The independent, professional body for customer service

ANNUAL REVIEW 2014/2015
The past year has been an extremely strong one for the Institute: membership has risen, our profile has grown and engagement with political stakeholders has reached new heights, through our work with the All Party Parliamentary Group on Customer Service.

At the same time, customer satisfaction found its way under the Boardroom microscope. Many executives now realise the business imperative of tackling declining levels of satisfaction, but despite acknowledging the link between engagement and performance no fewer than 58 percent of organisations in the latest UK Customer Satisfaction Index (UKCSI) have seen satisfaction levels fall.

Customers’ expectations have evolved. Their desire for convenience, speed and value is at a high point and their demand for a more personalised service means that organisations are under pressure to find new ways to engage.

In this relationship economy, how organisations talk – and listen – to customers is a critical factor in business success, as are the relationships with suppliers, between employees and with partners.

As the economy has recovered, albeit in stuttering form over the past few months, the business risks of service under-performance have become ever more acute. It should come as no surprise then, as the UKCSI revealed, that customer behaviour is strongly influenced by service quality. That is why those organisations willing to invest in their service capability will be the ones to benefit from more recommendations which, in turn drive customer loyalty and build trust.

The Institute responded to this environment by advancing our strategies in the areas of Research and Insight, Policy and Thought Leadership. We continued to deliver evidence to highlight the importance of customer service as a strategic undertaking for both UK plc and the public sector. But we will not stop there – the year ahead will be one in which we take our profile raising into the digital and social spheres of influence, where we seek to influence a raft of new politicians in the wake of the General Election and where our research programme highlights the role business leaders must play to deliver a winning customer service strategy.

“...In a world defined by the relationship economy, organisations putting customer service at the heart of what they do are the ones reaping reward”
**The trading environment**

In the latest UKCSI, published in January 2015, UK customer satisfaction levels fell to their lowest point since July 2010. The decline suggests organisations are failing to keep up with customers’ increasing expectations, their definition of what good customer service looks like and their tolerance for when things go wrong.

As the population in the UK gets older, organisations would do well to note that the most significant contrast between the customers they are trying to reach revolves around different age groups. Younger people are more cynical, critical and less satisfied as customers. This fact emphasises the point that relationships are critical to success – and that understanding the needs and satisfaction-drivers of different customer groups will underpin long-term sustainability.

We also now know that those sectors where employees are more engaged with their employer tend to deliver higher levels of customer service. It means that staff product knowledge coupled with their attitude can be a genuine differentiator and driver of customer satisfaction.

**What next?**

The role of leaders and their ability to engage employees with a compelling vision, authenticity and ‘sense of self’ will be critical as organisations seek to present themselves to a cynical, questioning marketplace. In this environment, organisations will need to make rapid decisions, but if they do so in isolation, they increase the risk of failure. Instead, collaboration with colleagues and co-creation with customers will become by-words for business success.

They will also become a key part of the way organisations track their progress and measure success because to make a genuine difference the Boardroom must measure the impact of the customer experience strategies they implement and assess return on investment.

It is true to say that, although just seven organisations scored over 83 points (out of 100) in the UKCSI over the past two years there are signs that many are making efforts to improve.

Whether it’s measuring every aspect of the customer experience, ensuring consistency across the channels they communicate or equipping people with the skills and competencies to meet customer needs, we are seeing a determination in the Boardroom for action. The challenge is for this desire to continue and for it to be delivered.

**Membership growth**

Organisational membership increased to 474 fee paying members – an 8.6 percent increase on the previous year. We have also seen a 17 percent rise in the number of FTSE 350 organisations joining the Institute.

Our retention rate was 72 percent. Particularly notable is the long-term commitment to improving customer service that our membership is demonstrating. This is evidenced with 67 percent of renewals being for 2 years or more. Additionally, a year ago 438 members held the equivalent of 992 ‘membership years’ and this figure has now climbed to reveal that 474 members enjoy 1,108 membership years between them.

A number of high profile brands have also joined the Institute during the course of the year. These include: 3M, Allianz Insurance plc, Argos, B&Q plc, first direct, Liverpool Housing Trust, Medway Council, Post Office, Primark, Red Funnel Group, Tesco plc and Virgin Trains.

It is indicative of the growing importance of customer service as a strategic imperative in Boardrooms across the public and private sectors that we have witnessed such a wide variety of new members. The willingness, and determination, of senior executives to interact with us is central to the Institute’s mission as it is through inspired leadership that organisations will improve their customer service and, with it, the customer experience.
Key achievements

We achieved a surplus of £500,003 during the year. Our overall income was £4,720,601 – representing a 16 percent increase on last year.

These results were achieved by focusing on our core proposition – highlighting how organisations can improve performance through enhanced customer service capability and by developing our portfolio to ensure that members benefit from a wider range of research, benchmarking and analysis.

