

Warhurst, Di (SEN)

From: Isabel Toby [isabel.toby@csia.com.au]

Sent: Friday, 1 April 2005 6:08 PM

To: ECITA, Committee (SEN)

Subject: Inquiry into Australian telecommunications regulatory regime CONFIDENTIAL BACKGROUND

To Louise Gell
Committee Secretary
Senate Environment, Communications, Information Technology and the Arts
Committee
Department of the Senate
Parliament House

Dear Louise

Attached is a presentation the Customer Service Institute of Australia would be willing to speak to as contributors to the Senate Environment, Communications, Information Technology and the Arts Committee Inquiry into the performance of the Australian telecommunications regulatory regime.

The Customer Service Institute of Australia was established in 1997 to serve the needs of all Australian organizations and individuals who work in customer service. CSIA members include large corporations, Government departments and agencies together with small and medium size businesses. Individual members come from an equally diverse group including CEOs, business owners, government employees and of course, customer service managers and professionals.

The Institute is a not for profit company limited by guarantee.

The CSIA is recognised as the peak customer service body within Australia. Today high quality customer service is universally regarded as imperative for long-term business success. The Institute is driven by and committed to the development of people, systems, and standards to improve customer service.

The CSIA was founded with five initial aims:

1. To promote customer service and improve the level of its practitioner's professionalism through assessment, accreditation and certification. Recognition of member's professional standing is provided through use of the CSIA's designatory post-nominal letters (e.g. MCSIA), thus improving the pride, motivation and self-esteem of customer service professionals.
2. To provide people working directly or indirectly in customer service with the education and professional standards that will enable them to reach their full potential in their chosen field. The prestigious Certified Customer Service Manager (CCSM) professional qualification is considered the minimum requirement for a customer service management position. The CCSM course is nationally accredited as a Diploma of Business under the Australian Qualifications Framework by the Australian National Training Authority.

minimum requirement for a customer service management position. The CCSM course is nationally accredited as a Diploma of Business under the Australian Qualifications Framework by the Australian National Training Authority.

3. To continually develop and promote the International Customer Service Standard (ICSS) and certification program, which helps organisations develop and sustain a customer ethos through improvements to the design, delivery, quality and effectiveness of customer services policies and systems. These systems are independently audited by CSIA accredited Licensed Assessors.

4. To improve knowledge of the components of customer service excellence through research, training and development programmes, publications, awards, conferences and customer focus groups. Since 2001 the CSIA has managed and judged the prestigious Australian Service Excellence Awards which have received the highest recognition from government and business leaders.

5. To provide a voice for customer service professionals and enhance the status of these individuals and customer service issues via the media and public education forums.

Exceptional customer service has now become a critical element of the mission and vision statements of many organisations. To execute on these commitments, organisations and individuals need to achieve peak levels of performance - that means continually improving and being better than your competition.

"In a world of greater choice and more open competition, the quality of service provided by organisations to their customers is increasingly a differentiating factor. An organisation striving for success based on outstanding staff and service needs a dynamic internal atmosphere, excellent training, and well-developed standards for service delivery."

- James Strong, Business Leader for CSIA publication Customer Service Excellence

The CSIA, as Australia's peak customer service association and industry voice, is uniquely positioned to assist organisations and individuals on this journey. With its standards and certification programs and services, as well as a depth of experience, organisations have a not for profit partner to assist them in their pursuit of customer service excellence.

The CSIA is pleased to this Inquiry and we look forward to providing information and offering solutions to the issue of telecommunication services to metropolitan as well as rural and regional Australia particularly with regard to the privatisation of Telstra.

The information in this presentation provides detail on some of the service standards and certification programs we feel are so necessary for achieving and maintaining the desired service level outcomes. We request that the presentation be taken as background material for any presentation we may be invited to give in the hearings for this Inquiry but can be published on the Senate web site or other means if the Committee wishes.

