Customer Service Strategy:

Goals, Choices, and Constraints

- Service is a strategic discipline, not a cost center or ticket queue
- Goals: the outcomes service is accountable for
- Choices: the trade-offs and design decisions leaders make
- Constraints: budget, headcount, technology, policy, customer expectations
- Leaders, ops managers, team leads, trainers, and partners all shape strategy
- Definition: a documented plan for what support achieves and how success is measured

Why Service Strategy Matters Now

17%
of leaders call their own strategy extremely effective

92%
of consumers benchmark every brand to their best experience anywhere

74%
now expect 24/7 service because of AI

80%
repurchase after great service

vs.

79%
switch after one bad one

- CX has been the #1 contact-center priority every year since 2012
- Only 17% of leaders call their own strategy extremely effective
- 87% see service as a core differentiator; 77% report positive ROI
- 92% of consumers benchmark every brand to their best experience anywhere
- 80% repurchase after great service; 79% switch after one bad one
- 74% now expect 24/7 service because of AI
- Ad hoc service costs: rework, burnout, escalations, churn

The Economic Case and the Cost of Getting It Wrong

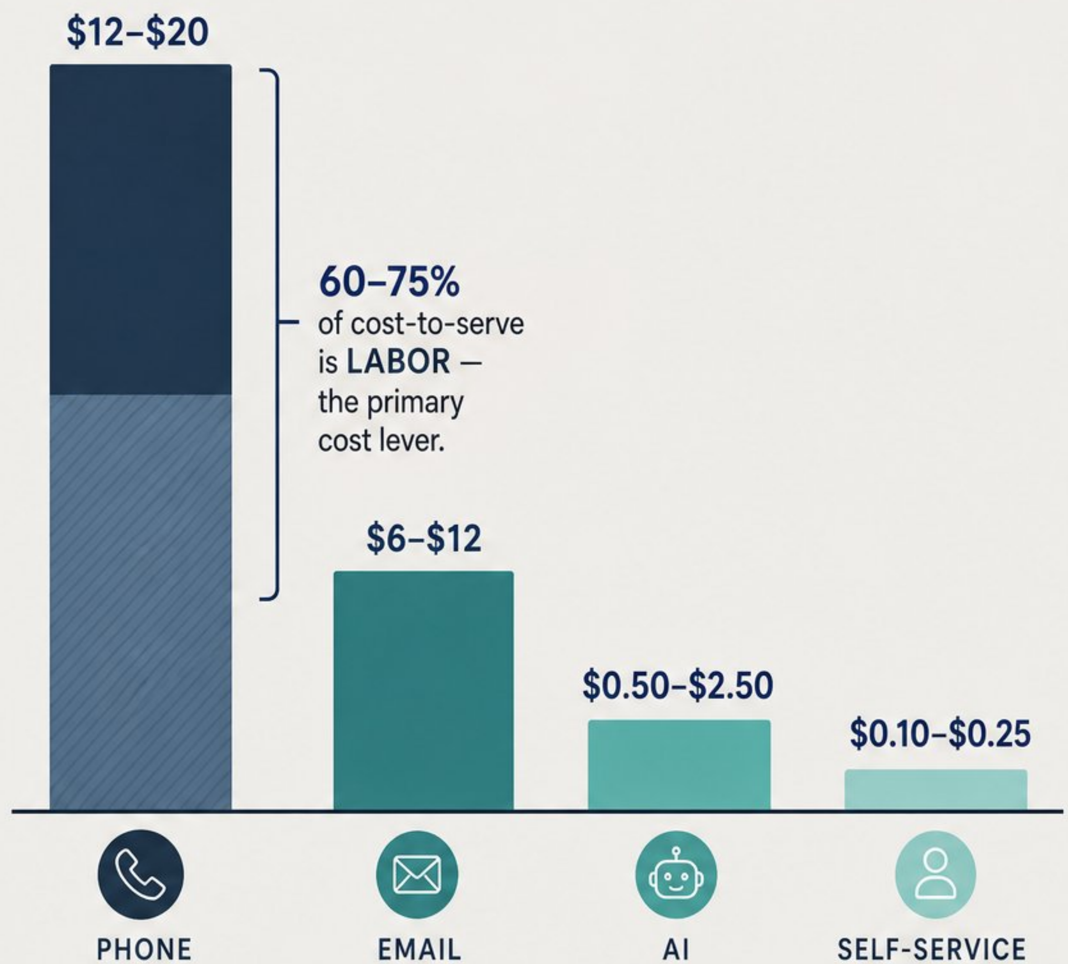
- CX leaders delivered 7.8x greater total returns than laggards over 18 years
- 5-point retention gain lifts profits 25–95%; acquiring costs 5–25x more
- Journey fixes raise revenue 10–15% and cut cost-to-serve 15–20%
- Labor is 60–75% of cost-to-serve — the primary cost lever
- AI-centric centers: 85% greater profitability, 76% more likely lower cost per contact
- Hybrid AI handling cuts cost per resolution ~71% for ~0.05 CSAT points

