

THE CUSTOMER ALREADY TOLD YOU · CHAPTER ONE

The Second Call

Much of what arrives at a firm's front door is its own earlier failure, coming back with the customer's account of where it happened.

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This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

Much of what arrives at a firm's front door is its own earlier failure, coming back with the customer's account of where it happened. It is ten past eight on a Monday in November, and the head of customer services at a housing association is sitting at the end of a row of desks with a spare headset on. She has not done this for two years. The screen above the row shows the figure the board likes best: calls answered within twenty seconds, ninety-something, green. Beside her, an adviser who has worked the repairs line since before the new phone system takes the fourth call of the morning, and the woman on the other end begins, as the second and third callers began, with the same four words. I'm ringing again about.

CHAPTER ONE

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The Second Call

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Ten past eight, the spare headset

It is ten past eight on a Monday in November, and the head of customer services at a housing association is sitting at the end of a row of desks with a spare headset on. She has not done this for two years. The screen above the row shows the figure the board likes best: calls answered within twenty seconds, ninety-something, green. Beside her, an adviser who has worked the repairs line since before the new phone system takes the fourth call of the morning, and the woman on the other end begins, as the second and third callers began, with the same four words. *I'm ringing again about.*

She is ringing again about her kitchen ceiling. Water came through it eleven days ago. A repair was booked, for a Thursday, between eight and one. Nobody came. She rang, and it was booked again, for the following Tuesday, between eight and one, and on Tuesday a plumber arrived who said the leak was from the flat above and that he could not get into the flat above. She is calling to ask whether anyone has told the flat above. The adviser is kind and quick. He books a third appointment and raises a note for the plumber to contact the neighbour. The call takes six minutes and is logged, correctly by every rule the system has, as one repair request handled.

The head of customer services is a composite, drawn from the way these mornings are described in the research below and in the house's own practice, and no firm is meant. What she feels at the end of the fourth call is not in any report. It is a slow tightening under the breastbone, the feeling of a person who has just learned that the number she presents every month is true and beside the point. The line is answering quickly. It is answering, quickly, the same woman three times.

Ammanuel Santa Anna's canon asks the question her body has just answered. In its chapter on walking a value stream, it suggests the walker notice what happens to her own body at each step of the work, and it puts one question first: "What happens in your chest when you enter the customer service department?"[1] The canon's own answer is a team under pressure, holding itself carefully. The answer this morning is more specific. The department is full of calls the organisation made for itself.

This chapter makes one claim. A large part of the work arriving at a firm's front door is the firm's own earlier failure, coming back, and every one of those calls carries the customer's exact account of where the failure happened. The organisation that counts them as demand, and answers them well, has paid twice for information it then throws away. The second call is the first place a firm stops hearing what its customer already told it.

Two kinds of demand

The distinction she has just heard was named by the British occupational psychologist and consultant John Seddon, and it is simple enough to sound obvious once it is said. In *Freedom from Command and Control* (first published in 2003) and then in *Systems Thinking in the Public Sector* (2008), he divided what arrives at a service organisation into two kinds.[2] Value demand is what the service exists to meet: a tenant reporting a leak for the first time, a customer opening an account, a resident asking how to apply for a parking permit. Failure demand is demand caused by the organisation failing to do something, or failing to do it right, for the customer: the second call about the leak, the call to ask why the letter said one thing and the website another, the call to chase a promise.

