

---

# OPTIMIZING CUSTOMER SERVICE

APQC®  
*Make Best Practices Your Practices*



# TABLE OF CONTENTS

- 5 [Setting the Stage: Why Customer Service Matters Now](#)
- 7 [Align Customer Service Strategy and Measures](#)
- 9 [Re-examine the Role of Customer Service Professionals](#)
- 12 [Shift Behavior and Rationalize Systems](#)
- 15 [Move to Proactive Customer Service](#)
- 21 [Key Takeaways](#)
- 22 [About this Research](#)
- 23 [Sponsor's Perspective: Esker Inc.](#)

# PROJECT PERSONNEL AND COPYRIGHT

## APQC PROJECT TEAM

### **SENIOR PRINCIPAL RESEARCH LEAD AND PROJECT LEAD**

Marisa Brown

### **RESEARCH ANALYST**

Thalin Sieng

### **WRITER**

Nathanael Vlachos

### **GRAPHICS**

Dillon Martin

### **GRAPHICS**

Lochlyn Morgan

## RESEARCH SPONSOR



APQC  
123 North Post Oak Lane  
Third Floor Houston, TX 77024  
[www.apqc.org](http://www.apqc.org)

Copyright ©2022 by APQC  
All rights reserved.

# INTRODUCTION

Customer service interactions are ‘moments of truth’ that provide customer service representatives with an opportunity to transform wary, skeptical, or dissatisfied customers into strong and committed brand promoters. Handling these moments of truth with excellence requires an effective frontline response that puts customers’ needs ahead of organizations and their employees’ agendas.

In August 2022 APQC conducted research, sponsored by Esker Inc., to understand how organizations can enable better customer service and alleviate critical challenges facing both customer service and order fulfillment teams. This whitepaper highlights APQC’s key findings and takeaways in:

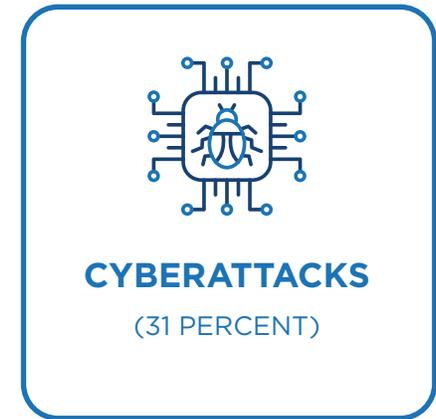
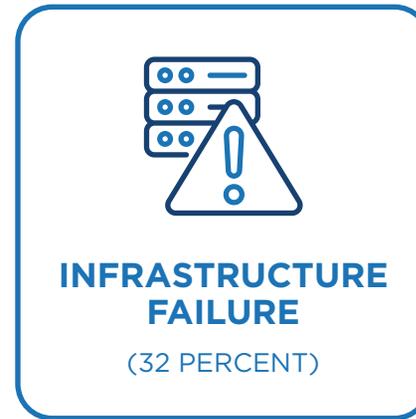
- // the context for the need for change in customer service organizations,
- // aligning customer service strategy and measures,
- // re-examining the role of customer service professionals,
- // shifting behavior and rationalizing systems, and
- // moving toward proactive customer service.



## SETTING THE STAGE:

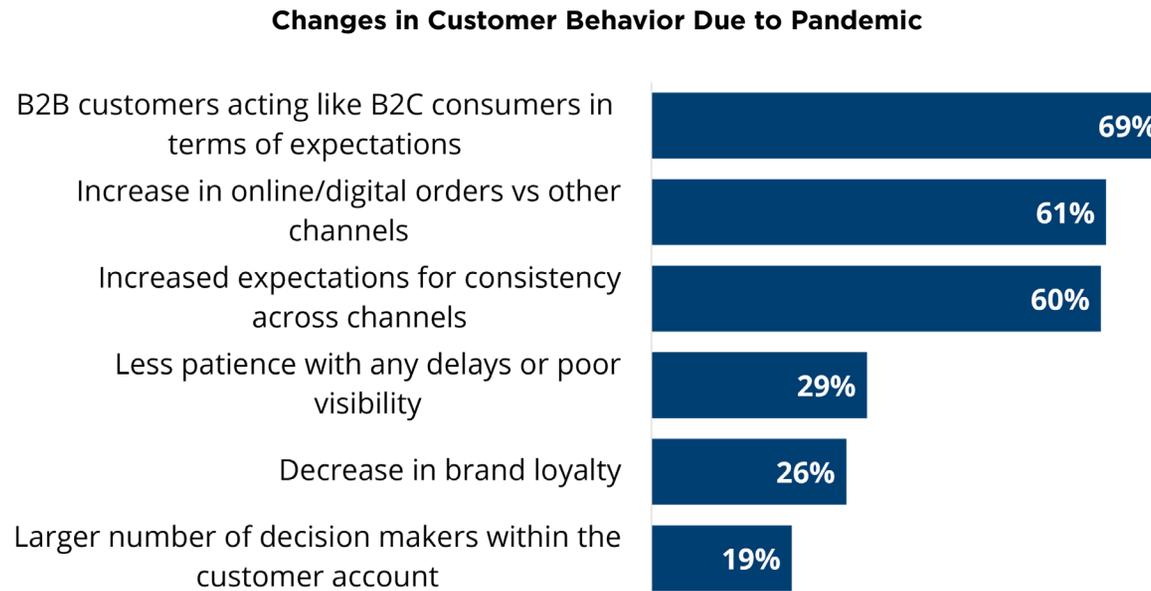
# WHY CUSTOMER SERVICE MATTERS NOW

Organizations are under a lot of pressure, and it's increasing. In fact, APQC finds that *more* things are disrupting *more* organizations than ever before. APQC found that public health concerns are the top concern for organizations (39 percent of respondents), followed by:



These disruptions are largely outside of an organization's control, but they can all greatly impact the ability to serve customers with perfect orders in a timely fashion.

Customer behavior has changed as a result of these disruptions and especially as a result of global health concerns like the COVID-19 pandemic. As far as the most important changes in customer behavior since the pandemic, nearly seven out of every 10 respondents reported that they are seeing customers turn their personal experiences into their business expectations, i.e., the “Amazon effect,” with customers demanding faster orders and increased order visibility. Six out of 10 also see orders shifting to digital channels and an increased desire for consistency across channels (Figure 1).