We look forward to the Committees response to our offer of appearing at the

hearings. This presentation has been approved by the National Council of the CSIA.

Your sincerely

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CSIA

**CUSTOMER SERVICE
INSTITUTE OF AUSTRALIA**

CSIA - Australia's Peak Customer Service Body

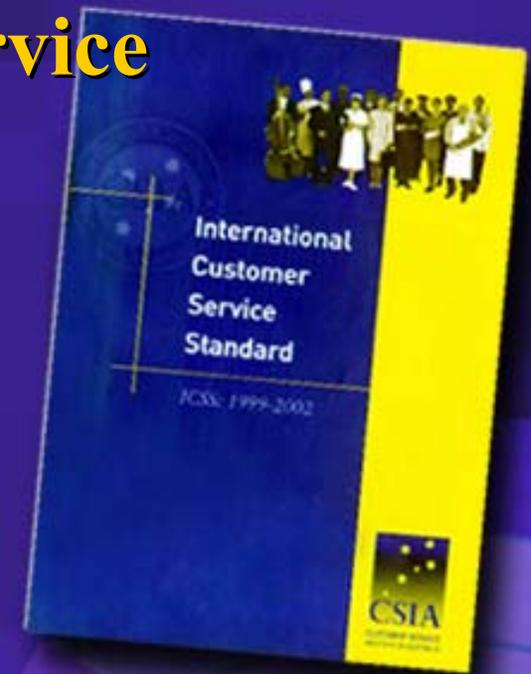
- **Formed in 1997 to administer the International Customer Service Standard**
- **A not-for-profit company limited by guarantee**
- **Has individual and corporate members**



The International Customer Service Standard and Certification program:

An internationally recognised measurement tool for use across organisations:

- 1 Service perspective
- 2 Financial perspective
- 3 Operational perspective
- 4 Learning & growth perspective



CSIA - Australia's Peak Customer Service Body

- **In 2001 assumed responsibility for the Australian Service Excellence Awards**
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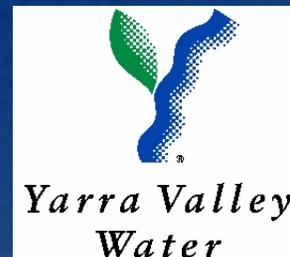


CUSTOMER SERVICE
INSTITUTE OF AUSTRALIA

*Australian
Service
Excellence
Awards*



Some Award Winners and Finalists



Country Wide



CSIA - Australia's Peak Customer Service Body

- **Has developed and is further developing international alliances**
- **Contributes to international magazines and conferences**
- **Formed in 1997 to administer the International Customer Service Standard**
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CSIA has a Memorandum of Understanding with Asia Pacific Customer Service Consortium to use ICSS

“Given the importance to the economy of a commitment to quality, the government is doing all it can to nurture and promote a service culture.

The formation of the Hong Kong Customer Service Consortium once again exemplifies the kind of public-private partnership that makes Hong Kong tick.

I salute the efforts by all the founding members and wish the Consortium every success in its future endeavors.”



*Donald Tsang,
Financial Secretary
Government of the Hong Kong Special Administrative Region*



Hong Kong
Customer
Service
Consortium



CSIA has a Memorandum of Understanding with Asia Pacific Customer Service Consortium

Foundation members of the HK/AP CSC include

- Hong Kong Post
- China Light and Power
- 3Com Asia Pacific Rim
- Citibank,N.A.
- Hong Kong Telecom
- Hong Kong Tourism Association
- Motorola Asia Pacific



Hong Kong
Customer
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CSIA - Australia's Peak Customer Service Body

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UK QUALITY

REDLAND BUILDS A TEAM CULTURE

HOW THE BUSINESS EXCELLENCE MODEL IS UNLOCKING EMPLOYEE POTENTIAL

CLIMBING UP WITH LEANMAN JONES
Why Redbridge Glass Services needs our demanding customers

THE INCLUDES BUSINESS
Setting the clock markets for evidence of the quality focus

