

tw telecom

Customer Feedback Fuels Innovation and Growth

With a disciplined approach to collecting and acting on customer feedback, tw telecom has transformed customer service into a key differentiator—and elevated its business performance in a tough economy.

The Challenge

Scale sales and customer operations to serve a growing customer base while delivering an exceptional customer experience that drives customer loyalty and revenue growth

The Solution

A carefully executed customer experience strategy that leverages a comprehensive Voice of the Customer program powered by Satmetrix® technology and expertise to collect, analyze, and act on customer feedback at every touch point—identifying improvements that enrich the customer experience while maximizing business performance

Results

- 65 percent improvement in Net Promoter Score™ (NPS®) following the operational integration of 20,000 acquired small business customers and 31 additional metropolitan markets in 2008
- 27 percent reduction in customer churn from second quarter 2008 to second quarter 2010
- Double-digit percentage increases in touch point satisfaction coupled with operational improvements in the form of declining resolution and cycle times and employee productivity gains
- Revenue growth of 5 percent year over year as of the second quarter of 2010 despite challenging economic conditions
- Improved employee engagement through innovative service initiatives



About tw telecom

tw telecom is a leading provider of managed network services, specializing in converged services, Ethernet and transport data networking, Internet access, local and long distance voice, VoIP, VPN and security to enterprise organizations and communications services companies throughout the United States and globally.

Using Feedback to Improve Service—and Scale for Growth

The moment of truth comes eventually for every company. It's the realization that future growth will depend not just on new product innovations or acquisitions or geographic expansion but on customer loyalty. It's an understanding that profits are directly tied to the company's ability to hear, analyze, and act on customer feedback.

For tw telecom that moment came in November 2006 when the company acquired 20,000 new small business customers in 31 additional metropolitan areas.

To ensure that the company delivered an exceptional customer experience for both new and existing customers, tw telecom implemented a Voice of the Customer program. The goal was to transform the company's core strength in customer service into a true differentiator that could have a lasting impact on the bottom line. This was to be accomplished through a Voice of the Customer program that leveraged customer feedback collectively to focus and invest in improvements that would maximize business performance while giving customers a voice in the company's day-to-day business operations to improve the customer experience.

For robust technology and expert guidance, tw telecom turned to Satmetrix, the leading provider of enterprise software to gather customer feedback that improves the customer experience.

"We wanted a systematic way to track loyalty and satisfaction for all customers at all interaction points," says Lara Wise, vice president, customer experience at tw telecom. "We wanted to integrate customer feedback into our day-to-day operations, distribute that feedback to employees so that they were empowered to take immediate action, and use the feedback to focus our investments on improvements that would maximize our business performance. Satmetrix had the right combination of technology, expertise, and best practices to help us accomplish our goals."

Uncovering and Acting on New Insights

tw telecom partnered with Satmetrix to establish a number of listening posts to collect customer feedback. To get a really complete picture of the business, the company gathers feedback on overall customer relationships and at key interaction points along the customer journey.

- The relationship system, administered biannually, monitors the overall health of customer relationships. It measures corporate Net Promoter Score for all customers and explores various aspects of the account management experience to identify opportunities for account teams to improve and enhance customer relationships.
- A series of transactional systems continuously monitors the customer experience at key touch points, including network and service maintenance/repair, ordering and activation of new services, changes to existing services, and service inquiries.

tw telecom is diligent about reacting quickly to customer feedback it collects. Its Satmetrix application automatically generates alerts for positive and negative feedback that are sent first to the managers of the organizations where the relationships or transactions are owned. Managers review feedback, take or delegate action, and ensure that frontline employees engage in customer follow-up within 24 hours for negative alerts and within 48 hours for positive alerts.

tw telecom also performs in-depth analysis on the data it collects. The company measures corporate NPS and performs root cause analysis to identify common themes and opportunities for improving loyalty. Relationship and transactional data are segmented in many ways, including by business unit, transaction, service level, customer segment, and customer lifetime value. Key findings are presented to **tw telecom's** senior executive team throughout the year and then cascaded down through the company. Documented action plans created collaboratively by the sales, service, and support organizations ensure accountability for implementing changes in the business.

Through analysis of customer feedback, the company identified a number of opportunities to improve the customer experience.