(Figure 1 | N=289)

Additionally, these changes have come at a cost to many organizations. Changes in customer behavior and expectations have greatly impacted 61 percent of organizations’ cost to serve, profitability, and ability to fulfill orders in a timely manner. While it is rarely easy, it is critical in this environment to take steps to improve the customer experience. Starting with customer service is a logical first step, especially since customer service interactions are often the only form of direct contact that a business might have with a customer.

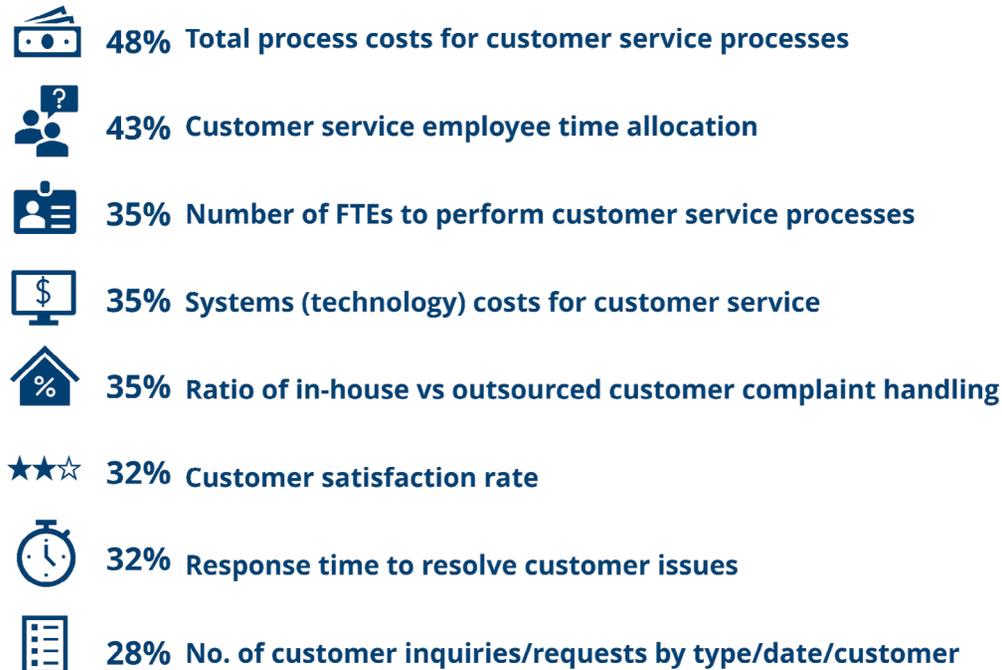
Even as organizations work to adjust to changing customer expectations and behaviors, they also need to recognize that employee expectations and behaviors have changed as a result of the pandemic as well. For many employees, working from home full-time or several days a week is the new normal. Through its [Working from Home in Supply Chain quick poll](#), APQC found that 62 percent of respondents prefer a hybrid work model with some days at home and some in office. However, employees cannot work remotely without the right technology to enable access to key information, systems, and processes. Short-term solutions designed in response to the pandemic need to become permanent technology changes so employees have key information at their fingertips to respond to customers quickly.

# ALIGN CUSTOMER SERVICE STRATEGY AND MEASURES

APQC identified the three most important goals for senior leaders when it comes to customer service support for business strategy. Improving customer satisfaction and improving customer service response time topped the list, chosen by 45 percent and 37 percent of respondents respectively. These top two goals align well with changing customer expectations for faster service and consistency across channels.

**Unfortunately, there is a disconnect between what senior leadership is looking for and how customer service is measured within many organizations.** When APQC identified the most frequently used key performance indicators (KPIs) for the customer service function, internally focused KPIs—such as total process cost and employee time allocation for customer service—topped the list (Figure 2). Measures that focus externally on the customer experience and speak directly to customer service success from the customers’ perspective, are much lower on the list. As an example, customer satisfaction rate—the highest priority for senior leaders—is sixth.

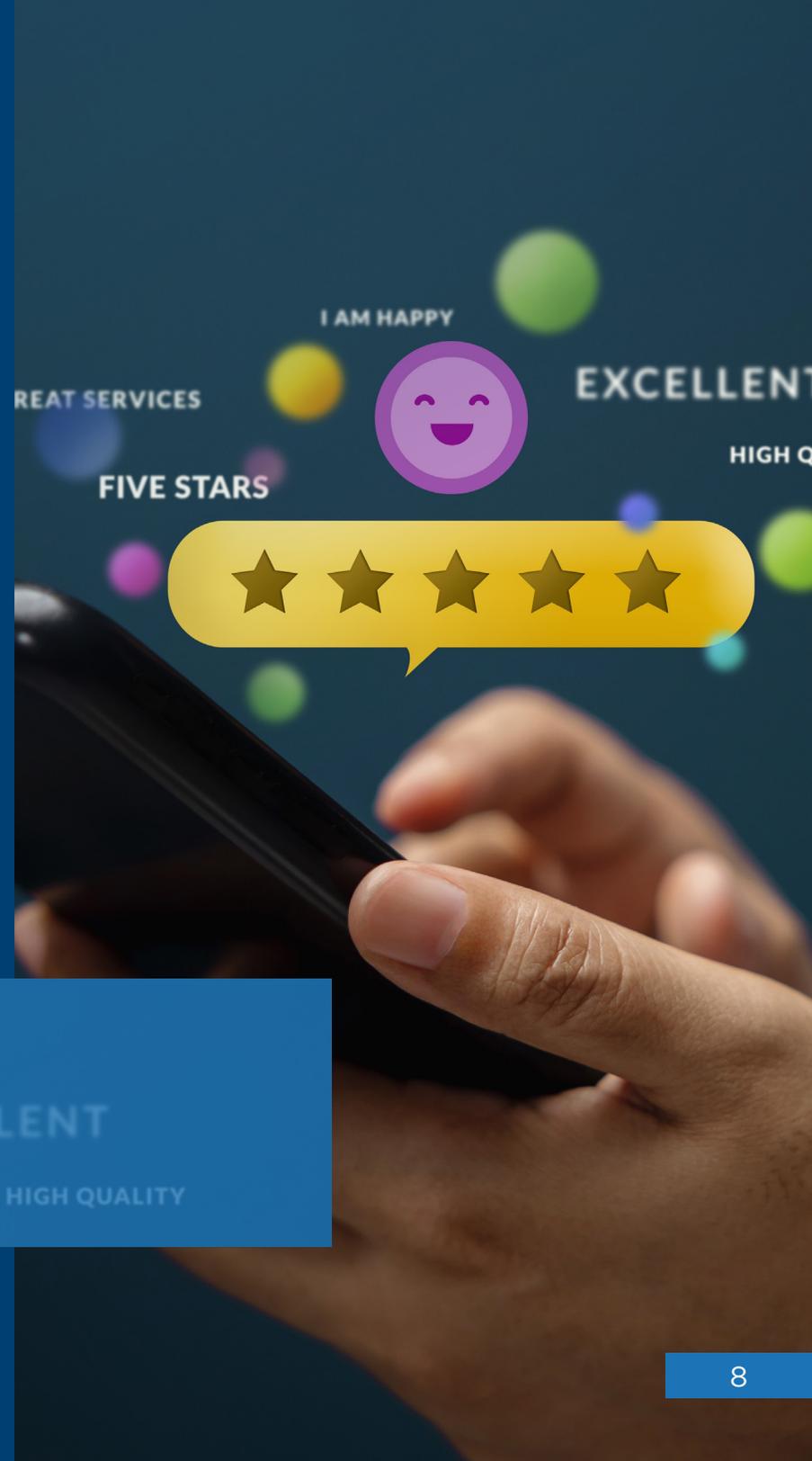
## Top 8 Key Performance Indicators (KPIs) for Customer Service