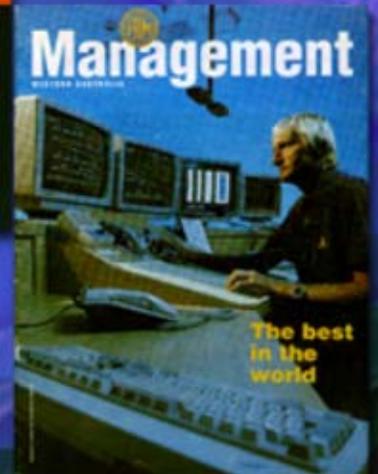
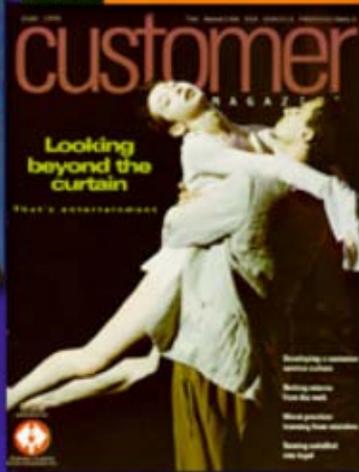
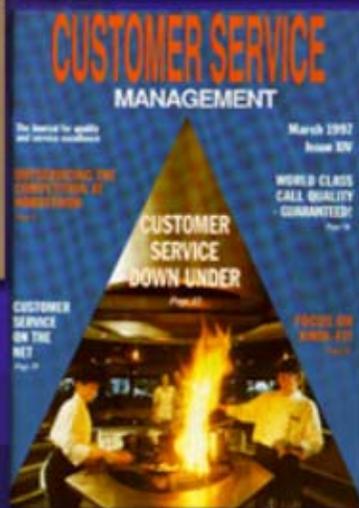
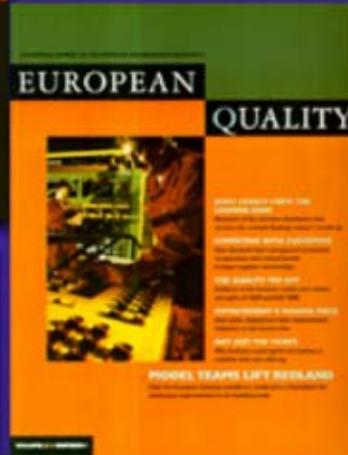
SMILE MANAGEMENT SERVICE SPARK
A benchmarking tool to the world-class heart of America

AWARDS IN THE PUBLIC INTEREST
The central benefits of Charter Mark and the UK Quality Award

Self-Assessment

The Magazine of Continuous
Quality Improvement

JANUARY 2007



Today's Discussion

- **Outline of the service challenge for Australian Telecommunications companies, consumers and business**
- **Examining the case for independently audited international customer service standards in telcos**
- **Recognition of the requirement for certified customer service managers to be employed to ensure a customer culture**
- **Overview of the International Customer Service Standard and Certification process**



The service challenge for Telcos in rural and regional service

- Customer service and Infrastructure are the key issues
- CSIA specialises in the service area and has examined a lot of data particularly in the area of complaints but the ICSS also audits delivery capability
- Infrastructure requirements of the International Customer Service Standard:
 - **6.3b Operations Process**
The enterprise delivers products and services, according to identified customer specifications and has a process to guarantee predictability and consistency of delivery.

The service challenge for Telcos in rural and regional service

- CSIA is concerned that previous reports have focussed mainly on Infrastructure deficiencies as ‘service’ issues
- Infrastructure issues such as mobile phone coverage have coverage have been considered too expensive or difficult to deal with
- Such an approach has meant the reports have failed to address preventable service issues and complaints
- CSIA recommends these issues which impact so heavily on consumers and rural businesses be addressed via this working group as well as the infrastructure issues

The Cost of Poor Service

- Poor service from banks, telcos, utilities and government departments is a hidden drain on productivity
- a UK study found that ‘poor customer service costs Britons **£14 Billion pounds a year in lost time and productivity**’
- The survey was conducted for UK firm Telephone Bank First Direct and found that everyone of the 1,007 people questioned said their time had been wasted by poor customer service, with customers losing an average of 23 minutes a week.

