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Contact: John Tschohl
(952) 884-3311
E-mail: quality@servicequality.com
Web: www.customer-service.com

Note to Editor: Feel free to use all or part of this news release. John also is available for personal interviews.

IVRs: EXPENSIVE AND FRUSTRATING Technology Can't Replace the Human Touch

While talking with a friend recently about Interactive Voice Response systems—that endless maze of options that companies use in an attempt to direct callers to the appropriate department without having to pay an employee to actually answer the telephone—Ann made a confession.

“When I call my bank,” she said, “I wait for the option for non-English speaking callers and press that number. By doing so, I’m immediately connected to a real person and can skip several more layers of options. I’m sure that I annoy the hell out of them, but it’s better than having them annoy the hell out of me.”

Ann is not alone in her dislike of Interactive Voice Response (IVR) systems. Millions of customers throughout the world surely share her opinion of the technology that John Tschohl describes as one of the greatest barriers to customer service.

“Companies have turned to IVRs in order to save money, but they don’t realize the real cost of that technology,” says Tschohl, an international service strategist and founder and president of the Service Quality Institute in Minneapolis, Minnesota. “IVRs are the most expensive equipment companies will ever buy. They will never stop paying for it, as customers defect and they are faced with the expense of attracting new customers. I would guess that 95 percent of customers hate IVR systems, so why would any company use them? Any company that has at least 100 employees and wants to dominate the market should have its phone answered by real people 24 hours a day, seven days a week, within three rings.”

The message companies send by using IVRs, says Tschohl is this: We don’t want to be bothered by having to speak with you directly, but we’re more than happy to take your money. “When technology replaces the human factor, it drives customers away—and they take their money with them when they go,” he says. “If you have a monopoly, it doesn’t matter how upset your customers become, because you own them. Most companies, however, face fierce competition for customers.”

Tschohl cites two companies that do understand the importance of the human touch. TD Bank, a member of TD Bank Financial Group in Toronto, Canada, is one of them. During a recent trip to Russia and Belarus, Tschohl tested that company's claim that it had competent people answering its phones 24 hours a day, seven days a week. "I called the bank at 4 a.m. U.S. time on a Saturday and a Sunday," he says. "Both times my calls were answered by real people within three rings." If you would like to test the bank's phone system, the toll free number is (888) 751-9000 inside the United States, or (856) 751-9000 outside the country.

Tschohl also is impressed with Mirax, the largest real estate developer in Russia. "Two years ago, I recommended that Mirax get rid of its IVR system, and company officials implemented that suggestion the following week," he says. "That company then hired people to answer the phones 24/7, and they do so within two rings." The number for Mirax, should want to test this one, is 7 (495) 721-1000.

When it comes to hiring people to replace IVR systems, Tschohl recommends that companies hire local people, people who speak the language of the bulk of your customers. "When U.S. companies outsource their calls to other countries, for example, language becomes a huge barrier," he says. "And often, because many of those employees come from a caste system that prohibits them from making decisions, their ability to solve a customer's problem is extremely remote. Dell Computers lost its brand, image, and customer experience when it outsourced its calls to India and the Philippines, and it still has not recovered. In fact, its stock has dropped almost 60 percent since March 2004."

Tschohl also recommends that companies train employees who are answering customer calls. "Train them so they are knowledgeable about the company's products and services and develop their interpersonal skills, so they can deal effectively and efficiently with your customers," he says. "Then give them the authority to respond to your customers' needs with speed and courtesy. The easier you make it for customers to do business with you, the more business they will do."