cycle when determining what warrants a survey, failure to do so will likely result in poor insights and an inability to solve the business challenge or opportunity. Financial services firms should also consider confirming that their outreach is targeted at the right group, as feedback collected from the wrong population can lead organizations astray. Any successful customer survey should also define and track metrics that can measure the ROI related to customer experience improvements—without this, a firm cannot know whether its survey was truly successful.

Using this framework, financial institutions can glean actionable insights from customer surveys and continuously improve the customer experience. Guidehouse has deep expertise partnering with our clients to put this framework into action. From facilitating ideation sessions to map the customer journey to defining metrics tied to specific business goals, Guidehouse works with our clients to bring this framework to life. These efforts not only result in our clients possessing finely tuned customer surveys, but also a simple, repeatable methodology that they can leverage to interact with their customers in the future.

2. Qualtrics XM institute, “Insight Report: ROI of Customer Experience, 2018,” August 2018, <https://www.qualtrics.com/m/www.xminstitute.com/wpcontent/uploads/2018/08/XMI-ROIofCustomerExperience-2018.pdf>.



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