



Making customers more valued—and valuable

An interview with Peg Marty, EVP and head of contact centers of RBS Citizens Financial Group

An expanded view of customer service has improved customer satisfaction, employee engagement, and sales at one of the largest US banks.

With \$118 billion in assets and five million consumer and business customers, RBS Citizens Financial Group (“Citizens”) is among the largest commercial bank holding companies in the United States. Based in Providence, Rhode Island, Citizens and its subsidiaries comprise a network of approximately 1,400 branches, 3,600 ATMs, and 19,500 employees.

Since 2010, Citizens has undertaken a wide-ranging transformation of its banking channels and operations, with an emphasis on customer service. As a result, one of the first areas to be transformed was the Citizens customer-contact organization, led by Margaret (“Peg”) Marty, executive vice president and head of contact centers.

In her current role, Ms. Marty is responsible for all customer-service operations, including strategic planning, and leads a team of 950 customer-service professionals who field 12 million consumer inquiries annually. We spoke with her at the Citizens offices in Cranston, Rhode Island.

McKinsey: *What was your reaction when you first heard about lean management?*

Peg Marty: It looked like a great system, but I wondered how we would find the capacity for it. At the time, we had so many separate projects under way—technology projects, customer-transformation projects, capability-building projects—and lean management looked like one more item to add to the list.

But as I learned more, it became clear that lean management’s focus on the customer would help us get more out of those other efforts as well. And it would give us a very practical, tangible way to integrate all of the changes for managers and

frontline colleagues. We would be able to capture more value from the whole portfolio of improvement investments that we were making.

McKinsey: *Now that Citizens has been through the first couple of years of its transformation, how would you describe the process of adapting lean management to Citizens? How did it change over time?*

Peg Marty: Our aspiration throughout has been to enable every single colleague to play a role in the success of the business. As we’ve learned more about what we can do with lean management, we’ve been able to do more to meet that aspiration. We’ve expanded our definition of great service, and now we’re also expanding beyond the traditional boundaries of our organization. It is all about making each customer interaction simple, clear, and personal.

McKinsey: *What challenges has Citizens faced as its aspirations grew?*

Peg Marty: This has been a major change in our customer-service approach. Before we started our transformation, our service operation was designed to answer the customer’s question and provide basic service. That’s not an incorrect model—providing quality answers is important—but we knew that we were missing a lot of opportunities to help customers with solutions that were broader based. We started to wonder about how we could incorporate products into discussions with customers.

People call the approach “service to sales,” but sales can feel uncomfortable to colleagues who don’t view themselves as salespeople. We understood that some people would naturally resist, thinking that sales was not something

they could learn or that it was more important just to answer the immediate service question. We therefore restated the goal as one of “providing product-based solutions,” explaining that while some answers require only information, others involve educating the customer on different ways that the bank can help them with new products and services. For example, if the customer mentions something about his or her children, there’s a natural transition to discussing a savings account for college.

We also expanded our training with detailed role playing and new procedures to help colleagues build their skills. New metrics and communications reinforced the value of the revised model in improving our customer service. And we incorporated the ongoing change initiatives into the transformation so that they became a part of the new model.

Gradually, people who at first said that they could never sell realized that they were already selling. We just gave them the knowledge, skills, and confidence to sell more frequently.

McKinsey: *Do you see a difference in the sales figures?*

Peg Marty: Yes, we have seen a significant increase in both new-product sales and cross-sales for important services that improve customer engagement and retention.

McKinsey: *Do you tell frontline colleagues what to sell?*

Peg Marty: No. Because our customers’ needs are constantly changing, it’s impossible for us to assume that we can know exactly what every one of them wants. Rather than try to prescribe

Margaret (“Peg”) Marty



Margaret ("Peg") Marty, executive vice president and head of contact centers for RBS Citizens Financial Group ("Citizens"), has more than 30 years of banking experience. She assumed her current position in 2008 after serving as a retail director for Citizens for seven years. Before joining Citizens in 2001, she worked for FleetBoston Financial, where she was director of project planning and administration for the retail delivery group. Ms. Marty holds a bachelor's degree in finance and financial-management services from Northeastern University.

every answer, we want our colleagues to have enough understanding so that they can customize the experience for that individual customer.