STRATEGIC LEVER PANEL

Labor is 60–75% of cost-to-serve — the primary cost lever.

Focus investments where labor drives the largest impact.

COST-TO-SERVE LADDER



$ **Cost per contact:** phone **$12–$20** | email **$6–$12** | AI **$0.50–$2.50** | self-service **$0.10–$0.25**

Setting Service Goals That Drive Business Outcomes

GOAL HIERARCHY

Clear line of sight
from top to bottom

WELL-FORMED GOAL EXAMPLE

METRIC
CSAT

TARGET VALUE
85%

TIMEFRAME
by Q3 2026

Goal:
85% CSAT by Q3 2026

- **Fix:** replace activities like "respond faster" with outcomes
- **Formula:** metric + target value + timeframe (85% CSAT by Q3 2026)
- **Goal hierarchy:** company → service → team → individual, with clear line of sight
- **Tie each metric to a business result:** CSAT to retention, FCR to volume, NPS to referral
- **Anchor targets to baselines** — a 5-point CSAT lift is realistic; 20 points is not
- **Guard against distortion:** rushed AHT, defensive transfers, withheld effort

THREE-LENS FRAME

GOALS
Define the outcomes we are aiming for.

→

CHOICES
Choose the actions that move us closer.

→

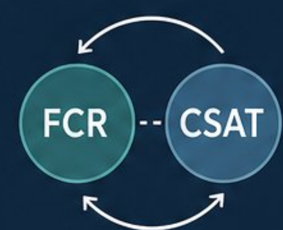
CONSTRAINTS
Work within the limits that shape our path.

Choosing the Right Metrics — and Avoiding Metric Distortion

- Lead with outcomes: CSAT, CES, FCR, resolution rate
- Use operational metrics as diagnostics, not targets
- Medians: CSAT ~89%, NPS ~62, FCR ~80%, AHT ~7 min
- SQM: only FCR, CSAT, and QA score pass all seven KPI tests
- FCR predicts CSAT nearly 1-to-1; unresolved churn is 5x higher
- AHT as a primary target is a documented failure mode
- Publish CSAT response rate (10–20%) beside the score
- Stage KPI adoption to measurement maturity

METRIC IDENTIFICATION CARD

FCR	CSAT	QA SCORE	AHT
Strong KPI	**Strong KPI**	**Strong KPI**	**Use with Caution**
Passes all seven KPI tests	Passes all seven KPI tests	Passes all seven KPI tests	Fails as a primary target