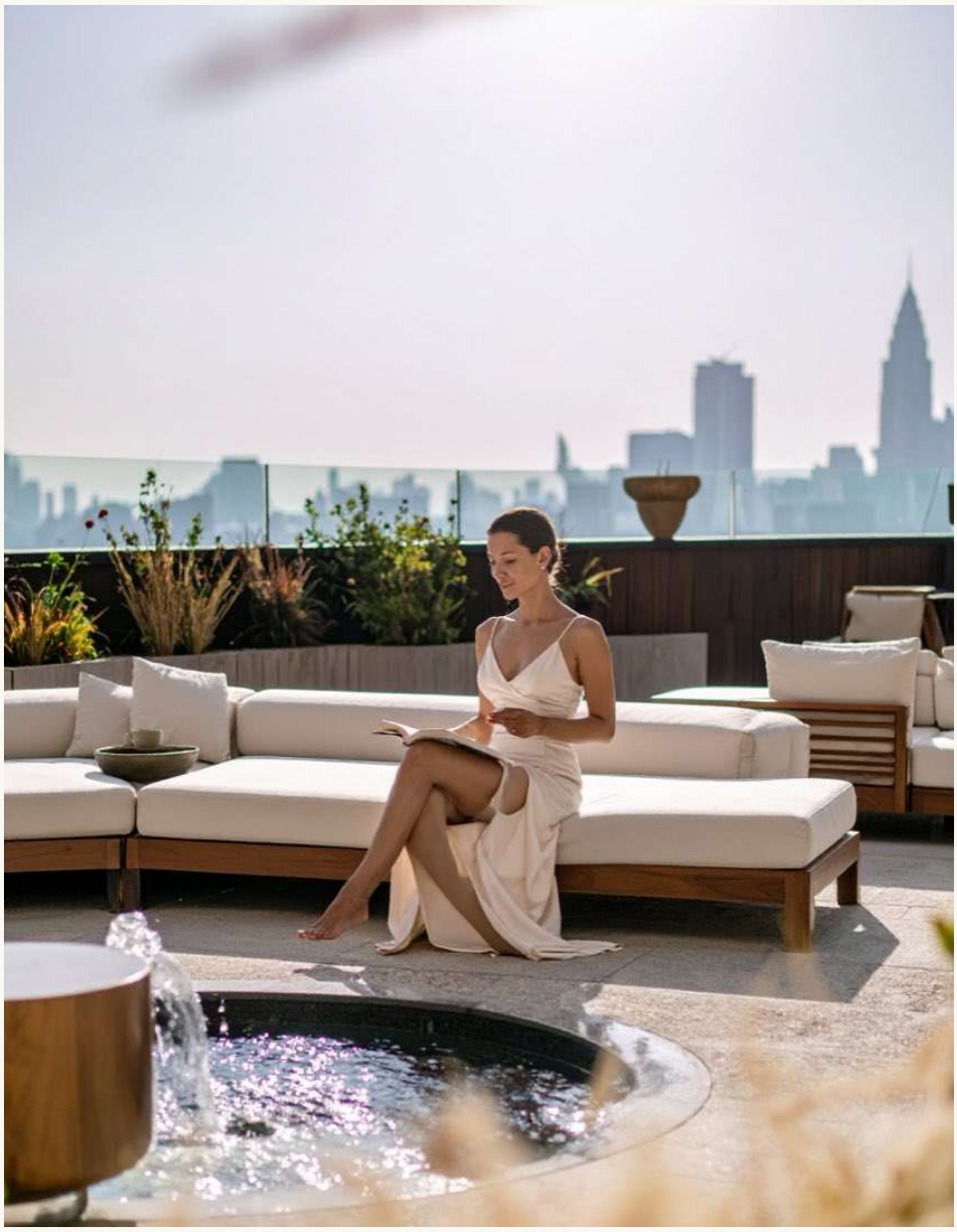
Seddon's account of where the idea came from is usually retold as a story about banks in the 1980s, when telephone work moved out of branches into call centres and the volume of calls rose faster than anyone had planned for. His explanation was that much of the new volume was customers ringing back because

their first contact had not resolved anything. The story is told here as it is told in secondary sources, and its details were not checked against his own text. What matters is the shape of the claim. The calls were not a fact about the customers. They were a fact about the system.

That shape is the whole of the idea's usefulness, and it is why it is worth defending against its own popularity. Failure demand is not a measure of staff performance. The adviser on the repairs line did nothing wrong; he did everything right, three times. The failure happened in the way the repair was scheduled, in the plumber's van, in the absence of any arrangement for reaching a neighbour, and it surfaced at the one desk in the building that had no power to fix any of it. A manager who reads failure demand as a figure about the people who answer the phone has read it upside down.

Santa Anna's canon describes the people at that desk with some care, in its chapter on the members of an organisation whose loss would most change it. It asks, as one step in finding them, "Who absorbs the system's emotional energy?" and its first answer is the person who deals with the frustrated customer. That is the repairs line. It absorbs, every day, the anger the system produces upstream, and in most organisations it is measured on how quickly it does so.