That means we want people to know not only *what* to do but *why*. Colleagues who comply with requirements without understanding why will do their work mechanically. A colleague who understands why will be engaged in a way that feels special to the customer.

McKinsey: *What happens for the exceptions, when the customer issue involves more than the frontline colleague can address?*

Peg Marty: Complex products, such as mortgages, require specialized service, and of course certain investment products can be offered only by licensed specialists. We revamped our incentive programs to reward frontline colleagues not only for their direct sales but for their referrals as well. And we built back-end tracking to create a continuous feedback loop about the quality of those referrals, to see how many of them closed and how the experience was for the customers.

McKinsey: *And if there doesn't seem to be a solution for the customer?*

Peg Marty: All colleagues keep a tracking sheet to record any time that they can't solve the customer issue by themselves—if they had to transfer the customer or if they had to say no. Even if that transfer or “no” is within policy guidelines, we want to understand how often that happens and why so that we can improve the process for the customer. The colleague makes a notation and then brings the tracking sheet to the huddle the next morning.

The huddle is where colleagues and managers discuss the previous day's performance. The metrics all take the customer's point of view: rather than “average handle time,” we talk about “valuing the customer's time.” As issues come up, managers will triage them and address those related to skill or knowledge immediately. Issues related to policy or procedure, or something that just isn't working the way it should, all get raised through our problem-solving process.

Those items go on the huddle board at the team level. The team leader will then assign people to do further investigation. If the problem is bigger than the team can handle, the team leader brings it to the group-leader huddle board that day, and then the team leaders and group leader can work together to try to solve the problem. In addition, we collect all of the problems on a separate problem board, which is the basis for weekly root-cause problem-solving sessions at each tier of our organization.

If a problem is not within the groups' control to fix, then the “lean sustain” team—a small group of lean-management specialists—will take over and make cross-functional team meetings

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to ensure the problem is resolved appropriately. The most difficult problems ultimately come to my desk or the head of our operations group, and either of us can escalate them to senior leadership if necessary.

McKinsey: *How do you make sure that all of your colleagues—including leaders and managers—keep to these routines?*

Peg Marty: Fundamentally, there is no single aspect of lean management that makes it all possible. Instead, all of the elements—the voice of the customer, the colleague engagement, the tools, the problem solving, and our vision—work together to excite people about wanting to work differently.

But I would also say that a major part of the answer is our measuring and tracking of our lean-management discipline. For example, we worked hard to free up our managers' time so that they could spend 60 percent of their days on coaching rather than on filing low-value reports or completing non-customer-related work that others are better positioned to address. The team huddle board therefore shows how much time the manager spends on coaching. We reinforce this accountability at every level: each manager, starting from me, is responsible for coaching and for making sure that the managers who report to us are, in turn, coaching the managers and colleagues who report to them, all the way to the front line.

We also track our process confirmations—the meetings that managers hold with their immediate reports to confirm that everyone is following the same standards. Each manager now has a separate board that shows how many process confirmations he or she has conducted this week. And we assess quality by

completing “skip level” confirmations between a senior manager and someone several levels away. I do some myself. If a process confirmation that I hold with a frontline manager reveals gaps in meeting a standard, I may need to work with the managers in between to see if there's a bigger issue.

McKinsey: *Where do you find the time?*

Peg Marty: Customer experience is the one thing that I am most accountable for. And the only way I can know whether our customer experience is what it needs to be is to invest the time in understanding how our customers are being treated and how we are handling customer interactions.

McKinsey: *Once a problem is solved, how do you communicate it back to the colleagues who first raised the issue?*

Peg Marty: Most important, if the resolution involves changing a standard operating procedure, we involve the original team in designing and testing the solution. The people who first reported the problem have the chance to see how the solution works with customers and can help improve it.

In some ways, that is the ultimate recognition we can give. People can tell themselves, “Not only did I bring this up, but I was part of the change.”

McKinsey: *Are there still times when there is no solution?*

Peg Marty: Rarely, but even then we make sure to communicate with the colleagues who raised the issue. We explain why we are unable to change right now—whether because of a regulatory

issue or some other reason—and we try to find ways to make the process better for the customer. We help colleagues frame the conversation with alternatives, so that neither the colleague nor the customer feels like we are simply saying no and closing the door.