(Figure 2 | N=289)

Many organizations have a clear opportunity to re-consider their customers' perspective more closely when selecting their measures, as highlighted by the presence of internally focused measures at the top of the list of KPIs. An organization that prioritizes lower process costs may actually be at risk of *losing* customers if lower process costs mean longer wait times or less responsive customer service. APQC recommends a balanced set of measures that speak not only to internal process cost or time allocation but also external customer experience outcomes like retention and net promoter score as well.

The disconnect between what senior leadership wants and what customer service and sales actually measure is also reflected in self-reported effectiveness ratings. APQC found that 59 percent of respondents rate their customer service processes as “very effective,” while another 40 percent indicated that they are “somewhat effective.” In light of the KPIs that many organizations track for customer service, it is worth asking whether customer service is truly effective through the lens of the group to whom it matters the most: the customer.



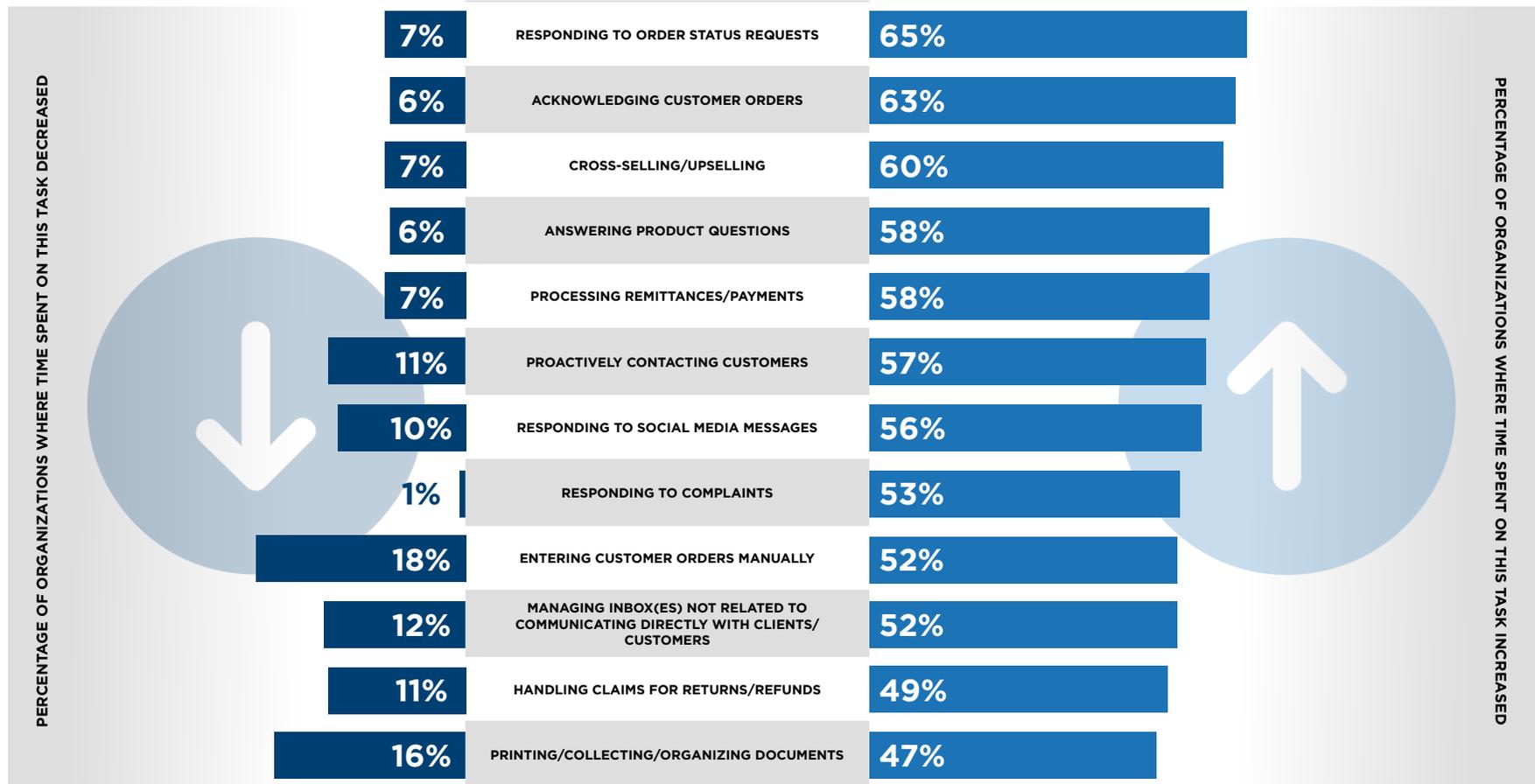


## RE-EXAMINE THE ROLE OF CUSTOMER SERVICE PROFESSIONALS

Customer service representatives (CSRs) are often the main point of contact at the moment of truth between an organization and its customers, so it is critical that they spend their time on value-added activities like deepening relationships with customers and helping them to resolve issues. However, when APQC asked respondents to identify how CSRs spend their time in a given week, tasks like acknowledging customer orders and responding to order status requests topped the list. These activities do fulfill a customer need by providing information, but this information (for example, an order status) could be delivered more quickly and easily via an automated system.