There is an honest limit to say here. Seddon's evidence comes largely from his own consulting interventions, written up as cases. He and others have reported very high proportions of failure demand in some public-sector call centres, and those figures circulate widely. They are reports from inside particular buildings, gathered by the people who were also doing the work of changing them, not independent measurements across many organisations. This book prints none of them, and for a plainer reason than doubt: a figure from somebody else's building says nothing reliable about yours. The only number that would tell the head of customer services anything is the one she could gather herself, with a spare headset, over a fortnight.



A target with a number on it

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A target with a number on it

The idea travelled further than most management ideas do. In 2008 the British government included, among the one hundred and ninety-eight indicators in its new national framework for local authorities, one called National Indicator 14, *avoidable contact*: the proportion of a council's contact with the public that was of low or no value to the person making it. Councils began collecting it that autumn. In 2010 it was removed from the national set, and some councils kept it as a local measure because they had found it

useful.[3] The history is recorded mainly in the councils' own committee papers, which were read for this book; the central government guidance was not.

The episode is worth a paragraph because of what Seddon is reported to have thought of it. The concept was his, and he objected to its use as a national target. The objection, as it is usually summarised, was that a council told to report less avoidable contact would find ways to report less of it, by changing how calls were classified rather than by changing the work that caused them. The summary comes from secondary accounts and was not checked against his own words. The logic does not depend on who said it. A number that a council is judged on is a number the council will manage, and the easiest part of failure demand to manage is the label.

Santa Anna's canon draws the same line in its history of how programmes have been assessed. Counting outputs, it says, asks whether the organisation did what it said it would do, and that question matters. But as a whole approach to assessment, output counting "confuses activity with achievement." A repairs line that answers ninety-something per cent of calls inside twenty seconds has achieved something real. It has not achieved a mended ceiling.

The difference between using failure demand to study the work and using it as a target is the difference between a doctor's thermometer and a thermostat on the wall. The thermometer tells you something about the body that you then go and find out more about. The thermostat is wired to make the reading come out right. Santa Anna's book on doing business as a living system uses the same image about the way most firms listen to their customers. Surveys, focus groups and dashboards, it says, "are the auditory equivalent of a thermostat — they tell you if you're too hot or too cold, but they can't hear the music."

Where the call was made

The fourth call of the morning was made by a booking system that offers every tenant the same five-hour slot, and by a schedule that sends a plumber to a leak without anyone first asking where the water is coming from. It was made by a van that carries no key to the flat above and a job sheet that has no field for *neighbour to be contacted*. None of these is anyone's fault in the ordinary sense. Each was a reasonable decision by somebody, somewhere upstream, who never heard the call it caused.

That is the mechanism, and it is older than call centres. In the early 1950s, on the floor of a Toyota plant in Japan, the engineer Taiichi Ohno began building what became the Toyota Production System, written up in English in 1988.[4] Among its best-known contributions is a list of the forms waste takes in production, and one of them is defects: work that has to be done again because it was not done right. Ohno's practical insistence, as the canon tells it, was "follow the product". Trace the work from its beginning to its end and ask, at every step, whether that step creates value for the customer or creates waste. Seddon's contribution, in effect, was to notice that in a service organisation the defects are not stacked on a shelf at the end of the line. They walk back in through the front door and ask for the manager.

His own route into the work, and the one the head of customer services is now on, is to begin there, at the front door, and follow each call of failure demand back to the place it was made. Seddon insists that this is done by managers themselves, listening to real calls and reading real cases, rather than delegated to analysts who report on them. The reason is not that analysts are less able. It is that a manager who has heard the woman with the ceiling cannot afterwards read the green figure on the screen in the same way, and a manager who has only read a report about her can.

There is one careful evaluation of the approach in a peer-reviewed journal, and it is worth reading for its tone as well as its finding. In 2008 Michael Jackson, Nick Johnston and Seddon himself described pilots in three British social-housing organisations, sponsored by the government office then responsible for housing, which used the approach in different service areas.[5] The results, they reported, indicated gains in efficiency and in service performance, in tenants' satisfaction and in the morale of staff, "although securing and sustaining these results requires considerable organizational commitment." Seddon is an author of the paper, so it is not independent evidence; it is a careful account by people with an interest in the result. The qualification at the end of the sentence is the most useful part of it.