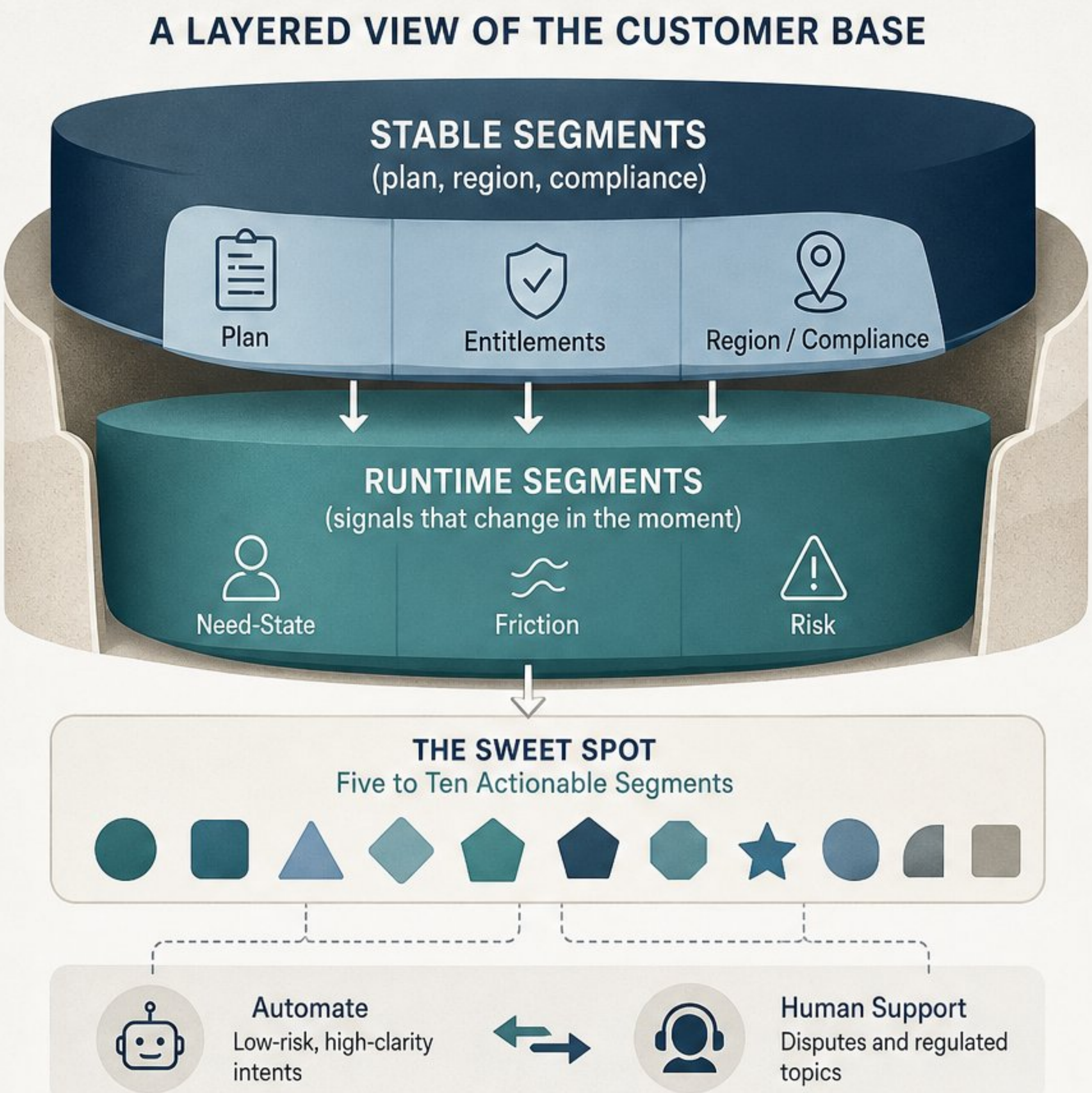
DISTORTION CALLOUT

FCR predicts CSAT nearly 1-to-1; unresolved churn is 5x higher.

STAGE KPI ADOPTION TO MEASUREMENT MATURITY

1. **Discover** — Clarify goals and outcomes
2. **Select** — Choose KPIs that pass the tests
3. **Validate** — Prove relationships and guardrails
4. **Implement** — Operationalize with context and training
5. **Evolve** — Review, learn, and refine

Understanding Customer Needs and Segmenting Service



- Segment to give the right customers the right level of help
- Match each type to its decision: needs for routing, value for priority, risk for guardrails
- Two tiers: stable segments (plan, region, compliance) plus runtime signals
- Lifecycle stages—new, activated, power user, at risk, lapsed—need different service motions
- Automate low-risk, high-clarity intents; route disputes and regulated topics to humans
- Differentiated service must be explainable to feel relevant, not unfair
- Aim for five to ten actionable segments; over-segmentation is as damaging as none

Channel Portfolio and Delivery Choices

- Channel architecture: which channels, what each optimizes, how they hand off
- Every channel carries an implied SLA — live chat under 60 seconds, email hours
- A channel you cannot staff to its SLA is worse than not offering it
- Cost per contact varies 20x: phone $12–$20, self-service $0.10–$0.25
- Multichannel ≠ omnichannel: only ~1 in 4 run unified routing
- Self-service succeeds on resolution rate, not deflection rate
- Human–AI split: AI for defined paths, humans for judgment and empathy