CSRs are not only spending the most time on tasks that could be automated, but the amount of time they are spending on these tasks is increasing (Figure 3). Nearly two-thirds of respondents (65 percent) say that CSRs have increased the time spent responding to order status requests over the past two years, while 63 percent report that CSRs are spending a larger percentage of time acknowledging customer orders.

### Allocation of Customer Service Representative Time has Changed Over the Past Two Years



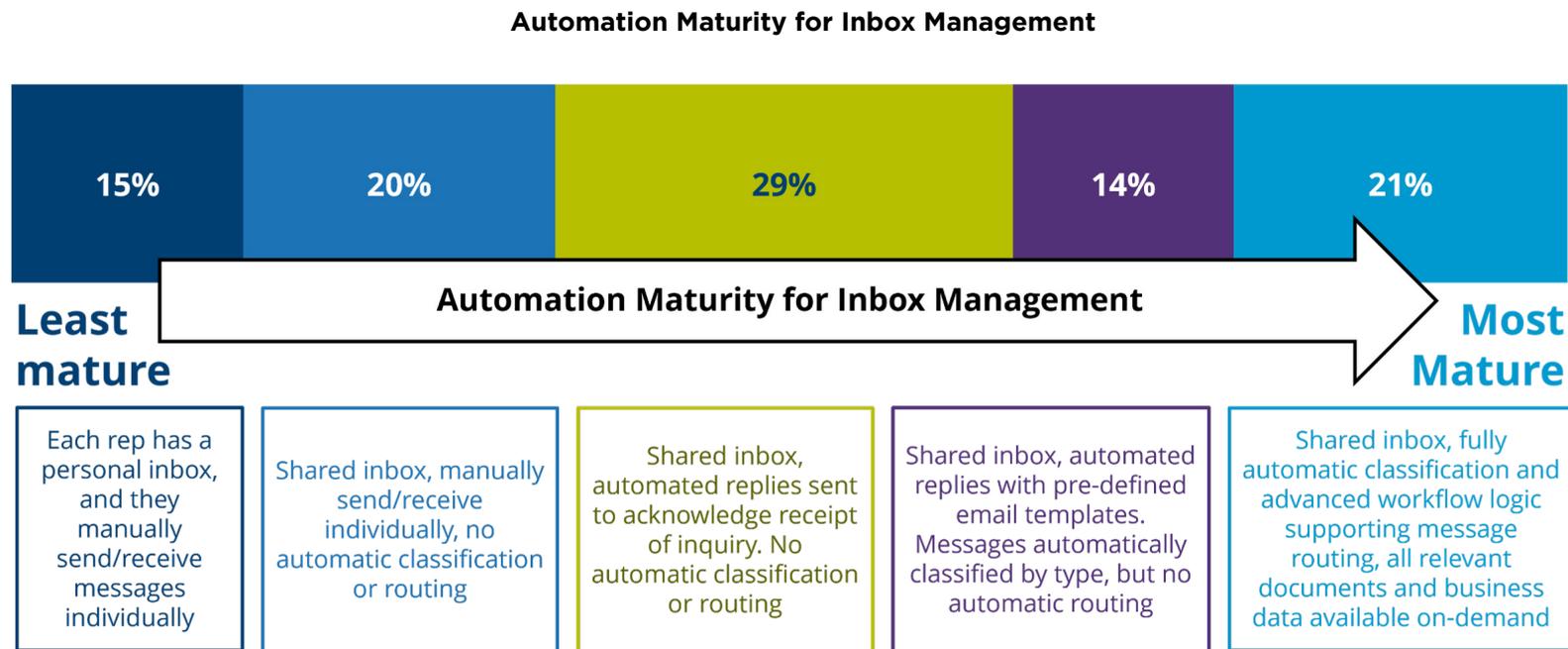
(Figure 3 | N=289)

Some of these increases—like additional time spent proactively contacting customers—help add value to customer service. However, the fact that the largest increases are occurring in highly transactional and repetitive areas like order acknowledgement means that a rebalancing is in order. CSRs should be spending less time on these manual activities so they can increase the value-added time they spend on activities that build better customer relationships.

# IMPROVE INBOX MANAGEMENT

Inbox management for CSRs is another area where APQC finds that many organizations have an opportunity for improvement (Figure 4). More than a third of respondents (35 percent) take an almost entirely manual approach to handling customer inquiries, with CSRs using their own personal inbox to manually send and receive messages from customers in 15 percent.

The highest level of maturity—where CSRs have a shared inbox with fully automatic classification and advanced workflows for message routing—is a reality in only about 20 percent of organizations. Features like these help to ensure that any CSR can respond to any customer inquiry, regardless of who is working or out sick. More automation also means faster customer response times, consistent messages, and streamlined message routing.