Santa Anna's canon has a case of its own that shows how the information is lost, and it is set in a hospital rather than a housing association. A regional healthcare network, the canon's case runs, could not understand why patients' satisfaction in its emergency departments kept falling. When the people closest to the patients were finally asked, the causes turned out to be relational and environmental, and the staff had known them for years. What had happened to their knowledge on its way up is told in one sentence:

> *These were problems that the frontline staff had been aware of for years — and had repeatedly raised through formal channels — but the intelligence had been filtered and reframed as it traveled up the hierarchy until it became unrecognizable: "Staff recommends additional customer service training," the executive summary read.*

The repairs line has its own version of that summary. It is the monthly report that says contact volumes are high and recommends more advisers. The advisers would recommend something else. They would recommend that somebody ring the flat above.

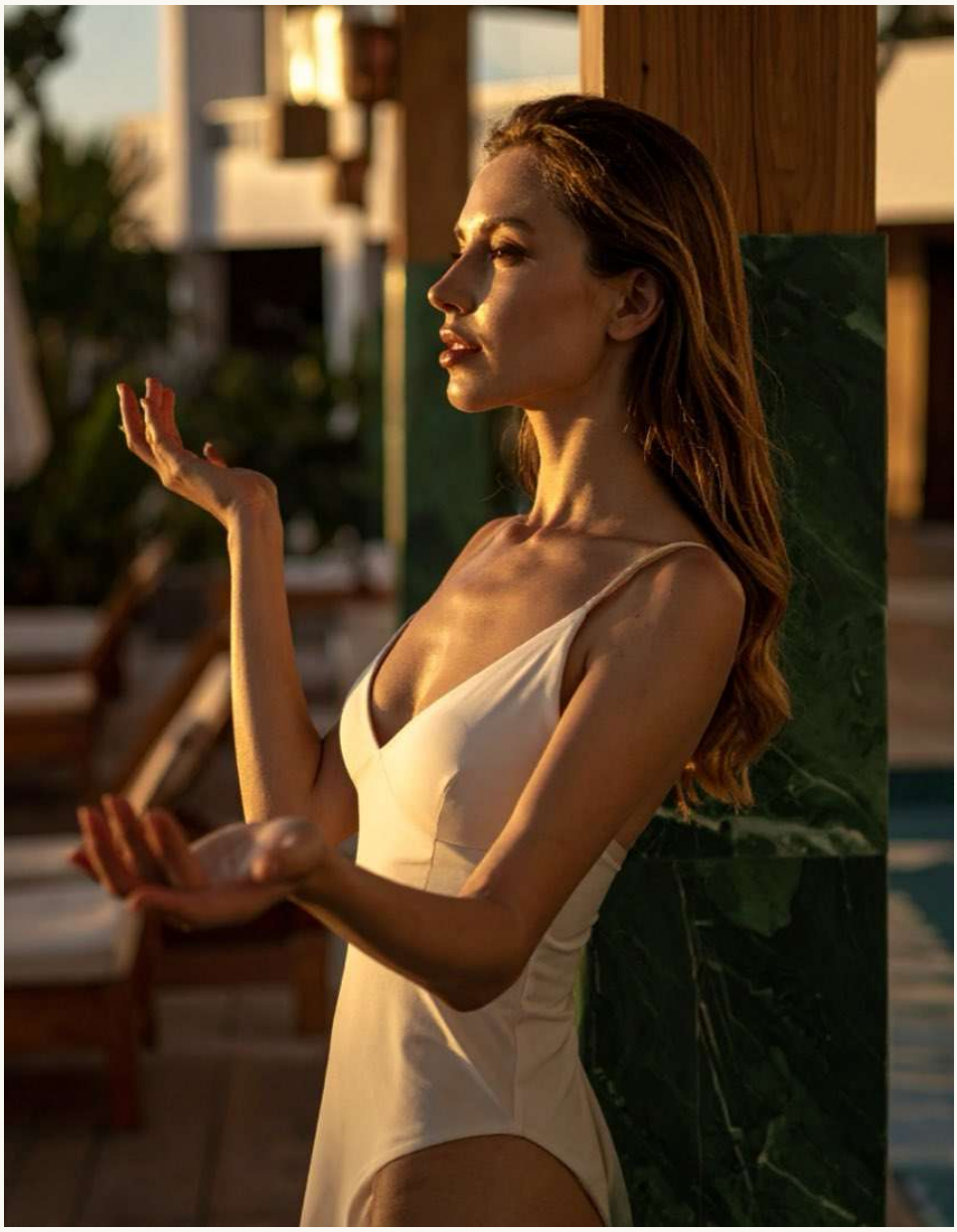
The weight on the line

It is worth staying a moment with the adviser, because the cost of failure demand is not only the six minutes of his time. He has taken a version of the fourth call perhaps forty times this month. He knows the five-hour slot, the plumber who cannot get into the flat above, the letter that tells tenants to expect a call that never comes. He apologises for all of them, sincerely, many times a day, for decisions he had no part in and cannot change. The canon describes what this does to a team over time, in its account of how an organisation and the people it serves shape each other: "A department that is structurally coupled with angry

customers will develop different capacities (and different pathologies) than one coupled with grateful ones."

The pathologies are recognisable to anyone who has run such a desk. People learn a soothing script and a flat voice. They learn which promises not to make. The best of them learn workarounds, a direct number for a particular supervisor, a way of flagging a job so it is seen, and the organisation comes to depend on those workarounds without knowing that they exist. The most experienced advisers often leave, because absorbing the same anger forty times a month for decisions they cannot affect is wearing in a way that has nothing to do with the number of calls.

Read the adviser's position as information, though, and it changes. He is the best-informed person in the building about where the repairs service fails. He hears every failure, in the customer's own words, within hours of its happening, and he hears them all in one place. Santa Anna's canon has a sentence about organisations that cannot use what their members know, and it fits the repairs line exactly. Where truths cannot travel, it says, "Over time, this produces organizations that are literally stupider than their members." The adviser knows why the calls come. The organisation, as an organisation, does not.



