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## ***WHITE PAPER***

**Conquering Customer Service Data Management:  
*What Metrics You Need to Measure & How to Start***

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## What Metrics You Need to Measure & How to Start

*Too few customer service organizations and affiliated departments realize the true potential of their CRM initiatives. There are plenty of reasons that efforts fall short, but a major contributor to underperforming systems is the poor quality of master data that populates them. Other contributors include how and where data is stored. Siloed databases, numerous multi-vendor applications, unstructured data formats, and the lack of consistent information across multiple channels all play a part in CRM efforts that fail to deliver on their promise to present a cohesive view of customers.*

### Taking the Lead on Data Quality Initiatives

In striving to serve as business differentiators, service organizations have a strong case for taking the lead on data quality and customer master data improvement initiatives. These can be relatively small in scope, focusing initially on a single data source - or be much larger in scale, involving a customer master data management (CMDM) architecture. A common CMDM model comprises a hub data repository that controls the customer master and the attributes required by the applications accessing it, and leverages tools and processes to automatically synchronize its data set with the data in the systems in its ecosystem.

MDM initiatives can be enterprise-wide, but most organizations start their efforts with the lifeblood of businesses — customer data — because success here improves service delivery, sales effectiveness, and marketing focus.

A customer MDM infrastructure enables users throughout the enterprise with varied permission privileges to:

- Access clean, consistent customer data
- Manage performance against business-oriented metrics
- Gain actionable insights
- Optimize business intelligence efforts

### What Does it Take to Take the Lead on Data Management?

Make no mistake: customer MDM is an intricate undertaking, even for service organizations with enthusiastic executive buy-in and equally enthusiastic funding. It requires upfront collaboration among customer-focused departments and executive management, data governance, ongoing maintenance and review, policies that enforce inter-departmental buy-in for knowledge sharing, and the consolidation of structured and unstructured data to present it consistently across multiple departments and customer channels.

However, considering the competitive advantages such initiatives facilitate, customer service leaders, as a key-holder to customer loyalty, should man up to make the business case needed to get executives to fund data quality, integration, and CMDM initiatives. Done right, these efforts can be game-changers.

If your service organization is part of a large corporation investing in an enterprise-wide MDM strategy, you should be involved in the effort to provide input and identify key transactional, reference and relationship service data. However, such large-scale efforts aren't pervasive today, and even if a corporation wants to move in that direction, they're advised to focus on a smaller data segment and expand iteratively. So, if you've decided you're up to the task of spearheading a customer master improvement initiative to better optimize CRM functions, read on for recommendations on defining project objectives, overcoming challenges, and selecting data sources to tie to customer master repositories.

## 1. Define Your Goals.

There's no one universal driver for CMDM projects. Companies have varied operational and regulatory compliance reasons for undertaking these efforts. It's imperative that a service organization identifies specific goals that make the most sense for its own project, not just to make the business case for the effort, but to establish sensible, measurable efficiency and effectiveness metrics.

"Organizations need to define what they're trying to achieve if they're launching a customer master data project," says Brett LaDove, principal of LaDove Associates. "Their first step should be to define the insights they'll need to meet specific objectives — whether it be identifying opportunities for cross-sell and up-sell, increasing customer retention and satisfaction, improving products and services, or identifying new product options — and then determine what data will drive those insights."

Depending on the organization, some goals are difficult to manage against, including those constrained by a manufacturer's sales model. B2B and B2C manufacturers selling high-value products, support services, or subscription-based services through a direct sales model own transactional data that reveals customer product purchases, purchase behavior and patterns. However, manufacturers that sell primarily through channel partners don't have direct access to significant transaction data, and ongoing battles over who owns the end-customer and whether they're directly competing with their resellers for wallet share complicate data-sharing negotiations.

### Metrics That Make Sense

Contact centers are typically hyper-focused on measuring performance against efficiency metrics — average speed to answer and average contact handling time — designed to keep costs down. These operational goals are valuable, but not at the expense of customer satisfaction.

Customer satisfaction, for example, is closely tied to such metrics as first-call resolution. Naturally, if FCR can be achieved with a low contact-handle time, that's an ideal scenario, but experts say FCR readily trumps time on the phone or on a chat session as a contributor to satisfaction.

Customer service organizations should establish a combination of efficiency and effectiveness metrics to seek the right balance for measuring the performance of their customer master data programs.

