



Logistics Association of Australia Ltd

AT&T UNIVERSAL CARD SERVICES

In the fourth of his reports, 1993 International Study Award winner Terry Brookshaw reports on the importance of quality customer service in the success of AT&T Universal Card Services.

Several years ago as part of the AT&T strategic plan, AT&T researched ways to protect and enhance its long distance telephone customer base.

One of the approaches was linking the AT&T telephone calling card to a consumer credit card. Paul Kahn (a part of AT&T's Communications Services Group) suggested to AT&T, "If AT&T were willing to invest in a product with exceptional value, the delivery of world class service and a long term commitment to its customers, there was an opportunity to be not just another competitor in a saturated market, but a major contender in the marketplace".

In March 1990 AT&T Universal Card Services (UCS) was launched and Paul Kahn's vision has appeared to come true. UCS was a new business for AT&T, launched in March 1990 as a wholly owned subsidiary of AT&T with Paul Kahn as President and CEO with an 11 member business team.

Their success and development have been remarkable.

They achieved their first million accounts in 78 days. They now have over 16 million card holders. UCS' rapid ascent made them the second largest in the credit card industry in just 30 months.

This achievement has been in a market of over 6,000 issuers of Mastercard and Visa cards in the United States, many having been in business for over 20 years.

UCS receivables are worth US \$6 billion. They achieved profitability in 1992, just two years after launch and two years ahead of schedule. Based on AT&T research, the UCS credit card business has had a positive impact on long distance telephone calling volume and account retention for the parent company. AT&T documented 40% annual increase in telephone calling and revenue from UCS customers.

Quality is the basis of the Universal Card Services culture and is the foundation of the business.

The business was designed around the use of quality principles to “Delight the Customer”.

Seven values are interwoven into the fabric of their business: Customer Delight, Mutual Respect, Commitment, Teamwork, Trust & Integrity, Sense of Urgency and Continuous Improvement.

Engraved in the lobby of their Jacksonville, Florida headquarters building are the words: “Customers are the center of our universe”. They not only say it, but appear to live it.

UCS has been recognised by a wide range of industry and professional organisations:

- Best product of 1990 by Business Week
- The Year’s Hottest Products by USA Today
- The Top Marketing Idea by Advertising Age
- The Top Banking Innovation by American Banker
- The Malcolm Baldrige Award National Quality Award.

UCS headquarters are in Jacksonville, Florida with other operations in Houston, Texas; Columbus, Georgia; and Salt Lake City, Utah. UCS employ 2,500 people who are termed “associates”, not employees. Two thirds of all employees are employed in customer contact positions. UCS pay in the seventy five percentile salary range to get the best people. Seventy percent are college graduates.

The facilities and working environment for employees at their Jacksonville headquarters are impressive. The most impressive aspect, along with the man made lake, gift shop, fitness centre, child minding centre and banking facilities, is a TV monitor system, located in corridors, offices and the lobby. They system is linked to their information technology databases. The monitors provide constant images of graphs on each individual team’s achievement against quality/performance measure for the previous day’s business. The monitors also provide current stock performance of the company and employee of the month details with pictures.

A comprehensive data and tracking system supported by a world class set of information analysis systems helps UCS chart continuous improvement in its customer relationships, internal operations, supplier relationships and business performance.

Customer satisfaction determinants, identified by rigours benchmarking and surveys, are studied in layers of detail. UCS’ Business Team has eight broad categories of “satisfiers”, including price and customer service, which are used to define the company’s quality focus.

In turn, these prioritised determinants of how customers perceive the value of credit card services is supported by 125 specific “satisfiers”, each one weighted to reflect its relative importance. The outcome of this very specific detail is an exhaustive set of concrete performance measures linking internal operations and customer satisfaction.

Another outcome is a clear picture of what UCS must do to improve its services, performance and market share. Every part of the business, from UCS as a whole to individual work units, has a list of “10 most wanted” quality improvements.

It is possible that because UCS started from scratch as a business with no previous cultural “baggage”, hired only people who met UCS preferred psychological and attitude profile, and had the financial backing of a large conglomerate parent AT&T, that success was a “fait accompli”. That may be true in relation to the speed of their success.