McKinsey: *How do you find the right words for that?*

Peg Marty: We rely a lot on the colleagues themselves to come up with the phrases and test them to see how they work. It is important that we remain simple, clear, and personal in our messages to customers—and the colleagues who speak with customers every day are our best resource.

McKinsey: *Does it feel comfortable to you to rely on the front line in that way?*

Peg Marty: Empowering our service teams to find solutions without immediately judging quality is sometimes the hardest thing to do, but we know it is the right thing. We test our ideas, recognizing that not every idea is right in its initial thinking. But if it's allowed to breathe and take life, if everyone gets a chance to improve it through trial and error, it can become the best outcome for our customers.

In some ways, it might be easier for me to step in and define the solution for the team, but that would be a mistake. The people who are closest to the customer know best and are now encouraged and enabled to identify solutions.

McKinsey: *What does this capability mean for the bank?*

Peg Marty: As the contact center, one of our roles is to serve as a sort of listening post for our

customers, which can help guide improvement almost everywhere in the bank. If, for instance, our frontline colleagues have an idea for how to make a new product easier to understand, we can provide recordings to the product-development team to show where customers are struggling and how a different approach might increase sales.

In one situation, we let our technology partners know about new functionality that customers wanted to have included as part of the interactive-voice-response (IVR) system. Once the IVR had the additional information, we saw a significant drop in the number of calls that we handle manually.

Before lean management, our IVR completion rate was already competitive with leading US retail banks. As a result, with every percentage point that our IVR completion rate increases, we see a bigger and bigger impact on our remaining total call volume. The improvements that we have deployed over the last few years have raised our IVR completion by 200 basis points, reducing our agent-assisted call volume by about 8 percent.

McKinsey: *Are people able to keep up with the pace of change?*

Peg Marty: We know change can be overwhelming, and so we always make a point of telling everyone why we're making a change—why the change is important and will help our customers and colleagues. People now expect to hear these explanations, and when they do, they are willing to make changes (see sidebar "The transformation story" in "The aligned organization").

McKinsey: *What differences do you see in how colleagues work with customers?*

Peg Marty: Before, we relied much more heavily on specialists, so customers who needed multiple services ended up getting passed from one specialist to another. Now, the tools and skills we built in the lean-management program have given our generalists a wider range of options for helping customers. That lets them take ownership for a solution from start to finish.

The handle time per call is a little bit longer, but the experience is much better for the customer and we have more flexibility in our staffing. The employees are also more engaged: they view themselves as advisers rather than just service providers.

McKinsey: *What other types of impact have you seen?*

Peg Marty: On the surface, we saw a number of easily measured improvements in areas such as productivity and sales. But to me, two deeper changes are much more important. The first is that every single manager in the contact center now understands how to do the right thing for the customer. And the second is the level of engagement and empowerment I see among the frontline colleagues who speak with customers every day.

Those two improvements have so many additional effects. Colleague retention has increased. People are more willing to take on additional responsibilities, allowing us to rely less on external recruiting and more on internal promotion. And as an organization, we are becoming more flexible and adaptable. Officially, we redefine our plan every six months, but quite honestly, we redefine it every day. And we can change every day if we need to.

McKinsey: *Does that include the bank's external partners, such as third-party call centers?*

Peg Marty: Increasingly it does. Although our partners have not been through the full lean transformation, everyone now follows the same basic processes, and their call-center managers have completed much of the same training that we give managers in our own call centers. In fact, we find that the most significant customer-experience improvements have been in the calls that our third-party provider handles.

McKinsey: *What are some of the next opportunities for lean management at Citizens?*

Peg Marty: We are doing more to improve our management systems. For example, we revised the format and focus of the huddle boards to put even more emphasis on the customer metrics that agents and teams can be accountable for, rather than slow-changing metrics that relate more to managing the bank as a whole. We are simplifying our incentive formulas so that they are easier to understand and to train toward. And we are supporting a much broader integration of the customer experience across the entire relationship—all contact centers, channels, and products. It's a living process, constantly changing, testing, listening, and learning. ◎