

Nagoya Toyopet Improves Productivity and Customer Satisfaction with Integrated Cisco Unified Communications

Nagoya Toyopet (NTP) is Toyota's largest dealer in Japan with more than 100 outlets. Since its founding in 1956, NTP has sold more than 1.55 million cars. NTP operates locally in the home region of its headquarters in Aichi Prefecture, Japan. NTP's revenue for FY 2007 was US\$1.483 million, and it has 2,285 employees. NTP Founder and President Nanao Oguri is influential in Japan's auto sales industry, chairing the Japan Automobile Dealers Association. In addition to new-car sales, NTP's 14 subsidiary companies in the region sell used and imported cars, automobile-related services such as maintenance and accessories, mobile phones, books, CDs, travel services, computer products, and system integration services.

NTP Vice President Kazuo Oguri is the thought and practice leader of business innovation and IT strategy, and NTP is setting the pace for the industry in its use of IT. NTP built and implemented its own sales support system in 1995, called the Network Organization Assist system (NOA). Using notebook PCs, sales staff employ NOA for customer data, support for business processes with customers, schedule management, and sales reporting. In 2001, the system's architecture was improved for better response, and NTP received nationwide media attention as the most advanced IT use case.

Business Challenges

The automobile market in Japan has been saturated, resulting in slightly decreasing market size. In the face of this challenge, Kazuo Oguri has been planning for NTP's continued growth. "Productivity of dealer staff should be a key," he asserts. Productivity in Japanese companies is much lower than in other advanced countries, and employees' working hours are long, especially in Japanese auto dealerships. Oguri believes that when working hours are improved in his dealerships, there will be a way to solve the productivity issue.



In early 2006, Toyota Motor Corporation (TMC) and the Cisco Internet Business Solutions Group (IBSG) began a study on the automobile dealership of the future. The study examined best practices in other industries as well as ways in which innovation enhances customer experience. As the largest Toyota dealership in Japan, and as the dealership nearest Toyota headquarters, NTP joined the project with the following objectives:

- **Increase customer satisfaction and minimize lost sales opportunities:** Because dealerships' sales staff members are outside the office with customers, they cannot respond when they receive telephone calls from other customers. In addition to causing customer dissatisfaction, the current procedures also jeopardize sales opportunities. There is room to enhance the customer's experience and improve customer satisfaction.
- **Eliminate inefficient communications:** When customers call an NTP dealership, a receptionist or other employee transfers the call to the correct salesperson or takes a message so the salesperson can return the call later. NTP wanted to improve this procedure to eliminate wasted time.

Through workshops and best practices learned from advanced industry cases, the project identified four key concepts for business success: innovation, increased customer satisfaction, improved customer experience, and improved productivity. Enhancing customer experience at a dealership improves customer satisfaction. In turn, customer loyalty is retained and increased, and the lifetime value of customers increases as well. In addition, by innovating new approaches to a dealer's business processes, staff productivity will be improved and sales effectiveness will be enhanced.

Taking into consideration this knowledge, Cisco IBSG proposed a "Dealership of the Future" engagement to NTP. The proposal described the near future of dealer networks and individual dealerships, showed the practical steps NTP could take to become that futuristic dealer, and explained how the concept would improve productivity and customer satisfaction. The key feature is that a dealership's communication network is integrated with Cisco Unified Communications, minimizing the requirement for human movement in communication. NTP's Kazuo Oguri saw the proposal as an innovative way to change NTP's dealer network.

"Several years ago, I realized that all our phones would be replaced by IP phones in the near future. However, just installing IP phones would not necessarily transform the paradigm of the auto dealership," he said. "To change the mindset of employees, we needed an organizational framework. The concept of Dealership of the Future, which Cisco IBSG provided to us, had it."

NTP decided to apply Dealership of the Future concepts to the way the dealership's staff worked.