TRADE-OFF BALANCE SCALE

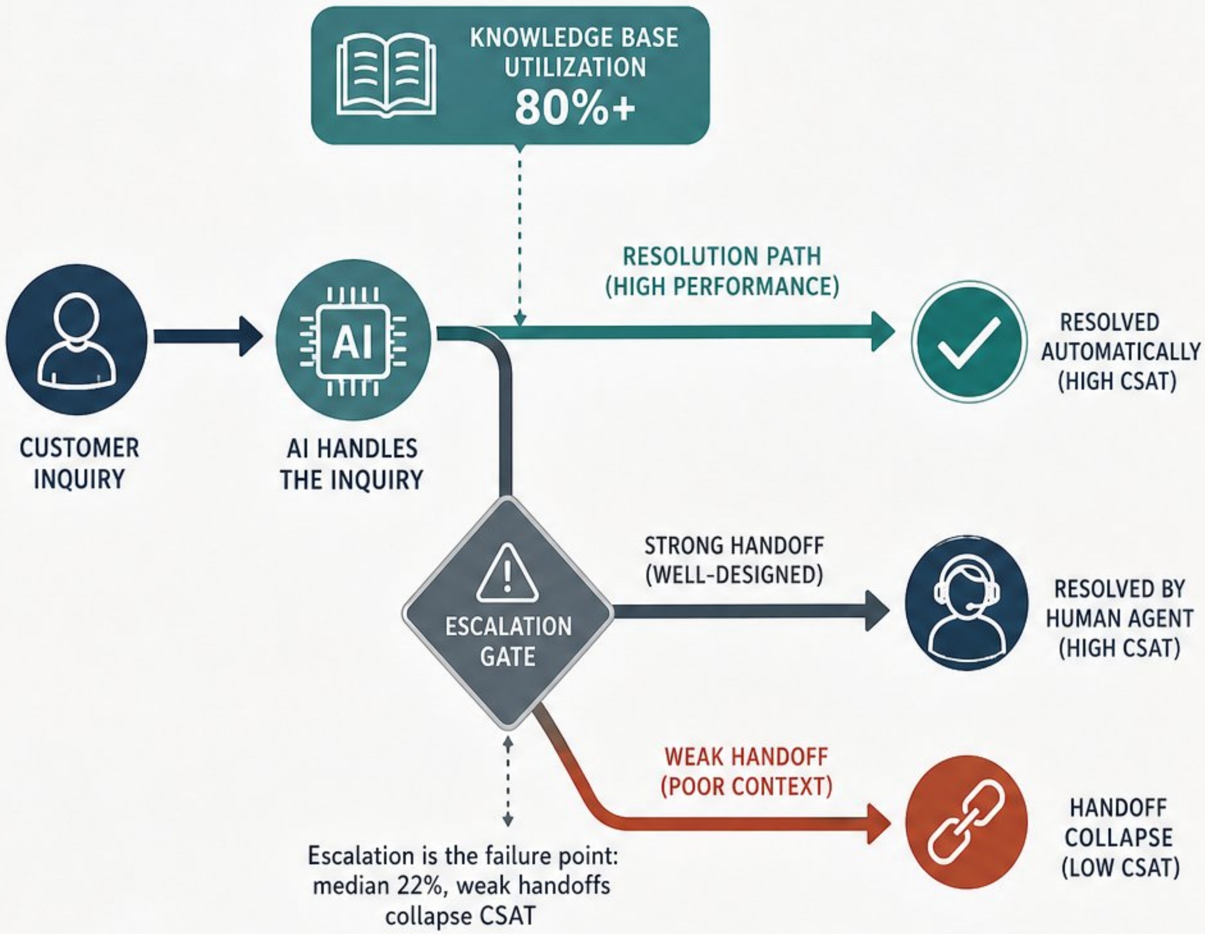
CHANNEL PORTFOLIO MATRIX

CHANNEL	IMPLIED SLA	COST PER CONTACT
Phone	Minutes (voice real-time)	
Email	Hours (same day typical)	
Live Chat	Under 60 seconds (real-time)	
AI Chatbot	Instant (automated)	
Self-Service	Instant (self-guided)	

$0.10 Lower Cost ⟷ Higher Cost $20

COST PER CONTACT

The Human–AI Mix: Where Automation Works and Where It Fails



Best outcomes come from high knowledge utilization and strong human–AI collaboration.