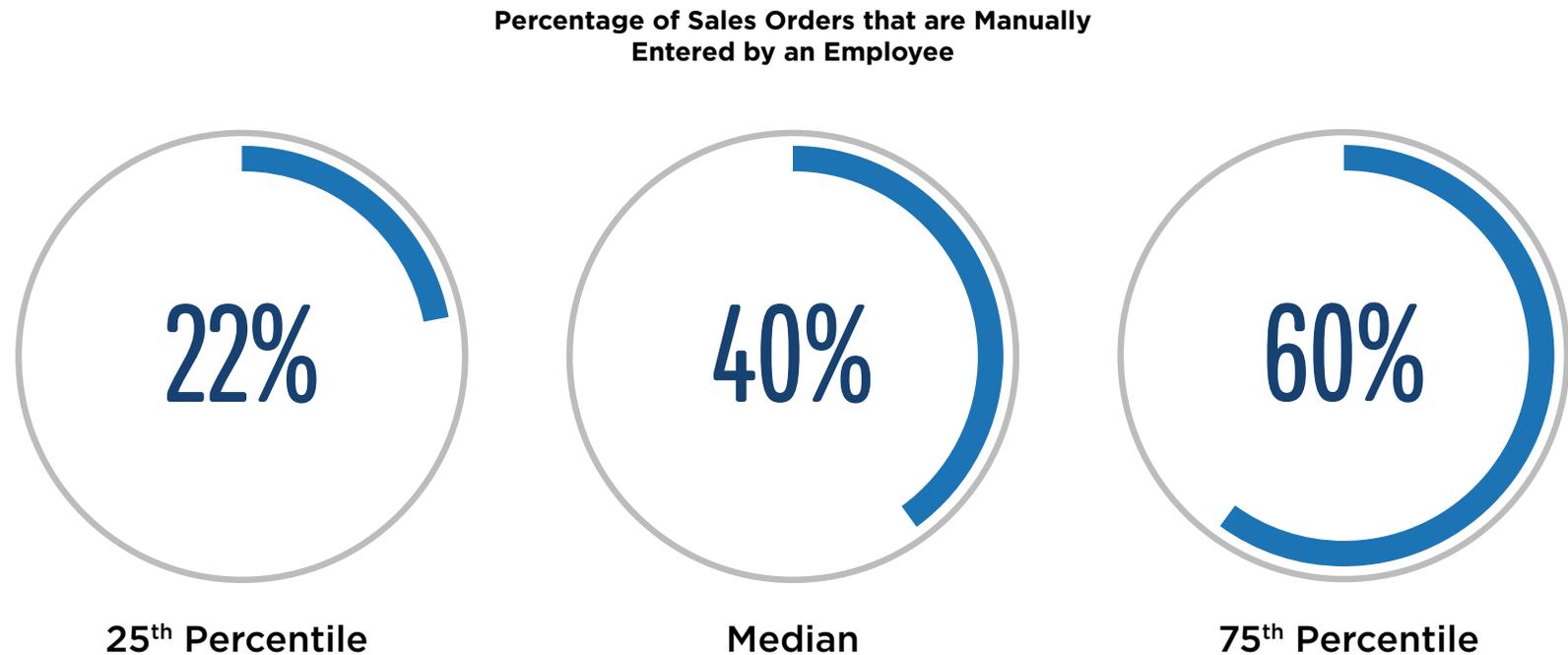


(Figure 4 | N=289)

# SHIFT BEHAVIOR AND RATIONALIZE SYSTEMS

Online order channels like an organization's website, a third-party marketplace, or a mobile application can all automatically interface with an organization's systems and eliminate the need for manual order entry, helping to optimize customer service. However, APQC found that at the median,<sup>1</sup> 18 percent of customer orders come through channels like telephone, mail, and even fax that do not automatically feed into an organization's systems.

Regardless of the channel through which orders are received, however, APQC finds that organizations enter a median of 40 percent of orders manually (Figure 5). While this is already a high percentage of manual orders, organizations in the 75th percentile manually enter 60 percent (or more) of their orders. Any time an employee has to manually enter information, it increases the likelihood of errors and slows down cycle times. More fundamentally, it requires employees to spend time entering information rather than engaged in more valuable activities.

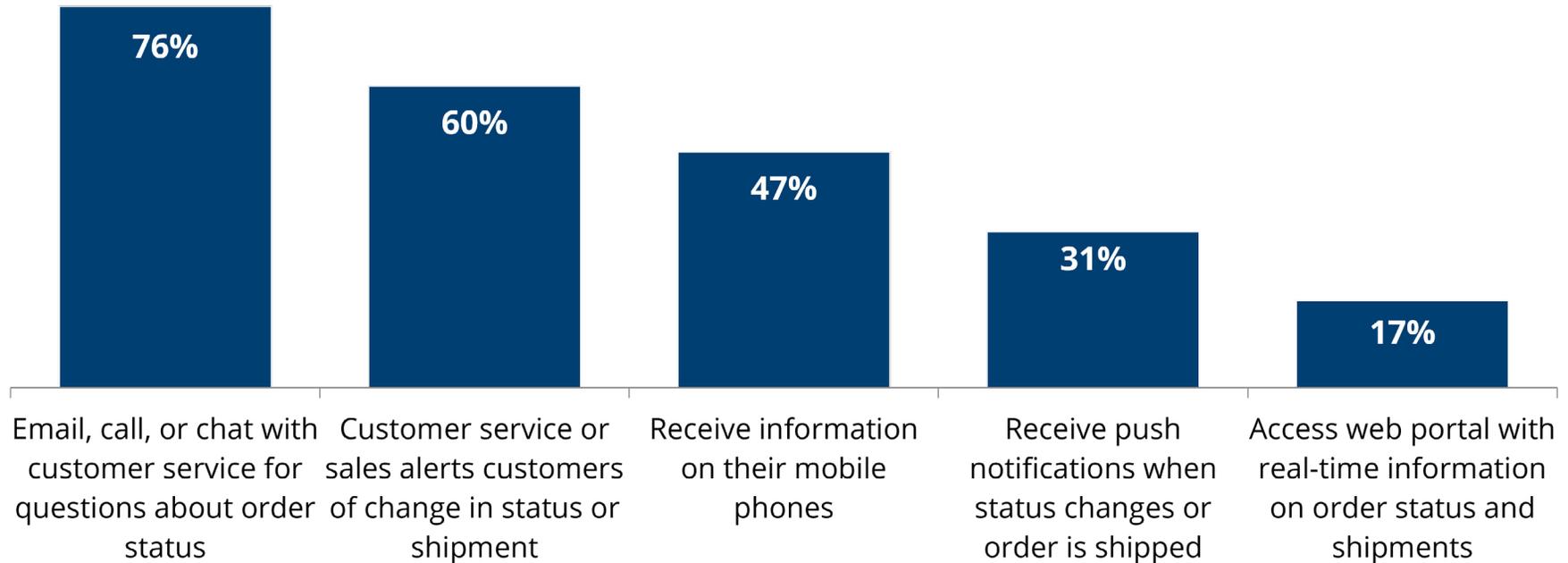


(Figure 5 | N=289)

<sup>1</sup>The median represents the 50th percentile, or the midpoint, of the data collected. Half of the respondents are above, and half are below this point.