The Cost of Poor Service

- The group said if this time was valued as potential lost earnings paid at the same rate as the national average wage of just over £25,000 a year, people were losing the equivalent of nearly £300 a year.
- It added that 12% of people questioned claimed they wasted an hour a week as a result of poor customer service, meaning they lost the equivalent of more than a working week over the course of a year.
- Their main complaint was being transferred to several different people within an organisation and having to repeat their query to all of them, with 88% of people saying they wasted an average of 22 minutes a week doing this.

The Cost of Poor Service

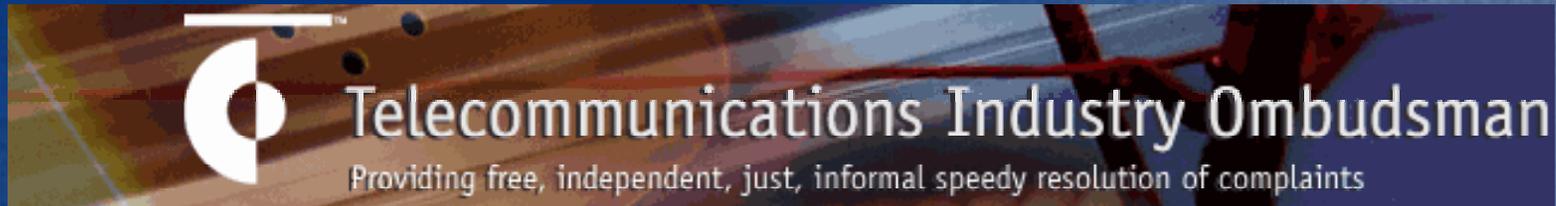
- This was followed by 77% of people who were frustrated about having to spend time calling organisations back to resolve an ongoing problem, one in 10 of whom said they spent more than an hour a week chasing ongoing queries.
- About 68% of people also said they wasted an average of 17 minutes a week complaining about poor customer service.

The Cost of Poor Service

- The CSIA/TMI National Complaints Culture Survey in 2000 found that from 8 industry sectors Communications companies were rated the lowest in a number of key categories relating to complaints including:
 - Basic attitude to complaints
 - Accessibility and processing of complaints
 - Customer service policies and systems

Most worryingly perhaps:

- Willingness to change
- A similar study carried out by the UK Institute of Customer Service found Communications companies performing better than most other industry sectors



- **Unfortunately despite Finding 7.5 in the Estens Report the Telecommunication's Ombudsman is not very effective dealing with these issues, particularly in the area of 'enforcement':**
- **The Ombudsman's powers are extremely limited:**
- **The TIO will only consider claims based on actual monetary losses suffered that are a direct result of the actions or inaction of your Telephone Company or ISP. Claims for pain and suffering, loss of business reputation, inconvenience and mental distress will not be considered.
(from TIO website <http://www.tio.com.au/>)**



Telecommunications Industry Ombudsman

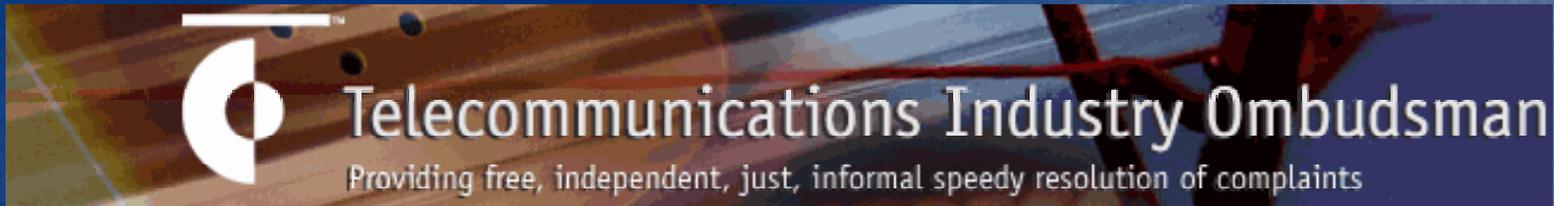
Providing free, independent, just, informal speedy resolution of complaints

