ICMI Case Study

American Express Builds Brand Loyalty with Customer-Focused Sales Program

Excerpt from *Driving Peak Sales Performance in Call Centers*

AMERICAN EXPRESS IS WELL-KNOWN FOR ITS SERVICE DELIVERY, BUT WHAT MANY DON'T KNOW IS THAT THEY BECAME INNOVATORS IN CROSS-SELLING IN 1995, WHEN THEY EMBARKED UPON A SOPHISTICATED PROGRAM CALLED "CUSTOMER-FOCUSED SALES," OR CFS.

American Express has thousands of customer service representatives in locations around the world. This initial buildout of a distributed service network was a prerequisite to the rollout of their CFS program. Judson Linville, executive vice president of the company's Service Delivery Network, describes American Express's philosophy, noting, "The American Express inbound service network has a massive opportunity to shape the brand. It is shaped by each customer experience. We use the momentum of the inbound service call to deepen both the relationship with our customers and their loyalty."

Linville credits four major strategies as key to driving sales in his organization: *1) structured call routing, 2) predictive hiring assessments, 3) a focus on fewer metrics,* and *4) leveraged variable pay.*

Structured Call Routing

At American Express, approximately one-third of all service calls have an opportunity for cross-sell or upsell. Linville explains that the process to determine whether a customer will be made an offer is extremely structured:

- All customer service reps understand that their first and only real priority is to service the customer.
- Call-types that are eligible for cross-sell are identified in the routing system; then the card members who are eligible to receive the offer are identified.
- If both the call-type and caller could be handled through an IVR, but American Express has not spoken with the customer to make an offer in a designated period of time, the routing system directs the caller to the Customer-Focused Sales Unit (CFS).
- If American Express has made a recent offer, their eligibility criterion suppresses these calls from being routed to a sales rep, and either keeps them in IVR or routes them to a service-only rep.
- On certain types of calls that require specialized knowledge, a call may be dial-transferred to a more knowledgeable rep after the service the customer requested has been provided, and after the customer has agreed to a transfer to hear about a product. American Express research shows that customer satisfaction actually increases when a customer is transferred to the best rep to handle the call—but only if *one* transfer is required.
- After the service issue is resolved, the system "screen pops" the most appropriate offer for the rep to sell.

Here's a specific example of the process in action: The American Express suite of routing and CRM systems identifies an inbound customer who is not enrolled in the Membership Rewards program, but who spends a lot each month in eligible reward point categories. If the customer's call-type is eligible—meaning the customer is in good standing and has not had the offer made to him recently—instead of routing him to an IVR, the system routes the caller to the Customer-Focused Sales Unit to be serviced first, and then offered the Membership Rewards program. The sale is important of course, but even more so is the opportunity for American Express to reinforce its branding and create a depth of loyalty through educating its customers on the value of its products.

Focus on Fewer Metrics

American Express, like a few other forerunners in marketing and sales, has come full-circle regarding the use of automation in optimizing its call centers. The company has realized that the old metrics of cost-per-call or cost-per-unit- sold are no longer appropriate. The call centers now measure and assess a contact channel's desirability based on the profit contribution, or net present value (NPV). No longer does the company drive a call to the lowest-cost channel. They selectively route the call to the most profitable channel based upon call and caller type, as well as customer interaction history—a real breakthough in the call center industry.

American Express is a metrics-driven organization that requires all of its employees to take personal responsibility for their goals. However, the company recently made a big change in how they view their metrics. They moved from an operational characteristic view of goals (e.g., heavy weighting on the typical 80/20 service levels) to transaction-based surveys on key processes and competencies.

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When American Express began its CFS program in 1995, they utilized virtually every conceivable metric. According to Linville, "In their infancy, most companies take on too many process metrics that make it to the floor too quickly. Paradoxically, the more sophisticated our company has become regarding performance measurement, the fewer measures we actually have." He recommends that companies use fewer performance measures, and only those focused on business outcomes.

The Impact of Monitoring and Coaching

Monitoring and coaching play critical roles in improving sales performance at American Express' call centers. They record 100 percent of calls, and monitoring is conducted by both team leaders (supervisors) and a centralized quality group. Although some critical components of the call are scripted, American Express realizes there are many ways to sell, and it should be a very personal experience. Accordingly, they allow for considerable deviation in the selling dialogue. The monitoring staff focuses on three areas: *1) compliance, 2) the customer experience,* and *3) the rep's decision quality.*

By analyzing the CFS unit by quintile, management is able to profile the performers in each group and tailor coaching experiences that are more likely to be successful. Linville shared one example of a rep who had been in customer service for some time, but who was still struggling with his performance. He was in the bottom 20th percentile overall. His team leader "buddied" him up with a top-producing peer so that he could see all of the key skills properly modeled. In a short period of time, this bottom performer rose to the top 1 percentile in all performance categories, and within the top 10 percentile in sales. Not surprisingly, Linville believes modeling and peer coaching to be a powerful way to influence and change behavior.

Effective Recruiting, Training and Incentives

Another important strategy in driving sales for American Express is a strong competency for selecting the best sales people through the recruiting process. American Express' recruiting selection team is comprised of a number of members, including several Ph.D.s, who identify strong service ethics and sales abilities through the development of proprietary predictive assessment tests.

All reps begin training using a computer-based program that features a simulated sales environment. Since reps are under a 90-day probationary period, the selection process to determine whether they will be placed in a service or sales-skilled team is delayed until their skills have been proven.

American Express' compensation plan includes variable pay based on line-of-sight metrics—metrics that are very visible to the reps and that need little explanation. The organization firmly believes in paying out as closely as possible to the actual event. The pay is fairly leveraged, with top producers able to double their base pay. Bottom producers do not make variable pay and eventually self-select out of the call center. Like most best-in-class companies, American Express has not capped the incentive. They believe that capping incentives is like telling the rep not to sell anymore, that the company does not want more revenue.
In addition to base-pay incentive programs, American Express leverages short-term (three months at the longest) programs, with additional monetary awards or prizes that are visible on the call center floor (e.g., mountain bikes). They find this particularly effective in areas that are time-critical to the business, such as relaunches of products or programs.

American Express has all of the same performance management elements as other companies, but they execute each of these elements more rigorously, methodically and flawlessly than most. In addition, they have woven their branding strategy into a sales and service philosophy that is well-thought-out and continuously communicated throughout the organization.