“If you’re selling products through a reseller, it can be difficult to determine who your customers are. You can take proactive steps by offering customers something if they register their products and gather some data that way,” says Fred Van Bennekom, principal at Great Brook Consulting. “But, it is unlikely customers will contact you directly for customer service, so you don’t have that opportunity to collect information on them.”

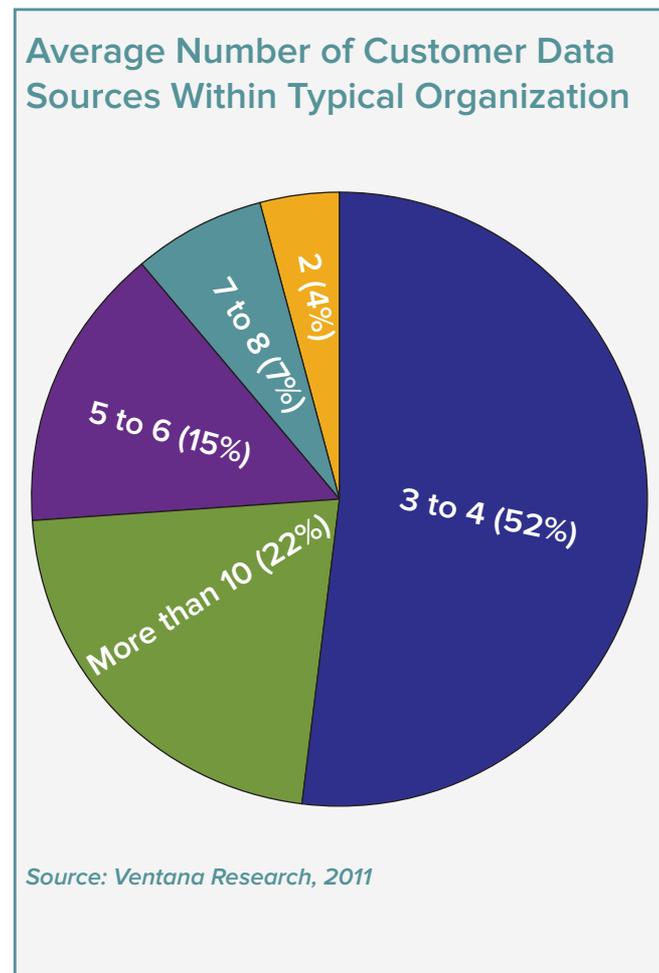
“Customer retention is a leading objective of customer master data improvement initiatives, and to drive loyalty, organizations need to understand their customers and their lifecycle,” says LaDove. “That requires a great deal of data, of which transactional data is a key element.” If you don’t have access to a dynamic stream of transactional data, you can’t readily perform the analysis needed to determine customer purchase criteria and how you might leverage it to increase retention.

LaDove recommends that project leaders be realistic about their goals and focus on the insights they can gain from the types of data they own and what they can secure from third-party sources. “Be honest with yourself — if you can’t measure progress against your goals, you won’t get much value from your efforts.” Companies might want to focus on a more measurable goal such as reputation management, for example, as meeting these goals can translate to customer retention.

## 2. State Your Case.

Getting decision makers to fund a CMDM project - or any project - demands that project leaders or teams make a comprehensive, well-researched business case. It makes just as much sense for service leadership to own projects that build loyalty and advocacy as it does any other business function, but whether they seize the lead depends on how service leaders perceive their own role. There’s a tremendous difference between service leaders who view their role as customer contact managers and those who see themselves as advocates for their company’s products and services.

Many customer service managers fall into the former category, and they don’t take the opportunities that leaders who see service strategically do in service initiatives, such as MDM, customer segmentation and social media projects, says LaDove. Service executives who see their function as instrumental to increasing customer loyalty and engagement are far more likely to muster the resources needed to make a case for MDM projects that executives will support. “Executives tend to put money where real work is getting done,” says LaDove. “Service leaders that get buy-in are skilled at developing and articulating a strong business case for funding.”



In making the case for MDM, project stakeholders may have to educate business executives about the reality of their corporate data infrastructure, says Richard Snow, VP and research director of Ventana Research. He says there can be huge gaps between business executives' perceptions of the number of discrete systems running customer data versus the actual number. He's seen cases, he says, where C-level executives estimate that all their customer data resides in two or three systems, whereas IT confirms that systems housing this data number more than 20.