STRATEGIC LEVER PANEL

- Tier-1 automation median ~41%; top quartile ~59%; best-in-class 80%+
- Industry ceilings: ecommerce 70–84%, SaaS 50–70%, telecom and healthcare 40–60%
- Knowledge base quality drives results: 79% resolution at 80%+ utilization
- Hybrid CSAT now near parity: 4.25/5 versus 4.30/5 for pure human
- Escalation is the failure point: median 22%, weak handoffs collapse CSAT
- Integration depth predicts success: KB alone ~28% deflection; KB+CRM+order 50%+
- Consumers allow 3 AI attempts (84%); 47% switch after 2–3 bad interactions

People, Process, and Technology Constraints

THREE-LENS FRAME

GOALS · CHOICES · CONSTRAINTS

HEADLINE CONSTRAINT

38–45%

ATTRITION RATE

Workforce churn is the tightest constraint—and the cost is significant.

FIXED

Hard to change in the near term

- Attrition 38–45%; replacing one agent costs $10K–$20K
- New agents need six to eight months to reach proficiency
- Top attrition drivers: burnout, below-market pay, no career path
- Labor is 60–75% of cost-to-serve — budgets dominate

NEGOTIABLE

Can be influenced or improved

- Flexible scheduling cuts turnover; occupancy above 85% raises it
- Low FCR is usually a knowledge base or routing problem