For example, customer feedback revealed that when customers had a network or service problem, knowing the status of the repair was just as important as the actual time it took to resolve the issue. Armed with this feedback, **tw telecom** developed systems and business processes to be able to provide status updates throughout the repair process. The result: not only did customer satisfaction increase 23 percent but employee productivity improved as the company gained clarity about where problems were occurring.

Similarly, feedback showed that new customers did not always receive adequate communication and accurate time estimates regarding the activation of their services. In response, **tw telecom** formalized a project manager function to ensure that every customer is assigned a single point of contact for service implementation. Project managers act as customer advocates, managing timelines and communication to ensure accurate and efficient service activation. The result: customer satisfaction increased 13 percent, and requests to expedite orders have dropped 66 percent since 2008, reducing costs with no impact on average service delivery times.

Here's another example: **tw telecom** learned from customers that simple service changes were taking too long to complete. In response the company implemented processes to reduce standard cycle time by as much as 80 percent for simple changes to Voice services, one of its most widely purchased services, and it is developing capabilities to enable customers to make these changes in real time. The result: average order intervals for simple Voice requests have been reduced by nearly 50 percent, and transactional satisfaction scores have increased 14 percent. The effort has resulted in significant employee productivity gains, and the company is now accurately completing customer requests faster.

"Service has always been a strength of ours, but now we've made it an actual competitive differentiator in the marketplace," says Lara. "Our program has enabled us to deliver a consistent customer experience in a quantifiable way, and it gives us a reference point to have conversations about where we invest in our business. It's given us a level of sophistication in our business that we have never had before."

"We have achieved a level of clarity and control over our processes like never before. Focusing on feedback from customers takes a lot of ambiguity and opinion out of the mix."

— Marc Willency, Senior Vice President of Customer Operations, tw telecom

"Service has always been a strength of ours, but now we've made it an actual competitive differentiator in the marketplace."

— Lara Wise, Vice President of Customer Experience, tw telecom

"We are establishing a reputation in our industry as a leader in customer service. And our customer feedback metrics support it. Customer satisfaction levels have increased at every customer touch point, and loyalty has improved as a result."

— Marc Willency, Senior Vice President of Customer Operations, tw telecom

For instance, **tw telecom** customers indicated that they wanted the ability to interact with the company online, using self-service capabilities. In response, **tw telecom** created a customer portal based on the features customers said they wanted, including the ability to pay bills, track orders, monitor network performance, and open trouble tickets. Portal usage is growing quickly, improving customers' ease of doing business. Because it also simplifies online payments, the portal is improving cash flow and customer satisfaction at the same time.

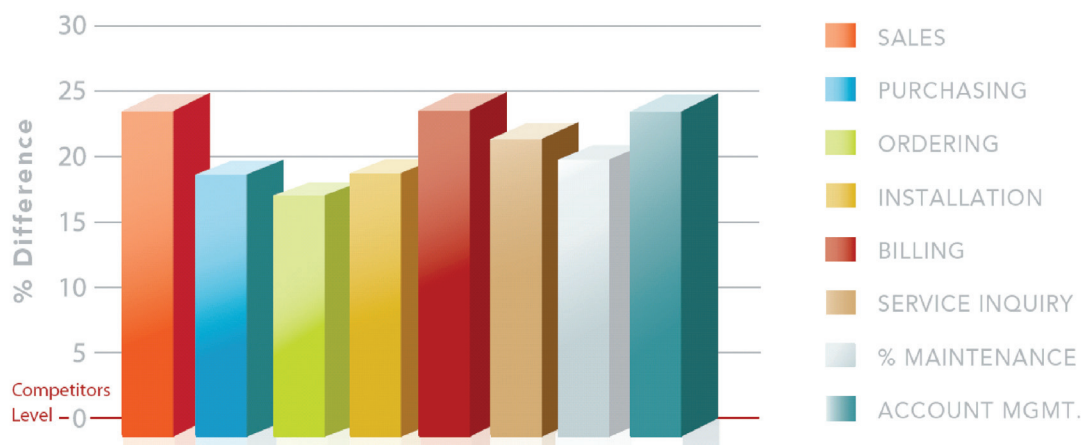


Figure 1: **tw telecom** relative to competitors in the quality of the customer experience

Translating Feedback into Revenue

The net result of customer service improvements inspired by feedback: corporate NPS has improved 65 percent since 2008. The company has reported revenue growth of 5 percent year over year as of the second quarter of 2010 despite challenging economic conditions. And in an industry known for high churn, **tw telecom** has recorded a 27 percent reduction in customer churn from second quarter 2008 to second quarter 2010. Additionally, as a component of total revenue churn, revenue lost from customers fully disconnecting service remained low, at 0.2 percent for the second quarter of 2010.

tw telecom has proof that its Promoter customers have a real impact on the bottom line. "Our Promoters are spending three times more with us, and they're two times less likely to churn," says Troy Knuckles, senior vice president of Sales. The company reports that more than 10 percent of its current run rate can be attributed to customers who were referred to **tw telecom**, demonstrating the power and the financial impact of positive word of mouth. "So there's a direct link between an increase in Promoters and an increase in our revenue," says Troy.