"Business people tend to think about the applications they use every day — CRM for customer data, ERP for finance, and spreadsheets — and that creates their narrow view of the world," says Snow. "IT, on the other hand, knows they have customer information in data warehouses, knowledge management systems, CRM applications, networked systems, unstructured formats, and other sources." When project stakeholders map the actual number of customer data sources and types within their organization it can be an eye-opening exercise for C-level executives, who may suddenly realize that an architecture that controls the accuracy of the data it pushes out to master data users and pulls in from master data producers can be a huge asset.

### **3. Address Data Quality.**

The first step in a customer master improvement campaign is addressing data quality. In companies running a large number of systems and applications, master data relating to a single customer is typically sourced in several systems and referenced differently from system to system, and worse, includes conflicting information across systems. According to a 2011 survey by Aberdeen, about a quarter of survey respondents said that less than 50% of their master data was accurate and classified properly. Thus, MDM efforts require core processes for cleansing, de-duping, reconciling, normalizing, and maintaining data, as well as for establishing standard customer definitions and unique identifiers for individual entities. Ensuring data quality is an ongoing effort, as data ages and accuracy can quickly degrade, and new source data brought online needs to meet consistency standards.

Once teams establish processes for data-quality maintenance, they should identify all sources of valuable customer data, relationships between entities, and the applications that produce and consume master data so they can be integrated within the master infrastructure.

#### **Better Data Management, Better Collaboration**

**"Business units have their own performance metrics and those targets are what they're interested in meeting," says Richard Snow, VP, Ventana Research. "However, when it comes to customers, business units need to be extremely careful about the KPIs they use."**

**Better customer master data management, including integration with customer feedback and VoC survey data, can enable customer-facing organizations to work together to better measure effectiveness metrics like FCR, customer satisfaction, customer value, and customer retention in addition to the efficiency metrics many are adept at measuring.**

#### **4. Initiate a Pilot Program.**

If your service organization wants to move toward a single view of the customer through a master data initiative, piloting projects with select data sources can be a good way to test viability, analyze service improvements, and solicit additional funding to expand efforts. Organizations can gain experience and insight by integrating one or two customer data sources with their master database. They may start with billing so agents can check account status during a customer interaction or customer feedback data so agents can see how customers viewed their most recent service experience.

Recommendations for customer data types to integrate with customer master systems include:

- Service interaction history data (across channels)
- Billing data
- Customer feedback data
- Customer contact data
- \* Product/service transactional data
- Service contract data
- Financial data from ERP applications
- Codified customer survey data

Integrating these types of data provides the service organizations with a basic customer profile. Longer-term, “you’ve got to start bringing in data from unstructured data sources,” says Snow. These include data from email, discussion threads, text-based surveys, text messages, speech data from call recordings — and increasingly, some social media data.

However, says Snow, “Don’t go crazy on the social media front, because most customers that use it for service-related tasks are trying to get information on products or to complain about you,” says Snow. “Start by doing some basic analysis on what customers are saying on social media to see if it’s valuable to your service delivery.”

#### **5. Maintain High Data Standards**

Research from the Aberdeen Group has shown that having consistent standards and policies for customer service records, and all critical business records, is the long-term key to any successful Master Data Management initiative. This includes consistencies down to maintaining capitalization and punctuation rules and how addresses and names are formatted. The devil is in the details.

Aberdeen’s 2012 report, *United We Stand, Divided We Fall: The Need for Standardizing and Centralizing Master Data*, revealed that 59% of top business performers had strict data standards, while just 16% of laggards said the same. The report also showed that customer retention was 15% better for those companies with high data standards. Customer satisfaction, time to resolve customer issues and reduction in overall support costs also saw improvements.

So most importantly, prior to starting any CMDM project, establish consistent standards beginning with the raw data. Those organizations that make strides in this area and maintain their high data standards are benefiting long-term from successful CMDM projects, improved business processes and superior customer satisfaction ratings.

## ABOUT PARATURE

*Parature is the industry's leading provider of cloud-based customer engagement solutions and is used to support more than 40 million end users worldwide. Parature empowers customer service organizations to monitor, manage, resolve and respond to a high volume of service issues across multiple communication channels, including the growing number of service-related conversations that are happening every day within social media channels. With more than a decade of experience, Parature delivers support and social media engagement and management solutions to mid-size and enterprise organizations across a wide variety of industries.*

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