2015 Innovation Awards Finalist

Engagement: driving a customer culture

How customer focus at LV= led to removing sales incentives & targets, part of a strategic change involving new approaches to engagement, performance management and cross-skilling.

Summary

Regional managers, HR, planning, compliance and change teams have worked together on a major change in performance focus for sales advisors at LV=. This has massively improved customer experience, borne out by a 36% uplift in internal CSat (quality) scores. It will also deliver £3.7m savings over five years. Instead of individual sales commission, CSRs joined the same LV= group annual bonus scheme. During the three months from announcement to implementation, CSRs were supported by presentations, one-to-ones, tailored letters and had access to follow ups. Team leaders played a crucial role in smoothing the journey and engaging CSRs, ensuring full FCA compliance. With the new approach, CSRs are actively learning new skills; they feel the benefit of development and it provides flexibility in cross-skilling, a key enabler of a new operating model.

"We are concentrating on getting the right outcomes for customers rather than thinking about what rings the bell. We are more relaxed."

Peter Sinden,
Director of Sales and Service

"A lot of the objectives have changed, it's all about outcomes ...Is the customer happy?"

Melanie Jones,
Sales and Service Advisor

"They can see their progression and what they put in themselves to manage their performance. They have a big reward at the end of the year. It was the right thing to do."

Jaime Ford,
Team Leader

Key initiatives

Focus on customer outcomes: it's not just compliance

While FCA regulation means many financial services organisations are reviewing incentives, removing commission incentives for sales CSRs at LV= sprung from a wider culture and strategy that has already moved LV= overall from 33rd to 7th in UK Customer Satisfaction Index. All stakeholders talk about the importance of the conversation with the customer, a mindset ingrained from director down. CSRs are strongly encouraged to solve customers' problems and are now ALL rewarded in the same way using the LV= group scheme. Regional managers reviewed the options and the decision that everyone should be on the group annual bonus scheme has replaced over 19 KPIs. This is empowering sales CSRs to focus on the right outcomes for customers and internal quality scores are up 36%. Although not the driver, removing the sales commission has also saved £3.7m over 5 years. There are quarterly reviews as to whether the right conversations are being had with customers and if targets, measures and objectives need to be changed. "The top earners weren't necessarily our top performers" "We were thinking long term" "We wanted to plan ahead" "We're in more of a position to help people" "I'm more relaxed" "More time to solve problems".

Engagement: it's HOW you manage change

The planning, HR and compliance departments worked together towards the move to the group sales incentive. People have a deep understanding of that journey. The overt communication for the reasons for the switch have been exemplary and the message is consistent. Regional sales and service managers delivered simultaneous presentations at all the sites to CSRs in May 2013 with the transition process beginning in July. Everyone then received a letter explaining how the changes would affect them individually. All CSRs received a one-to-one from the regional sales and service manager. Team leaders and HR were also on hand for follow ups. There was financial support through the change curve; a lump sum made up of a cumulative 5% decrease was paid in the November. "HR were on hand" "Advisors see the bigger picture" "Lots of consultation" "There wasn't Chinese whispers".

Results

- 35.6% uplift in internal CSat (quality) scores for sales people
- £3.7m cost savings over five years.
- Overall LV= moved up from 33rd to 7th in UK Customer Staisfaction Index
- Moving to the group annual bonus scheme has replaced over 19 KPIs

The Change Curve

"Don't underestimate the power of good communication. Upskilling team leaders is important and too often overlooked. Empowering them to make decisions ... deal with something before people get nervous. People are able to progress more easily."

Lorraine Bailey,
Human Resources
Business Partner

People want to develop: it's not all about money

Significantly, the new approach is actually increasing revenue as people are not focussed on completing sales, but take time to understand customer needs and upsell appropriately. The change gave visibility about where the old sales incentives had in fact been driving the wrong behaviour and, unsurprisingly, focus on customer outcomes is beneficial for compliance. Furthermore, the new approach has made people think about their career opportunities more; excited by learning different skills, with less focus on end-of month targets and more appreciation of how they impact customer experience and outcomes. Crucially, without the worry about quantative targets, there is more sharing of best practice and CSRs are far more flexible. Cross-skill training started when the financial incentives were removed, because this was part of a wider strategy of moving to a new operating model. Therefore development opportunities opened immediately – CSRs have been buddying, working in different departments and are enthusiastic about developing skills to deal with service and claims calls. They now want to support each other and are given voice of the customer feedback daily, driving conversations between colleagues and benefiting the business overall. "There's less pressure" "We weren't selling to add value" "Before, it was holding people back" "People can progress" "We're rewarding those who were previously our unsung heroes" "We can deal with everything".

Invest in team leaders to develop your people

Crucially, team leaders were offered a significantly enhanced level of support and investment, recognising that they have a key role in many different change programmes. This included development in a number of key competencies, giving team leaders the ability to deal with the conversations taking place after the move to the group incentive. They were encouraged to amplify their CSRs' strengths and recognise the areas they needed help with and coach accordingly. "Freer to manage performance" "We can motivate" "Rewarding the right behaviours" "A complete culture change" "Trained end-to-end" "It was the right thing to do".

"We are focussed on the interests of the customer ... skilling up everyone so that they can deal with whatever call comes into the business. We had conversations at the right time with the right individuals. We treat people like family."

Gordon Fraser,
Senior Operational Planning Manager

"From a risk and compliance perspective, it's about mitigating behavioural risk."

Dan Collington,
Head of GI Compliance

"There is less pressure now. We spend more time with the customer solving their problems ... We're in more of a position to help people."

Hayley Lemaic,
Customer Sales Advisor

"It gives an opportunity to develop, before it was hard to get time off the phone."

Kayleigh Robson,
Sales and Service Advisor

"It was doing the right thing for the business."

Holly Devonald,
Regional Sales and Service Manager

LV= set up in 1843, serves over 6 m customers with a range of financial products. LV= employs 6,000 people, around 3,000 in the contact centres staff across 8 sites, including Bournemouth, Bristol & Croydon. Systems used for customer interaction include Avaya for workforce optimisation & call recording, IQ and CMS. An Azzuri toolbar controls AVaya handsets & Symon wallboards.