Listening at the front door

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Listening at the front door

What the head of customer services does next is less dramatic than a restructuring and more demanding than a survey. For a fortnight she spends two mornings a week at the end of the row with the spare headset, and she asks two of her team leaders to do the same. They listen to real calls, and for each one they write down three things on a single sheet: what the person wanted, in the person's own words; whether it was value demand or failure demand; and, if it was failure, what had failed and where.

The sorting is done from the caller's point of view, not the organisation's. That is the decision that most changes the result. A call to chase a repair that has not happened is failure demand even if the repair is still within the organisation's own target time, because the caller would not have needed to ring if she had known when it would happen. A call to ask what a letter meant is failure demand, because a letter that needs a phone call to explain it has failed. The temptation, which every team that tries this meets in the first week, is to classify from inside: *that one was the customer's fault, she didn't read the letter.* Seddon's rule, as his followers teach it, is that the customer's reading of the letter is the only reading that counts, because it is the one that produced the call.

The advisers notice the change before the managers do. Santa Anna's canon records a sentence that people on the floor of large organisations say about the people above them, collected in a case about a group of facilities whose new chief operating officer went to listen: *"They don't understand what it's like on the floor."* For two mornings a week, the person who sets the targets for the repairs line is sitting on the floor, and the advisers start, cautiously, to tell her things that are not on the sheet.

By the end of the fortnight the three of them have sheets for some four hundred calls. They do not report a percentage to the board. They do something with the sheets that a percentage would hide. They tally the failures by where they were made, and the tally shows what such tallies usually show, which is that a handful of causes account for most of the second calls. In this composite the first is the five-hour slot that nobody can plan a day round. The second is the job that needs access to another flat. The third is a letter.

Chapter 7 carries the demand sheet, the sorting rules and the tally, with the mistakes that are made at each step, and Chapter 6 places them in the order of a first ninety days. What can be said here is how the fortnight changes the meeting that follows it. The head of customer services takes her three causes not to her own team, who already know them, but to the people who own the booking system, the schedule and the letter. She takes the sheets, with the callers' words on them. And she asks for one thing about each: that someone who owns the cause listens to ten of the calls it produces.