Solution

To minimize non-value-added work and improve the quality of customer interaction on the phone, Cisco IBSG reengineered NTP's business communication process, and then proposed a solution that combined Cisco's Unified Communications, NTP's existing customer relationship management (CRM) system, and a third-party application. This integrated solution provides the following features and benefits:

- Each employee has his or her own IP phone with a unique phone number, and can take incoming calls from familiar customers directly. (Before that, working groups had several phones that shared a common external phone number. Every phone would ring with an incoming call, so any staff available at the moment could take it. This arrangement is typical of Japanese dealerships.)
- When communicating with internal staff, employees know whether the person on the other end is available prior to dialing. This ability eliminates useless phone calls and significantly reduces wasted time.
- Under the old communication system, most employees were interrupted by taking incoming calls not intended for them. Functionalities of the new system, such as voicemail and call forwarding to mobile phones, eliminate these interruptions.
- By using voicemail, call forwarding to mobile phones, and electronic memos, employees don't need to write paper notes and hand them to their colleagues.
- When receiving an incoming call from a customer registered in the CRM database, necessary information about the customer is promptly shown on the employee's PC screen. The staff in charge of the customer can see the customer's status immediately, so he or she can speak appropriately as soon as the call begins.

"The principle of improving customer satisfaction is not so complicated. The first point is that, at the customer contact point, it is important that the customer's phone call is forwarded to the person in charge, and that he or she can talk with the customer directly at the moment of greatest need. The second point is that our company as an organization can provide exactly what the customer requests promptly. If these points are fulfilled, customer satisfaction will increase naturally. We can make our competitive advantage firm in our operations by executing on this principle again and again in all the dealerships. New customers as well as existing customers will come to our stores regularly and buy something. This cycle will lift our revenue."

Takanobu Kawamura
NTP General Manager

- When using the integrated Unified Communications system, employees can dial easily by clicking the customer's phone number on their PCs. This mechanism simplifies complicated outbound dialing processes that are often used in sales promotions and boosts the number of outbound calls. By setting the IP phone to forward calls to his or her mobile phone, a salesperson who is going out of the office with customers can take an incoming call directly on his or her mobile phone. This functionality eliminates lost sales opportunities due to missed phone calls.
- When a specific customer calls but the person advising that customer isn't available, the system invites the customer to leave a message. The system then automatically generates an alert to the salesperson's mobile phone, improving the agility of response.

Business Results

Cisco IBSG conducted a pilot deployment of Cisco Unified Communications at five NTP dealerships. IBSG predicted the following benefits of the pilot:

1. **Increased productivity of sales staff:** Before the pilot, sales staff spent lots of time answering and transferring customer phone calls. Reengineering the communication process with Unified Communications would eliminate these repetitive procedures, delivering a 5 percent productivity improvement.
2. **Reduced communication cost:** NTP formerly used external PBX phones between headquarters and each dealership, which incurred telephone service charges. After the deployment of Unified Communications, such telephone lines would become free internal lines, decreasing telephone costs by 10 percent.
3. **Increased customer satisfaction:** Unified Communications integrated with NTP's CRM system would increase customer satisfaction. The pop-up screen containing customer information would improve the customer's response to phone communication as well as the effectiveness of sales activities, and single-click dialing would make the calling process more efficient.
4. **ROI:** The pay-back period would be about 1.7 years.

The pilot achieved the predicted benefits. Most of the dealer staff evaluated the solution positively and stated that the features have significant ability to improve either the quality of customer interaction or operational efficiency.

Staff members specifically identified the customer information displayed on the screen and single-click dialing as the most beneficial features for dealer staff. Some staff members reported that they were able to make 10 percent more calls per day due to this gain in efficiency.

Next Steps

NTP management decided to roll out the solution to all of its 100-plus dealerships and ordered necessary equipment and software (more than 2,300 IP phones) after confirming the results of test operations at the five pilot dealerships.

“Our final objective for this project is to eliminate inefficiency, fruitless redundancy, and inconsistent, non-integrated processes and behaviors from daily work,” said Kazuo Oguri. “This policy is totally consistent with Toyota’s Kaizen quality improvement. Generally speaking, organizational activities around quality improvement or productivity improvement are associated with the manufacturing industry. However, they were not usually applicable to the auto sales business like ours.

“We thought this over and then decided to change the way we work in parallel with Dealership of the Future system deployment,” Oguri added. “By doing so, we can eliminate inefficiency, fruitless redundancy, and inconsistent, non-integrated processes and behaviors. In terms of the result, we seek to surpass the estimated number that Cisco IBSG once provided to us. We hope to be a role model in the auto sales industry, since it is searching for the way to move forward.

“Our corporate philosophy is to respect the individual. As a manager, I should create a better work environment to facilitate happy lives for our employees and their families. I believe Cisco IBSG’s advice and proposal will make this vision happen.”

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps CXOs and public sector leaders transform their organizations—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that address key CXO concerns.

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



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