- **As general rule, the TIO does not make any awards for the costs involved in compiling or pursuing a compensation claim. For example, the TIO will not make an award for the cost of your working time on the basis that you spent x hours compiling your claim and you usually charge \$XX/hour on a time basis for your services. Nor will the TIO usually consider claims for reimbursement of expenses incurred in pursuing a claim such as telephone calls, writing paper and postage. (from TIO website <http://www.tio.com.au/>)**





- **The lack of service by a provider resulting in a consumer spending many frustrating hours attempting to resolve the problem is not compensated for the effort. In general, service providers will not compensate customers for time and effort spent in attempting to resolve a complaint. A provider may consider applying a goodwill credit to an account in the interests of good customer service. This would be at the discretion of the provider - the TIO is not able to direct the application of such a credit. (from TIO website <http://www.tio.com.au/>)**
- **The TIO does not consider claims for punitive damages and interest. This is because punitive damages and interest are, in essence, a 'penalty' against a company, and go against the principles of alternative dispute resolution that the TIO adheres to. (from TIO website <http://www.tio.com.au/>)**



- **The legal advice costs involved in compiling or pursuing the claim itself are not to be included in the compensation claim amount. These costs will not be reimbursed even if your provider admits liability for your loss of business and your claim proves to be successful. (from TIO website <http://www.tio.com.au/>)**
- **If the TIO is satisfied that compensation should be paid, it can make a binding decision against a member of the TIO scheme up to the value of \$10,000. The TIO can also make recommendations up to the value of \$50,000. (from TIO website <http://www.tio.com.au/>)**

Strengthening the Ombudsman's Powers

- CSIA recommends strengthening the Ombudsman's powers to force poor service companies to comply with the International Customer Service Standard
- Telcos which receive numerous complaints – the Ombudsman said that 'complaints about landline, mobile phone and internet service increased by almost eight per cent, to 59,850, over the 2003 financial year' – should arrange for a full audit against the International Customer Service Standard
- CSIA will report findings outlining non-conformances to the Ombudsman

Strengthening the Ombudsman's Powers

- The company should have to provide a timetable for the implementation of required improvements to prevent any further occurrence of avoidable complaints
- A six monthly surveillance audit should be conducted until the improvements are integrated
- This type of review process is in line with Finding 9.6 of the Estens report

Why are such steps necessary – The Telstra Example

- CSIA understands the main concerns of Telstra CountryWide stakeholders are:
 - Service Delivery (eg. prompt handling of complaints)
 - Understanding Customer needs
 - Improving communication
- Comments include: ‘People in complaints and enquiries often give the wrong information resulting in a long call that could be handled quickly and promptly’
- There is a perception widely held that whilst Telstra CountryWide provides an excellent service it is hamstrung because of the beauracracy of the Telstra organisation

Why are such steps necessary – The Telstra Example

- **Telstra has a background in engineering and has developed a strong commission based sales focus**
- **But states it is a ‘service company’**
- **The culture of the company is based on sales and and the management of technology assets – the primary management staff have these backgrounds**
- **Currently has no Certified Customer Service Managers with professional qualifications**