It is worth saying what she does not do. She does not set a target for failure demand. She does not rank teams by it, or put it on the screen above the row beside the twenty-second figure. She has read about National Indicator 14, or something like it, and she knows that the moment the share of failure demand becomes a number that people are judged by, the sheets will start to fill with value demand. The work of measuring what the change is worth, honestly enough that the finance director will sign it (Chapter 5), comes later, and it is done differently.

There are failure modes in the listening itself, and they are predictable. A manager who listens to calls once and then delegates the listening has learned something and taught nothing. A tally that is presented as a league table of departments turns a study into a blame exercise, and the departments will contest the classification rather than the cause. And a team that finds failure demand and responds by writing a better

script for the advisers has treated the symptom at the one desk that never caused it. The listening is where the work begins. The change happens upstream.

The fortnight also changes how she reads a different number. The repairs line marks most of its calls as resolved on the first contact, and that figure, too, is green. But the woman with the ceiling was resolved on her first contact, and on her second, and on her third. What it would take to count a case as finished only when the customer agrees it is finished is a question with its own history, and it begins with the ticket the screen says is closed (Chapter 2).

Listening in your own building

The article this chapter began as ended at the end of a row of desks. The book can go further, into the finer points a manager meets when she tries this in her own organisation, and the first of them is where to sit.

Listen where the demand arrives, and in every place it arrives. For most organisations that is more than the telephone. It is the email inbox, the web form, the letters that are scanned and queued, the counter or reception, and the conversations operatives and engineers have on doorsteps. Each channel carries its own mix. Letters often carry the cases that have already failed twice, because people write when ringing has not worked. Doorsteps carry the failures nobody has reported yet. A fortnight of listening that covers only the phone will understate failure demand in the places where it is most expensive.

Spread the listening across the week. Monday mornings carry the weekend's failures; Friday afternoons carry the chasing of promises made for that week. Two mornings and one afternoon a week, for two weeks, by three people, will usually produce enough calls to see the pattern. That is a planning guide from practice, not a finding; stop when the next twenty calls tell you nothing the last hundred did not.

Sort from the customer's point of view, every time, and keep a short list of the kinds of failure so that the tally can be read. Five kinds cover most of what a service organisation hears. *Chasing*: the customer is asking where something is. *Not done right*: it was done, and it was wrong. *Not understood*: a letter, a bill or a message needed explaining. *Sent elsewhere*: the customer was told to contact someone else, and has. And *repeat*: the same failure as before, again. Anything that does not fit goes in a sixth column, *not sure*, and the listeners discuss those together at the end of each session rather than forcing them into a box.

Tell the team what the listening is for before the first session, and tell them plainly: it is a study of the system, not an audit of the people answering, and no adviser's name goes on any sheet. Then keep the promise. The first time a sheet is used to discuss an individual adviser's handling of a call, the advisers will start choosing which calls the managers hear.

Take causes upstream with the evidence, not a summary. The tally shows where the failure was made; the sheets show what it sounded like. The most useful single request a manager can make of the person who owns an upstream system is the one the head of customer services made: listen to ten of the calls your sys-

tem produces. Ten is enough to hear the pattern and few enough to fit into a morning. Most owners who do it change something within the month, because it is hard to keep a rule after hearing ten people explain what it did to them.

And begin with the cheapest change. The first failures removed should be the ones that cost almost nothing to fix: a sentence in a letter, a field on a job sheet, a text message the evening before. They prove to the advisers that the listening leads somewhere, and to the owners upstream that the study is not a prelude to blame. Chapter 6 places this listening in the first month of a ninety-day plan, and Chapter 7 gives the demand sheet, the sorting rules and the cause tally as working pages.

Ten past eight, a month later

It is ten past eight on a Monday in December, and the head of customer services is at the end of the row again, with the same spare headset. The figure above the desks is still green. The booking system now offers two slots, morning and afternoon, and a text the evening before with an hour. Jobs that need access to another flat carry a flag, and the scheduler rings the neighbour before the plumber leaves the depot. The letter has been rewritten by two advisers and a tenant, and it is shorter.

None of this has emptied the line. People still ring about leaks, for the first time, and that is what the line is for. The adviser beside her takes a call from a man whose bathroom tap will not turn off, and books the job, and the man says thank you and goes. Two calls later a woman begins with four words, and the head of customer services writes them down on her sheet, and the place they came from beside them.

It is still the repairs line. It is quieter by one ceiling.

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