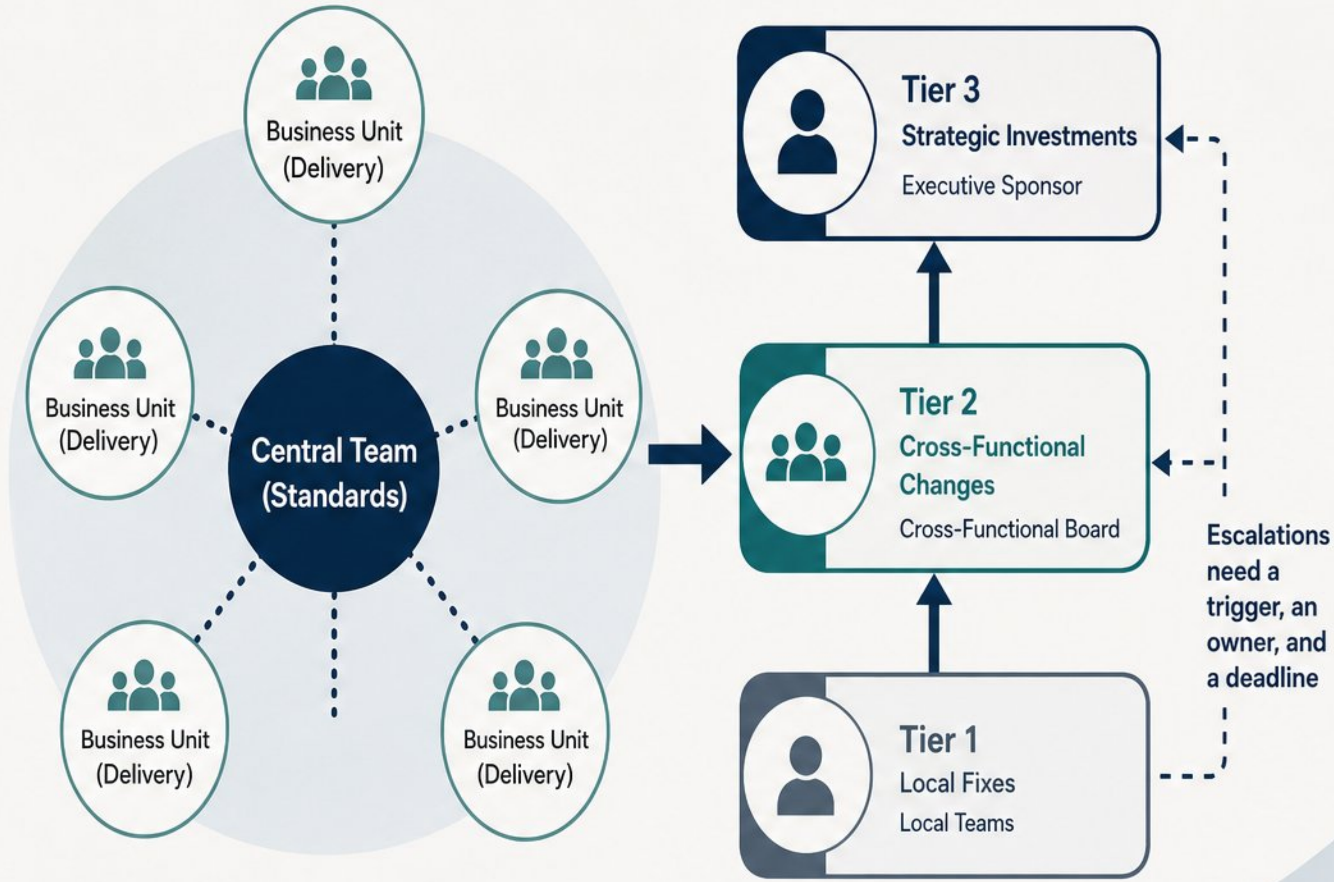
REMOVABLE

Can be eliminated or designed out

- Top tech barriers: AI pace and data readiness (46% each)
- Only 31% of CX infrastructure is fully cloud-based
- Map each constraint: fixed, negotiable, or removable