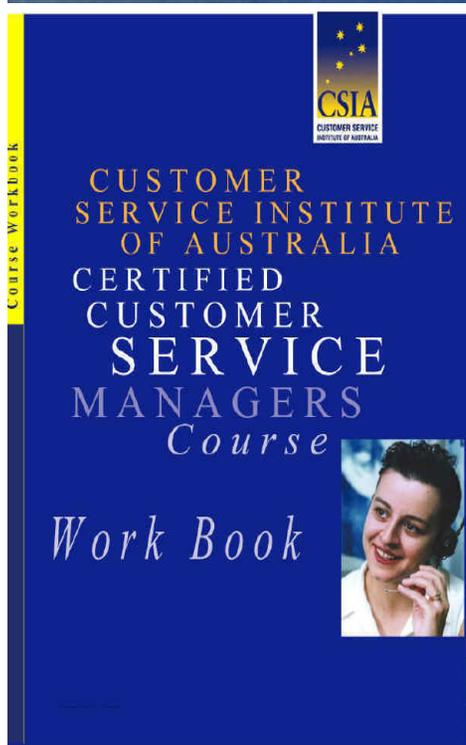
Why are such steps necessary – The Telstra Example

- **Imagine an accounting firm with no qualified accountants!**
- **Only qualified and Certified Customer Service Managers have the skills to develop a service culture across the business**
- **An organisation the size of Telstra should have 500 personnel with these skills in conjunction with their existing roles**
- **Qualified managers are a basic requirement for the implementation and maintenance of high quality customer service standards**



Benefits of building a team of leaders via the Certified Customer Service Manager Designation

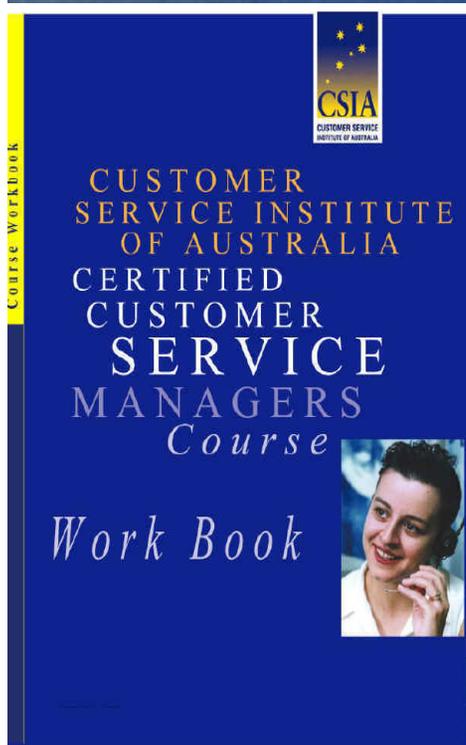
- Provides the organisation with a team of skilled customer service champions
- Is the only formal qualification recognising Customer Service Managers
- Such training is not a high cost for business but should save money and increase profits whilst improving service



CSIA

Benefits of building a team of leaders via the Certified Customer Service Manager Designation

- Gives customer service leaders professional status like CPAs
- Builds a customer service culture for organisation through a strong internal team
- Maintains momentum for continuous improvement and compliance with standards



The International Customer Service Standard (ICSS):

Four areas of alignment

- 1 Service perspective
 - 2 Financial perspective
 - 3 Operational perspective
 - 4 Learning & growth perspective
- Written in balanced scorecard format
 - Based on **PASSION** and **PROCESS**
 - A tool for external third party measurement of customer service management systems
 - Focussed on service outcomes unlike ISO 9000 Quality Assurance





Johnson & Johnson

Testimonial Letter (excerpt)

“We have waited many years for an international standard of the nature and scope of ICSS to come to Australia and the highlight of 1999 was Johnson & Johnson Consumer Service Centre’s “International Customer Service Standard” certification...thank you for your encouragement and assistance in helping us achieve new heights.”

**Marilyn Grant –
Consumer Service Manager**



CSIA
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“The CSIA’s initiative in establishing customer service standards and in evaluating and recognising the ability of enterprises to comply should be commended. The Institute not only has established a framework of quality measures through which success can be assessed, but has also provided the challenge for enterprises to continue to identify and address opportunities that will mean further improvement.”

