

Leading U.K. Financial Institution Enables a Seamless Customer Experience Across all Channels

Executive Summary

CUSTOMER NAME

Nationwide Building Society

INDUSTRY

Financial Services

CHALLENGES

- Providing a seamless customer experience across all contact channels
- Increasing customer satisfaction through effective call handling

SOLUTIONS

- Adopting a single IP platform for all Nationwide's channels and businesses
- Virtualizing the organization's five call centers
- Introducing automatic customer identification in the call centers

RESULTS

- Developed a strategy to enable a seamless customer experience
- Reduced number of abandoned calls from 16 percent to below 10 percent
- Increased customer satisfaction levels from 66 percent to 71 percent in 15 months

Providing a superior customer experience is one of the main reasons for the success of Nationwide Building Society. To continue improving that experience, Nationwide, the second-largest provider of consumer savings and mortgages in the United Kingdom, decided to implement a customer contact strategy across its entire organization and all customer contact channels.

Business Challenges

Nationwide is the largest building society¹ in the world. It has more than 900 retail outlets, employs about 19,000 people across the United Kingdom, and has assets in excess of US\$320 billion.

Underlying-profit-before-tax in the last fiscal year (ending April 2007) rose by 24 percent to \$1,336 million, and \$1,320 million in pricing benefits were delivered to members; Nationwide has improved its cost/income ratio for the past 18 years.

A mutual organization owned by its members (about 13 million), Nationwide has a reputation for innovation and adoption of new technologies early. It was the first U.K. provider of online services in 1997, for example, and currently makes the most widespread use of voice recognition technology in the United Kingdom.

Nationwide attributes its success to a motivated staff and to delivering a superior customer experience. It constantly seeks new ways to improve that experience, to the point where customers can move seamlessly between different contact channels such as the telephone, the Internet, and the branch network.

1. A building society is a financial institution, owned by its members, that offers [banking](#) and other [financial services](#), especially [mortgage lending](#). The term first arose in the 19th century, in the United Kingdom, from working men's [cooperative](#) savings groups: by pooling savings, members could buy or build their own homes. (Wikipedia.com)



Although Nationwide made significant progress toward its goal to provide a seamless customer experience, there was more work to be done. This was highlighted when the building society extended its product range by introducing transactional accounts. The popularity of the new products—which currently represent 14 percent of all new transactional accounts opened in the United Kingdom—led to a surge of customer inquiries. When its contact centers had difficulty coping with the volume of incoming phone calls, Nationwide decided to review its broader customer contact strategy.

The organization was already planning a multichannel investment program worth \$600 million for its branch network from 2005–2010. During informal discussions with the [Cisco® Internet Business Solutions Group \(IBSG\)](#), Nationwide became interested in IBSG's ideas and ability to combine business and sector-specific understanding with technological expertise.

Business Solutions

IBSG organized a one-day workshop for Nationwide, providing a forum in which the building society's business and IT people could engage in open-ended discussions. IBSG also briefed the participants on Cisco's vision of the network as a platform for unifying and virtualizing an organization's network-based services to create a responsive environment. A member of Nationwide's multichannel investment program team later attended an IBSG Trusted Advisor Club meeting and heard how IBSG had successfully worked with other companies to help them transform elements of their organization and compete effectively.

Nationwide asked IBSG to help develop a 3-year customer contact strategy, to support its planned investments in a multichannel approach. For the first time, this strategy would be implemented across the entire Nationwide Group and encompass all customer contact channels.

IBSG conducted research, interviewing a cross-section of Nationwide's staff, and analyzing data from several sources including external market research on the customer experience. The outputs from this research included:

- A comprehensive quantification of customer contact volumes and sources/destinations across the Nationwide Group
- A detailed analysis of volume trends in telephony and projections for the future
- A high-level plan for changes in technology, applications, and processes for the next three years
- An interactive model for testing the impact different assumptions have on projected revenue benefits arising from an improved customer experience

IBSG presented its findings to Nationwide in the second quarter of 2006 as a two-phase plan. The main recommendations in phase one were:

- To adopt a single IP platform across all the building society's channels and businesses to improve the resilience, flexibility, and manageability of its infrastructure
- To virtualize Nationwide's five call centers to help reduce wait times and improve call-resolution rates
- To introduce automatic customer identification linked to Nationwide's high-quality customer relationship management system

"Some of IBSG's suggestions had already been agreed in principle but they hadn't been implemented due to budget constraints or a lack of total commitment," says Mark Goldman, head of Nationwide's Telephony Channels business. "IBSG's contribution not only endorsed our own thinking, but also acted as a catalyst and helped to identify the changes in processes and performance measures that would be needed."

Nationwide plans to implement these recommendations and supporting technology in 2008. The objectives for Nationwide's customer contact strategy take into account both the building society's business challenges and IBSG's findings to provide:

- A high-quality customer experience to beat the competition
- Flexibility and agility to meet evolving customer demands
- Simplicity of operation to improve efficiency and reduce risk
- Security of interaction across channels to retain customer and regulator confidence
- Robust management information to support sales and capacity management

Business Results

Based on current implementation schedules, Nationwide is expected to have a common IP infrastructure across all channels and businesses within two years. The building society's customer contact strategy initiative resulted in a commitment from the Group to this simplified infrastructure, with the goal of enabling a seamless cross-channel customer experience.

The research and analysis carried out by IBSG provided Nationwide with the information it needed to formulate a customer contact strategy and implement it throughout the organization. For the first time, the building society has a Groupwide view of its customer contact channels and a clearer understanding of how customers interact with all areas of the organization, helping identify any gaps or anomalies in the service that might undermine the quality of the customer experience.

Automatic customer identification, for example, will help improve service by eliminating the need for agents to ask customers their security questions, key the responses into the system, and wait for customers' details to appear on-screen. Instead, customers will enter their personal identification number, which will automatically display their details on the agent's screen, thereby speeding up the interaction.

The virtualization of Nationwide's five call centers is expected to enhance the quality of telephone contacts with customers. The building society acted on IBSG's recommendations even before implementing the technology solution required for complete virtualization, by introducing specific instances of virtualization between two of the call centers and by making other improvements in processes. By the summer of 2007, such changes had helped reduce the number of abandoned calls from 16 percent to below 10 percent, and waiting times for mortgage sales from more than four minutes to less than a minute.

Nationwide's customer satisfaction levels—already among the highest of U.K. banking institutions—increased from 66 percent in December 2005 to an average of 71 percent between September 2006 and March 2007, according to benchmark data from market research specialists GfK Group. This success was attributed in part to improved performance in Nationwide's call centers arising from its customer contact strategy.

"IBSG's wide-ranging insights and recommendations helped us to achieve the holistic view of our customer service operation that we needed," says Goldman. "Nationwide is now much better positioned both to address short-term issues and to implement a longer-term strategy that will deliver a truly seamless experience for all our customers at all contact points."

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps Global Fortune 500 companies and public organizations transform the way they do business—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that improve customer experience and revenue growth.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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