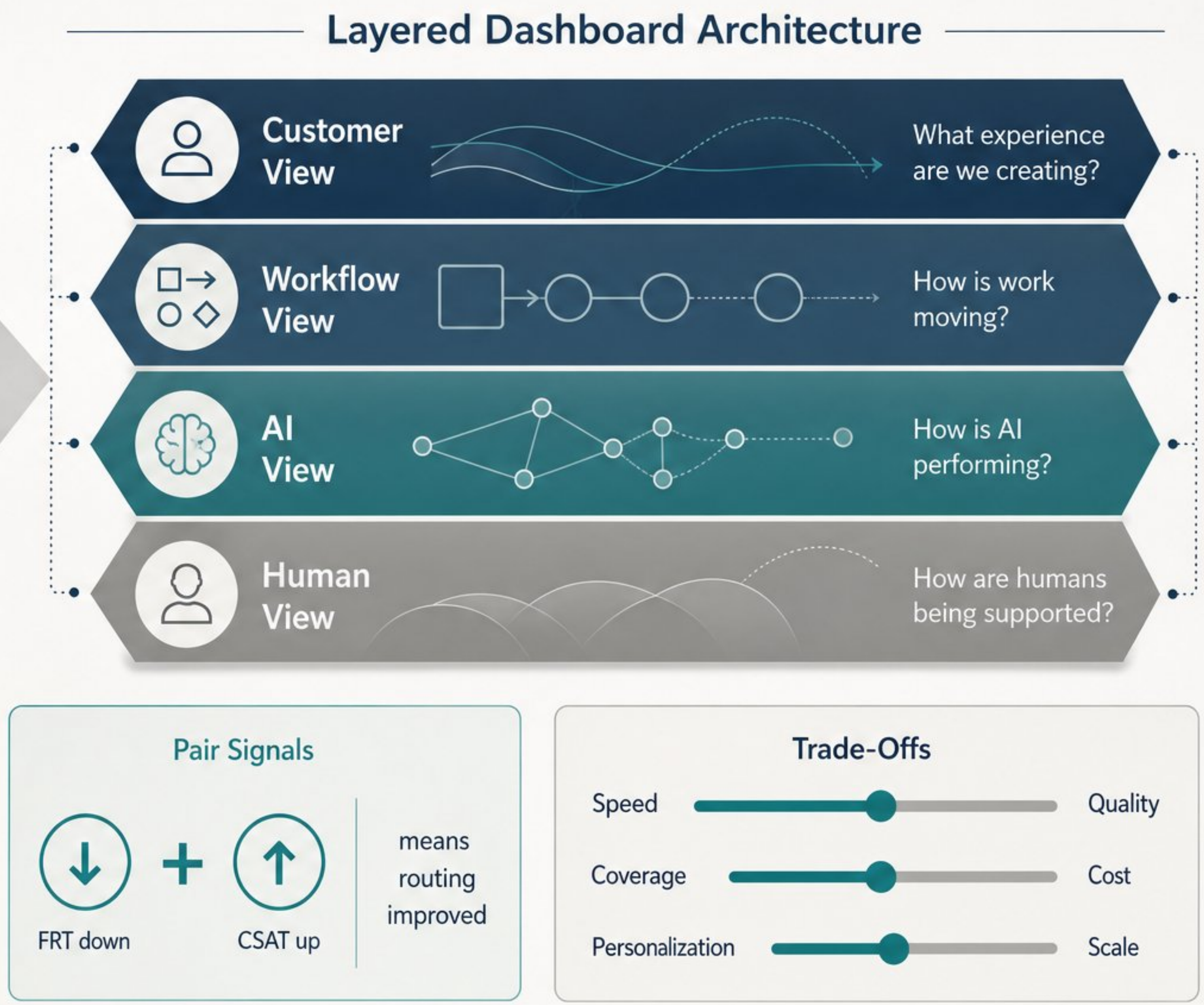
Designing the Service Operating Model

- - Operating model: decision rights, funding line, cadence, journey owners, measurement
- - Three structures: centralized, embedded/distributed, hub-and-spoke hybrid
- - Hub-and-spoke: central team owns standards; business units own delivery
- - Three-tier authority ladder: local fixes, cross-functional board, executive investment
- - Escalations need a trigger, an owner, and a deadline
- - Common failure: governance without power to change capacity or policy



Measuring Performance and Making Trade-Offs Explicit

- Layer the dashboard: customer, workflow, AI, and human views
- Avoid blended scores; each layer answers a different question
- As AI absorbs routine work, human queues get harder
- Raise human benchmarks instead of punishing agents
- Pair signals: FRT down + CSAT up means routing improved
- Distinguish containment from true resolution — deflection alone is vanity
- Trade-offs: speed vs quality, coverage vs cost, personalization vs scale



Governance, Quality, and Continuous Improvement

GOVERNANCE TEMPO

WEEKLY → MONTHLY → QUARTERLY

Weekly Fixes
Address issues quickly and keep quality moving forward.

Monthly Strategy
Align on strategy and priorities for the next month.

Quarterly Steering
Review performance, make decisions, and steer the next quarter.

QA DESIGN
8–12 criteria, calibrated reviewers, published rubric

CALIBRATION
Align reviewers through discussion and examples.

COACHING FIRST
Book coaching before scores: one short monthly one-to-one per agent.

- Three tempos: weekly fixes, monthly strategy, quarterly steering
- QA design: 8–12 criteria, calibrated reviewers, published rubric
- Book coaching before scores: one short monthly one-to-one per agent
- Keep QA scores for coaching, never compensation — distortion follows
- AI QA governance: restricted behaviors, human-review triggers, incident flow

THREE-LENS FRAME

GOALS
What outcomes are we trying to achieve?

CHOICES
What trade-offs and options will get us there?

CONSTRAINTS
What limits and guardrails shape how we act?

Action Planning: From Strategy to Your Next 90 Days

STRATEGIC LEVER PANEL

- Customer Centricity
- Journey Ownership
- Evidence & Measurement
- Governance & Guardrails
- Capability & Coaching

90-DAY ACTION ROADMAP

DAYS 1–30	DAYS 31–60	DAYS 61–90
define the north star, pick 3–5 priority journeys, baseline metrics	stand up journey governance, single intake, pilot change on one team	quarterly portfolio review with funding decisions; lock coaching cadence
OWNER	OWNER	OWNER
MILESTONE	MILESTONE	MILESTONE
SUCCESS MEASURE	SUCCESS MEASURE	SUCCESS MEASURE

SEVEN ACTION PRINCIPLES

- - Days 1–30: define the north star, pick 3–5 priority journeys, baseline metrics
- - Days 31–60: stand up journey governance, single intake, pilot change on one team
- - Days 61–90: quarterly portfolio review with funding decisions; lock coaching cadence
- - Phase by impact: quick wins first, then structural change, then strategic investment
- - Gate every rollout on evidence — precondition, measurement window, and rollback rule
- - Protect a standing improvement budget; project-by-project CX spend gets raided first
- - Commit three actions now: one owner, one milestone, one success measure each

GATE ROLLOUTS ON EVIDENCE

Course Wrap-Up: One-Page Strategy and Next Steps

ONE-PAGE STRATEGY CANVAS

OUTCOMES WE OPTIMIZE

The goals and results we exist to achieve. Clarity on what good looks like.

LEVERS WE PULL

The decisions and actions we control to move outcomes in the right direction.

LIMITS WE ACCEPT

The boundaries, trade-offs, and guardrails we will not cross as we pursue our goals.

THREE ACTIONS TO COMMIT

- Name the outcomes we will optimize and why.
- Align on the levers we will pull and how we will decide.
- Agree on the limits we accept and how we will hold them.

- One page: outcomes we optimize, levers we pull, limits we accept
- Every choice traces to a stated goal — or it doesn't belong
- Review strategy quarterly; review routing and thresholds weekly
- Alignment and sponsorship turn the document into reality
- Takeaway: one-page strategy, three actions, four-layer dashboard