An organisation with a variety of historical influences and cultures, may have a longer lead time for change. However, given those conditions for their launch, their performance and scope of success have been nothing less than extraordinary. The reason is related to the visioning, commitment participation and dedication to quality by the CEO and leadership team.

The Business Team had a belief that, “there is room in the business to give something back to the customer”, while realising consistent reasonable profits, leading them to develop and offer a credit card that provides the best value for the customer.

Their commitment to the vision, “To be our customers’ best services relationship”, has made UCS the major change force in the credit card industry. The true flavour of what this leadership style and culture means is the importance of empowerment, emphasised and encouraged with each employee in relation to UCS’ vision and values.

In the workplace, employees are empowered to do whatever it takes to “delight” the customer or get back the customer. To encourage this behaviour, UCS have linked their recognition and reward and performance systems to quality achievements that lead to innovation and “customer delight”.

An anecdotal example of this empowerment, the personal initiative and a real desire to help and delight the customer, is the associate helping a card holder whose wife had Alzheimer’s disease.

While travelling to Chicago she became disoriented and went missing. The police investigation had stalled. The associate suggested a hold on their account. When she tried to use the card the associate arranged to be called

personally. The associate tele-conferenced in the woman's husband, doctor and police. The missing woman was quickly assisted and helped home.

Another is the customer who changed his name by deed poll and cancelled the card. An associate rang to find out why he cancelled, explained he did not have to cancel because of the name change and the account was maintained. Customer contact employees can also grant credit line increases and adjust customer bills without management approval.

UCS employees receive "quality" bonuses. Every employee got an average of \$2,200 in bonuses in 1992.

At least once a year, all employees meet with a senior executive, in gatherings of no more than ten people to exchange ideas. Employee suggestions feed into the planning process. In 1992 UCS personnel submitted more than 6,200 suggestions of which nearly half were accepted and acted on by management.

The quality focus extends to UVS suppliers. UCS are "partnering" with three of their key suppliers to help them with their quality improvement efforts. They provide the tools and coaching to help the supplier with their self assessments. Members of the UCS quality team provide assessment feedback.

Suppliers are included in cross-functional program teams established to convert UVS customer needs into new or enhanced products and services. Suppliers have a major impact on UCS customer acquisition, billing, acceptance, relationship management and information management processes. That means that effective supplier quality management and partnering are critical to delivering the highest quality customer service.

To ensure that UCS meet their quality objectives, UCS extensively analyse supplier influences on the performance of UCS' processes. Together with their suppliers they have defined measures that assess the suppliers' performance with respect to mutually agreed service standards and periodically negotiate tighter performance standards.

As part of the supplier partnering program, UCS share information collected through their customer interviews with their key suppliers.

These suppliers provide telemarketing and application processing services that directly impact UCS telephone application processing contact results.

To achieve and maintain industry leadership, UCS continuously benchmark relevant processes against their competitors and world-class companies.

Key measures of UCS product and service production and delivery processes are:

Process Measured

Types of Measures

Customer Inquiries

18 measures such as
Inbound calling
Claims processing

- Average speed of answer,
abandon (hang up) rate, courtesy
Accuracy, courtesy

Application Processing

24 measures such as –
Outbound telemarketing
Credit approval

Accuracy, courtesy
Accuracy, courtesy

Payment Processing

9 measures such as –
Address change

Timeliness, accuracy.

Average speed of answer and telephone abandon rates are critical customer relationship management measures. Each call is "A Moment of Truth" – they may only talk to the customer once a year. They aim to answer the customer needs 95% of the time with the first person the customer talks to.

In reality the AT&T Universal Card is just a normal sized piece of plastic credit card like so many others, but that's where the similarities end.

The AT&T Universal Card customer service offers an unparalleled combination of value, convenience and service guarantees which include sending a \$10 AT&T Universal Card Service guarantee certificate to any card member when Universal Card Service fails to meet its commitments. AT&T Universal Card also holds at the centre of its philosophy that you can't deliver leading edge service to your customers unless you first delight your employees.

Customer Delight, Employee Delight and Continuous Improvement appear to be a winning combination for AT&T Universal Card Services with 10,000 new accounts added each day.