When APQC explored how customers want to stay informed about the status of an inquiry or order, more than three-fourths of respondents said that customers prefer to email, call, or chat with customer service. It also appears that customers are getting tired of digging around to find the answers they want, preferring alerts be pushed to them. Accordingly, only 17 percent anticipate that customers want to access a self-service web portal to get updates (Figure 6).

**How Customers Want to Receive Updates on Order/Inquiry Status  
(Regardless of What Organizations Do Today)**



*(Figure 6 | N=289)*

Clearly, customers desire fast answers. The good news is that the top customer preferences—for example, for a specialized alert about an order status change—can all be automated to help CSRs save time and focus on other tasks while pushing the updates to customers quickly, without requiring them to spend time asking for the information.

## RATIONALIZE THE SYSTEMS CSRs USE

From a systems perspective, daily work as a CSR is a complex endeavor. In more than half of organizations, customer service team members regularly interface with a CRM system, e-commerce platforms, an ERP system, and machine learning enabled tools as part of the customer journey. Some of these tools and systems, especially machine learning and artificial intelligence, can help CSRs work smarter and make better decisions.

To create a better work experience for CSRs, organizations have an opportunity to rationalize the use of these various tools while focusing on the importance of strong underlying data quality and ownership. If the data is solid and automation is effective, then having only one global system becomes less critical.

Data needs to be synchronized across the enterprise, regardless of how the systems are set up. For example, if a CSR changes a piece of information like a customer address, it should update in all relevant locations automatically. Fortunately, nearly all respondents (96 percent) have this kind of systems integration, whether data is synchronized across different systems (60 percent of respondents), or an organization uses a single platform or suite that can be accessed concurrently by different departments (37 percent of respondents).

# MOVE TO PROACTIVE CUSTOMER SERVICE

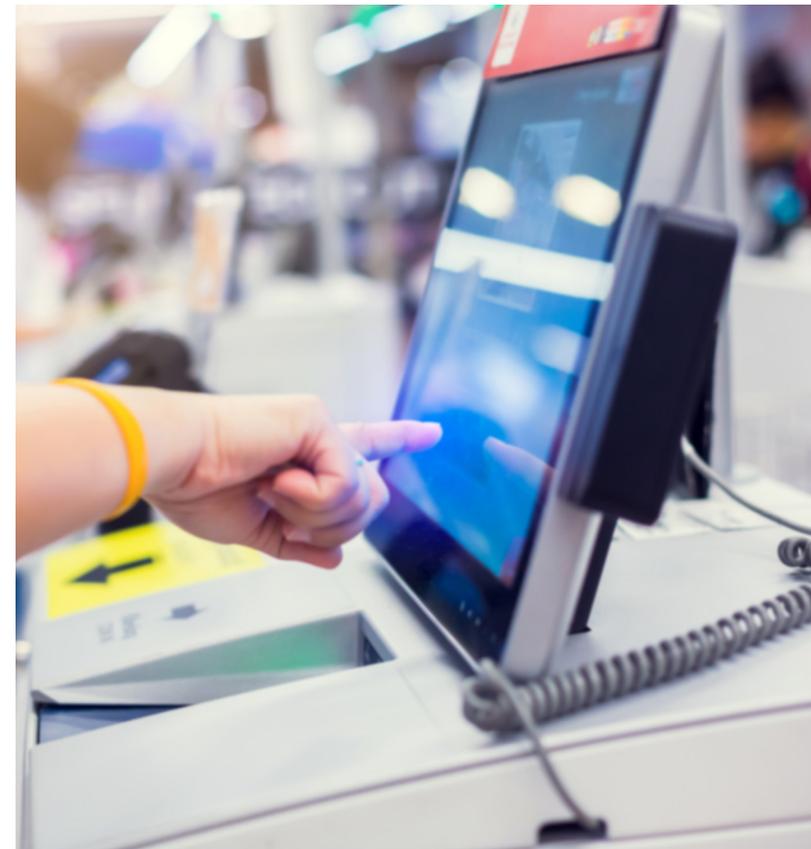
The customer service KPIs that many organizations use, the ways in which CSRs spend their time, and the systems that they navigate for daily work all pose challenges for keeping the focus on the customer experience front and center. Moving to proactive customer service means freeing up time so CSRs can focus on forging positive, human-to-human connections with the most important customers.

## HOW ORGANIZATIONS PLAN TO STAY COMPETITIVE

To remain competitive in customer service, APQC finds organizations are preparing these top five priorities:

- 1. improve the quality of data (e.g., fewer errors),**
- 2. increase flexibility to route inquiries among team members,**
- 3. identify process improvement opportunities faster,**
- 4. increase consistency across order channels, and**
- 5. enable greater customer self-service.**

Automation can help with each of these priorities. To improve the quality of data, for example, a good starting point is to look at the percentage of orders that are entered manually and find opportunities to reduce that through automation. Automated routing, meanwhile, helps ensure that someone is always available to respond to customer inquiries. Eliminating steps like manual order entry also clears more space for CSRs to look for process improvement opportunities and focus on providing better service in customer interactions.



# EMBRACE DIGITAL CULTURE AND NEW TECHNOLOGIES

## Shifting to a Digital Culture

Beyond simply implementing automation, organizations need to embrace a culture change to fully recognize the benefits of automation and other technologies. APQC also gathered insights on the extent of agreement with the statement: “In order to stay competitive over the next three years and beyond, it is necessary that our Customer Service function must embrace a digital culture, workplace, and mindset.” Fortunately, nearly all participating organizations agree with this mindset. More than half of respondents (54 percent) strongly agree, and another 40 percent said that they somewhat agree.

Although culture change is not easy or fast, APQC's research into Cultural Influencers: How to Shift and Sustain Organizational Culture has found that organizational culture is shaped, operationalized, and transmitted via human resources departments and policies as well as:

- ➡ vision, mission, and values statements that shape strategic priorities in addition to the types of people an organization hires, how employees behave, and beyond.
- ➡ leaders, who shape culture because of their high level of visibility and responsibility for strategically driving the business. Leaders play an important role in driving culture by modeling desired behaviors and providing resources and support to strengthen or change culture.