Beyond the significant overarching financial impacts from building a more satisfied and loyal customer base, **tw telecom** has found that engaging with individual customers in the feedback process generates additional revenue in a number of ways. First of all, the very act of listening and responding often turns Detractors who were on track to discontinue services into Promoters who renew and expand their service contracts. Furthermore, feedback often brings to light changed or evolved customer needs that can be addressed with more advanced services and solutions.

Getting Employees More Engaged—and Productive

Of all the positive changes the Voice of the Customer program has brought to tw telecom, none is more important than the increase in employee engagement. While many employees were initially skeptical about the program, most are now embracing it as a powerful force for change. Examples of employee engagement initiatives include:

- Customer experience intranet—delivers tools and information to employees to help them manage and improve the customer experience
- Customer insight and action program—a companywide program empowering employees who hear direct customer feedback to put the information quickly into the hands of account and service teams
- Performance management and compensation—employee compensation accelerators that are tied to satisfaction metrics for the customers or touch points on which they have an impact, keeping employees motivated to provide exceptional service and rewarding them for doing so



Figure 2: The customer experience intranet

Satmetrix: A True Partner and a Trusted Adviser

Throughout the implementation of the program, Satmetrix provided both the technology and the expertise to maximize success for **tw telecom**.

“When we were searching for a technology vendor, we wanted a partner that offered strong customer experience expertise, robust technology to support an enterprisewide program, benchmark methodologies, KPIs [key performance indicators], action planning, hands-on customer support, and industry experience,” says Stephanie Pendolino, Voice of the Customer program director for **tw telecom**. “Satmetrix scored high in all areas. They have a strong, intelligent combination of technology and expertise that has been critical in leveraging the voice of the customer throughout our business.”

Another key benefit of working with Satmetrix, according to Stephanie, has been its coaching and guidance regarding best practices for implementing the Voice of the Customer program: “Thanks to their help, we are able to easily and quickly collect customer feedback, perform root cause analysis, deliver insightful and strategic information to our managers and executives, and send automated alerts to frontline employees so that they can take immediate action. Satmetrix enables us to broadly distribute feedback across the company to drive change.”

Stephanie is proud of the extent to which the company has embraced customer feedback and how it has transformed daily business operations and corporate culture alike. She says, “I recently came across some 2007 research from Gartner Group. It says that 95 percent of companies collect feedback, 50 percent alert of the findings, 30 percent make decisions based on that feedback, 10 percent deploy and improve, and only 5 percent inform customers of the change. We are doing all of those things, and the results speak for themselves.”

About Satmetrix

Satmetrix is the leading provider of successful customer experience management programs and the co-developer of Net Promoter.[®] We offer a winning combination of software-as-a-service (SaaS) and best-practice consulting that delivers actionable customer feedback to drive growth, increase business agility, and amplify positive word of mouth. Satmetrix has a proven track record of accelerating the success of large-scale, integrated customer experience programs with more than 700 enterprise deployments in 40 languages.

Global Headquarters
1100 Park Place
San Mateo, CA 94403
TOLL-FREE:
888.800.2313
FAX:
650.227.8301

European Headquarters
3rd Floor, Colet Court
100 Hammersmith Road
London W6 7JP
United Kingdom
PHONE:
+44 845 371 1040
FAX:
+44 845 371 1041

New York
450 Seventh Avenue
New York, NY 10123
PHONE:
646.935.3500
FAX:
646.935.3501

Paris
112, avenue Kleber
75116 – Paris cedex 16
France
PHONE:
+33 1 47 55 3000
FAX:
+33 1 47 55 7439

India
G1, Tejaswini Technopark
Campus
Trivandrum, Kerala 695581
India
PHONE:
+91 471 401 6700
FAX:
+91 471 401 6701