Member engagement

We continued to develop our engagement with members through our team of Account Directors, ensuring that members have relationships with key individuals across the Institute. However, we will not rest on the successes that this approach has brought, for the Institute and our members, and have demonstrated this by undertaking a complete review of retention and engagement plans. The success of this approach is clear through eight members increasing their membership level and a further 31 increasing their membership term.

A key element of all Institute activity is the drive to ensure customer service is recognised for the value it brings – both by organisations and their customer base. Allied to this is our goal of ensuring all organisations continually strive to improve their skills base and it is therefore pleasing to report that 2014/15 saw another 35 organisations achieve ServiceMark accreditation. A further 104 committed themselves to ServCheck and 129 to UKCSI Business Benchmarking.

We have also developed our international capacity so that members with a footprint in multiple geographies can build their customer service credentials in wider markets.

We also ran more than 30 events across the UK on a wide range of themes, as asked for by our membership. Chief amongst these were masterclasses on handling customer complaints and we have also developed workshops and seminars offering an insight into how organisations can master social media as part of their customer service strategies. These will be rolled out during the 2015/16 financial year.

We also launched our new management qualifications and saw the first cohort of successful candidates complete their programmes during the year. We continue to work with these individuals to develop our customer service training and to ensure that accreditation of our members’ in-house training reaches the standards required to make an impact on the front line.

Plans have also been put in place to develop the Institute’s social media presence. Over the course of the next 12 months a new website will be developed and unveiled and we will be building our ability to debate in a digital environment through social media platforms and the development of video-based commentary.

National Customer Service Week continued to develop and this year saw more organisations use the Institute’s activity pack than ever before. It was particularly pleasing to note that organisations were buying collateral to reward staff for their efforts as recognition is a central tenet of employee engagement, which itself improves customer service.

Profile, influence and impact

A record number of delegates attended the Annual Conference this year; 287 compared to 220 in FY 2013/14. Exploring the theme of ‘Customer service in a new world economy’, speakers included Rita Clifton, Chairman of BrandCap, Philip Davies MP and Steve Reed MP, co-chairs of the All-Party Parliamentary Group on Customer Service, Eamon FitzGerald, the MD of Naked Wines, Paul Loft, MD of Homebase, Simon Roberts, MD, Health & Beauty UK and ROI at Boots UK, Fred Sirieix, General Manager of Galvin at Windows, Darrell Sansom, MD at AXA Insurance, Commercial Lines & Personal Intermediary and Professor Prabhu Guptara.

The event was also compered by the former Olympic triple jumper, Jonathan Edwards CBE.
The UK Customer Satisfaction Awards were also host to a record number of delegates – this year seeing 591 attendees, up from 495 in 2014 and 371 in 2013. There were also a record number of entries. Standing at 179, there were 30 more than in the previous year.

During the course of the year, we secured over 500 items of coverage across national, trade (sector) and regional publications. This total included 16 items across outlets such as BBC Radio 4, BBC Business Online, the International Business Times, BBC Breakfast, The Sunday Telegraph, BBC Parliament and BBC Radio 5 Live.

We published three editions of Customer Focus magazine, with interviews conducted across a broad range of sectors. Some notable names included David Cutter, CEO of Skipton Building Society, Tracy Garrad, CEO of first direct and Giles Hawke, executive director of MSC Cruises.

The past year has also ensured our profile has been raised directly amongst the CEO community. A total of four CEO Breakfasts were held covering topics ranging from how to establish the UK as a leader in customer service and the role of the Board in delivering a strong customer service culture. At the same time, we held four Council meetings across the country, facilitated more than 30 speaking engagements for members and our CEO spoke at 32 external events.

Developing and sharing authoritative knowledge

The ongoing success of UKCSI is not enough! That’s why, this year, we enhanced our thought leadership programme by undertaking and launching a variety of ground-breaking research projects. To begin with, in April 2014, we released Structures for Success: how business models influence customer service and in October we published Beyond Measurement: customer service and business performance in 2014. Each piece of research allowed us to interact directly with the Boardroom, ensuring senior executives and politicians develop their understanding of, and appreciation for, the role customer service plays in building market share and enhancing UK GDP. It was the success of these projects that also spearheaded work with Brewin Dolphin to establish the ROI of Customer Service – a report, project and campaign we intend to launch in FY 2015/16.

A major achievement for us has been our involvement in the establishment of an All Party Parliamentary Group on Customer Service. Co-chaired by Philip Davies MP and Steve Reed MP, The Institute’s role as Secretariat to the Group has enabled us to expand and significantly move forward our policy programme. During the course of the year three meetings were held. One focused on customer service in the utilities sector (October), a second explored the transport sector (January) and the last, before Parliament was prorogued, examined the NHS (March).

The Institute also responded to a number of Government consultations. We provided insight for the Department for Business Innovation and Skills examination of Alternative Dispute Resolution for Consumers and supplied evidence to the Education Committee’s inquiry into apprenticeships and traineeships for 16 to 19 year olds (September).