Another key method to drive culture change is through rituals—which can include everything from annual company events and townhall conversations to routine business meetings. Explicitly and implicitly, they communicate an organization's values and create a shared sense of meaning and purpose among the organization's employees and leaders.

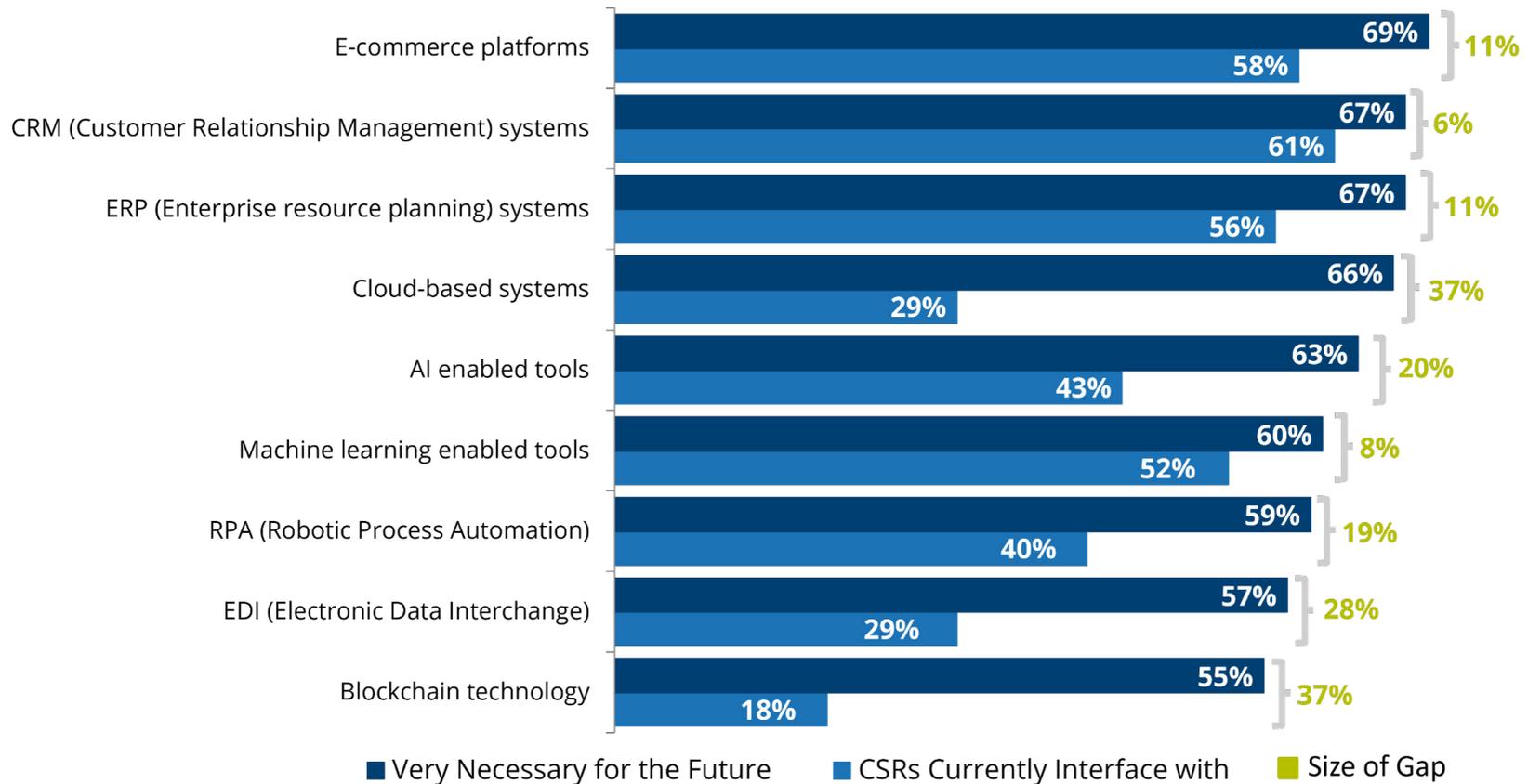
When working to sustain or shift organizational culture, organizations should:

- ➡ pay attention to how the behaviors they seek align with the way work is currently being performed and rewarded;
- ➡ treat culture as a constant rather than an initiative, reinforcing desired cultural behaviors on an ongoing basis;
- ➡ seek employee input on culture and ways to support it;
- ➡ keep tabs on subcultures and work to maintain alignment between subcultures and the larger organizational culture;
- ➡ be patient, allotting plenty of time when seeking to shift culture; and
- ➡ be selective about culture change and realistic about how much change employees can realistically tackle at any one time.

## Embrace New Technologies

APQC also examined the technologies that CSRs are using today and what is very necessary for customer service professionals to be adept at using in the next three years (Figure 7). Some of the biggest gaps between what organizations say they use today and what they will need in the future include cloud-based systems (a 37 percent gap) and AI (20 percent). While blockchain is tied for the biggest gap, only 55 percent of respondents said this technology will be very necessary for the future.

**Technologies CSRs Currently Use and What is Very Necessary for the Future**



(Figure 7 / N=289)

# ANTICIPATED BENEFITS OF AUTOMATION

APQC found that organizations can achieve numerous benefits through shorter order processing cycle times resulting from automation. The identified benefits (in order of importance to organizations) include:

- // improved operational efficiency,
- // more visibility/transparency for customer service and sales teams,
- // improved Days Sales Outstanding (i.e., fewer days to collect payment for a sale),
- // more visibility/transparency for customers,
- // happier customers,
- // fewer order errors,
- // lower cost to serve,
- // happier employees,
- // more advanced analytics,
- // fewer customer complaints, and
- // reduced process variability.

Many of these benefits—for example, improved operational efficiency, fewer errors, and reduced process variability—help organizations to accomplish routine and highly transactional tasks more quickly and free up time for more value-added work.



If each CSR team member suddenly had an extra 10 hours each week, the top three activities they would most want to spend more time on are, according to research participants:

**01**

**reaching out to customers for non-sales reasons to deepen the relationship,**

**02**

**responding to order status requests, and**

**03**

**building personal skills to better leverage technology.**

It may seem somewhat surprising to see “responding to order status requests” as a top response for spending more time, especially since automation can help simplify or even eliminate the need for CSRs to carry out this work. However, it may reflect the desire to be responsive to customers in today’s reality since that task has been consuming an increased amount of time in two-thirds of organizations over the past two years. The other two practices, however, are more future-oriented and will certainly help organizations to build stronger customer relationships and build needed skills for new and helpful technologies.