CEO - Brisbane City Council

CSIA
CUSTOMER SERVICE
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“...the work was carried out with the highest standards of professionalism and thoroughness. As this test site has been audited and certified, Telstra would now like to progress to Phase 2 of the project. I would like to request that the CSIA via its certification body begins a program of audit to the International Customer Service Standard (ICSS) for more of our sites.”

Robert Rath
National General Manager
Strategy & Planning



Overview of the Certification Process

- Organisation completes training, self-assessment and consultancy
- Organisation declares readiness for assessment
- Organisation submits self-assessment report and application for assessment
- CSIA acknowledges receipt of application and schedules assessment by a team of qualified Licensed Assessors
- Should the organisation achieve the requirements of the Standard CSIA issues certificate



Who carries out the Certification Assessment – CSIA Licensed Assessors

The Licensed Assessor will:

- ✓ **Be professional in their approach**
- ✓ **Leading customer service managers from a variety of industries**
- ✓ **Have the ability to evaluate standards applications consistently and effectively**
- ✓ **Be of high reputation**
- ✓ **Be committed to the assessment process**
- ✓ **Be able to meet time commitments**
- ✓ **Be able to formulate a clear and concise report**

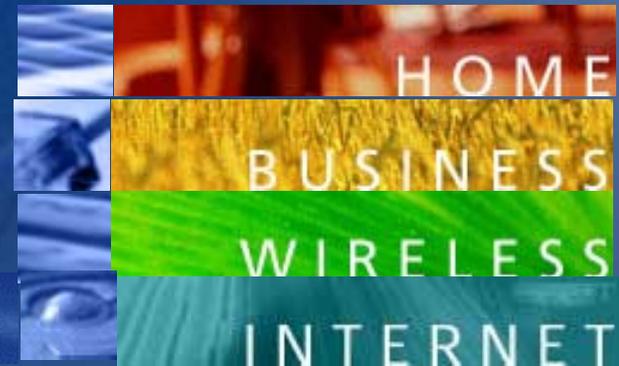


Why aren't Telcos already certified?

- The ICSS has been available since 1999 as a voluntary standard many leading organisations have chosen to benefit from its attributes
- International organisations have made a special effort to arrange certification including prominent Canadian Telco, MTS

Early 2004 the CSIA was invited by Canada's third largest Telecommunications company to send ICSS qualified trainers and Licensed Assessors to provide training and help prepare the company for a certification audit to the organisation to the International Customer Service Standard. But at this stage major Australian Telcos have not progressed with certification.

MTS



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Why aren't Telcos already certified?

- Telstra has on a number of occasions stated its intention to achieve full certification but other priorities have prevented it from continuing
- CSIA has recommended company wide certification for:
 - Sensis
 - Bigpond
 - Foxtel
 - CountryWide
 - Telstra
- Despite enthusiasm Telstra has not progressed its 'good intentions' – Legislation will make this effort easier!



“River Quays’ award has set a new benchmark for Telstra and it is a company priority to achieve this excellent standard (ICSS: 1999-2002) in service to customers across the business.”

Judy Slatyer, Chief of Consumer Sales, Telstra Retail

Benefits of ICSS Certification

- Continuous improvement and benchmarking of the organisation's customer service efforts through the annual audits to ICSS
- An ability to determine gaps between managements' expectations of customer service levels and actual delivery levels
- A useful tool for quantifying the performance of customer service professionals within an organisation

Benefits of ICSS Certification

- **Greater focus on customer service throughout the organisation.**
- **Enhanced morale at all levels of the organisation, brought about by greater autonomy to deal with customer complaints and an overall reduced level of complaints.**



Benefits of ICSS Certification

- Enhanced organisational recognition, as a result of both the fact of being audited and certified, as well as being able to display the visual symbol of certification, the “Certified Customer Service Organisation” Trustmark



**“We are what we repeatedly do.
Excellence, then is not an act but a
habit.”**

- Aristotle



Questions?