Questions were also aimed at politicians to determine their attitude and actions around bad customer service and we were quoted on the floor of the House on at least two occasions during the year – one in a debate relating to establishing a code relating to service charges (September) and the other in an Adjournment Debate (December).

Operational development

Effective performance and capability development has continued to provide the focus for most activity this year as well as work on our processes and integration. It has been a particularly important activity as we welcomed 10 new members of staff.

Providing an efficient service for our membership is critical to ensure they receive the highest standards of customer service, and with this in mind we launched a Senior Leadership Team to ensure all of our teams have the appropriate skills, knowledge and capability to deliver high levels of service to members and colleagues.
Our financial performance

<table>
<thead>
<tr>
<th>Balance sheet</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31st March 2015</strong></td>
<td>£</td>
<td>£</td>
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<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>56,629</td>
<td>22,090</td>
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<tr>
<td>Investments</td>
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<td>1,000</td>
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<tr>
<td><strong>Total Fixed assets</strong></td>
<td>57,629</td>
<td>23,090</td>
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<tr>
<td><strong>Current assets</strong></td>
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<td></td>
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<tr>
<td>Debtors</td>
<td>1,292,267</td>
<td>1,265,749</td>
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<tr>
<td>Cash at bank and in hand</td>
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<tr>
<td><strong>Net current assets</strong></td>
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<tr>
<td><strong>Total assets less current liabilities</strong></td>
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<td>3,409,567</td>
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<tr>
<td><strong>Creditors: Amounts falling due after more than one year</strong></td>
<td>1,822,900</td>
<td>1,623,626</td>
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<td><strong>Total per reserves policy</strong></td>
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<td>5,293,425</td>
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These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008). These accounts were approved by the directors and authorised for issue on 24th June 2015.
Future development

In 2015/16 we enter the final year of our current three year strategy. We continue to evolve the way we provide support to our membership based on a constant stream of engagement and analysis of the external environment.

Key areas of focus include:

- Continuing to build on and embed relationships with members; encouraging further uptake of products and services to help members improve their business performance
- Delivering effective marketing and communication and sales strategies. This will include a focus on building The Institute’s digital presence, developing a clear strategy that supports our own activities as well as those of our members and the enhancement of a portfolio of products
- Profile and Influence raising, linked to our research, knowledge and insight – to continue to build us as the ‘first port of call’ for organisations and influencers seeking information on customer service. Part of this is about enabling members to set themselves apart from the competition at a strategic level and driving the importance of customer service as a key business differentiator
- Developing our research and knowledge as part of the existing offer and additionally as paid for services, to demonstrate our credibility and influence
- Build further our own operational effectiveness, capability and competence ensuring we have the insight, technological awareness and ability to respond efficiently to customer requests
- Continuing to focus on and strengthen quality assurance in our key products and services, ensuring that we – and our customers – are able to raise standards of delivery and capability
- Identifying and developing effective collaborations and partnerships that support our purpose
- Building a clear and focused policy and government agenda, including working with the All Party Parliamentary Group on Customer Service to ensure politicians and civil servants understand the impact of customer service on business performance and GDP
- Developing our international strategy and positioning working with our UK members who have international operations.
The Institute of Customer Service

The Institute of Customer Service is an independent not for profit membership body. We work with over 470 organisations, helping them achieve tangible improvement in business performance through customer service.

Our expertise in all aspects of customer service is based on our extensive research and insight programme which includes the UK Customer Satisfaction Index (UKCSI), the national measure of customer satisfaction. Using this research and insight we have developed benchmarking and accreditation programmes, customer service training and qualifications which enable organisations to develop customer service strategies aligned to their business objectives.

Our approach is open and collaborative. We provide a platform for networking and sharing best practice. We also work pro-actively with political stakeholders and other key stakeholders to increase recognition of the importance of customer service to the performance of organisations, individuals’ skills, employability, and health of UK economy as a whole.

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### Research and insight
A unique range of research and insight into the key trends and issues affecting customer service performance, with recommendation to help organisations assess their business impact.

### Benchmarking
Benchmarking your customer service performance and commitment, from your customers’ and employees’ perspective.

### Accreditation
Demonstrate to customers, employees and stakeholders your commitment to and achievement in customer service.

### People development
A suite of products and services to develop the capabilities of your people including recruitment tools, customer service training, professional qualifications, support for customer services coaches and opportunities for continuous professional development.

### Networking and knowledge sharing
A wide range of opportunities to share knowledge and best practice with customer service leaders and practitioners from a variety of sectors.

### Recognition
The Institute works to build recognition – in organisations, the media, business and political stakeholders – of the essential role of customer service to sustainable business success and a strong economy.

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### How to get involved
If you would like to know more about the Institute and how customer service can enable improved business performance contact us:

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