# KEY TAKEAWAYS

Given heightened customer expectations and an unpredictable business environment, the time for action to optimize customer service is now. APQC found some very actionable gaps that organizations should begin working to address:

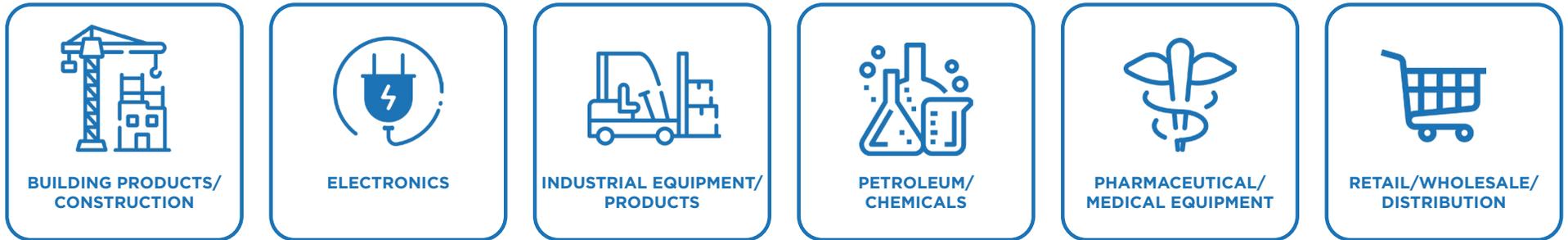
- // It is important to **choose a balanced set of KPIs that include externally focused measures of customer service success**, like NPS or customer satisfaction scores and customer response times.
- // Many organizations have an opportunity to **automate activities like order acknowledgement, order status requests, and order entry**. Doing so will free up time for CSRs to focus on more value-added activities.
- // Many CSRs carry out their daily work in a complex systems environment. **Rationalize the use of various systems while focusing on the importance of strong underlying data quality and ownership**. If the data is solid and automation is effective, then having only one global system becomes less critical.
- // Organizations will need to **work to close the gaps** between the technology they use today and what they say will be important in the future.

With the right technology, measures, and processes in place, CSRs will be well-positioned to deliver customer service excellence in the moments the matter most with customers.



# ABOUT THIS RESEARCH

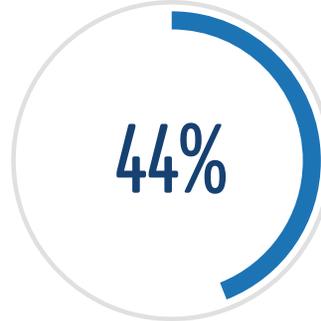
APQC collected 300+ survey responses in August 2022, and 289 valid responses were used for analysis. Respondents are manufacturing organizations primarily located in the US and Canada (97 percent of respondents). The top six industries represented in the survey are:



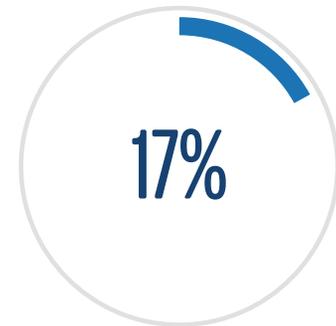
All respondents have at least \$500 million or more in revenue.



**have revenue of \$500 million USD  
to less than \$1 billion USD**



**have revenue of \$1 billion USD to  
less than \$5 billion USD**



**have revenue of \$5 billion USD  
or greater**

Respondent job functions are mainly sales, customer service, executive management, and IT. All respondents are at the management level or above in their organizations.

## WHY CUSTOMER SERVICE MATTERS

An immense shift is underway within customer service due to a combination of changing customer expectations, supply chain disruptions and economic instability. Once viewed as a cost center focused on transactional problem-solving, customer service is now being looked to as a value-generating operation expected to contribute to long-term business growth.

As a result, digital transformation is no longer a “nice to have,” but a requirement for companies to retain customers and remain competitive. Technology that can empower employees and facilitate proactive customer service is increasingly valuable, as businesses attempt to strengthen their growth strategies and resiliency in an uncertain global landscape.

## IMPACT OF ORDER MANAGEMENT AUTOMATION

One of these technologies is order management automation, which works by utilizing Artificial Intelligence (AI) to capture data off incoming orders, validate the data's accuracy, and archive the order within the solution and link it back to the ERP system. Thanks to the AI capabilities, the solution trains itself as it goes, recognizing different formats and easily handling a variety of customer PO layouts. Companies avoid the time and cost of defining and managing countless templates and can bring new customers into the automated process quickly.

By removing many manual bottlenecks and repetitive tasks inhibiting good customer service, businesses not only increase operational efficiency and cost savings, but also benefit from strategic, big-picture benefits such as:

- Freeing up time for employees to focus on upselling and relationship building
- Giving customers a more engaged and satisfying experience
- Improving collaboration and decision making via custom dashboards and analytics
- Creating a less stressful, more fulfilling work environment for employees
- Lowering the cost-to-serve
- Increasing opportunities for new and/or recurring business.



*"We've been able to slash the processing time for repeat orders from 5 minutes to 5 seconds. And our employees feel more empowered and productive than ever"*

Angela Garceau | Sr. Director of Business Operations, NVIDIA Corporation

# ABOUT APQC

---

APQC helps organizations work smarter, faster, and with greater confidence. It is the world's foremost authority in benchmarking, best practices, process and performance improvement, and knowledge management. APQC's unique structure as a member-based nonprofit makes it a differentiator in the marketplace. APQC partners with more than 500 member organizations worldwide in all industries. With more than 40 years of experience, APQC remains the world's leader in transforming organizations. Visit us at [www.apqc.org](http://www.apqc.org), and learn how you can make best practices your practices.

# ABOUT ESKER

---

Esker is a global leader in AI-driven document process automation software. Esker's cloud-based solutions are compatible with all geographic, regulatory and technology environments, helping over 11,000 companies around the world improve efficiency, visibility, and cost-savings within their order-to-cash (O2C) and procure-to-pay (P2P) cycles.

Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

