Get ahead of the pack – successful root cause analysis is your untapped secret
ABOUT

The UK financial services regulator (The Financial Conduct Authority, FCA) has fined the majority of UK retail banks and a large number of Financial Services organisations in whole or in part due to complaints-handling failings. Was your bank or Financial Services organisation one of them or are you worried that it could be? If yes, are you able to identify where problems begin thus allowing you to develop strategies to fix them?

Customer confidence in banks and Financial Services organisations is at an all-time low. Regulators, consumer groups and the media are all feverishly highlighting problems in how banks and Financial Services organisations treat their customers, especially those who take the time to complain. Rising out of this, some Financial Services organisations are comprehensively addressing their problems, so what are they doing differently?
Professional complaints handling is more than resolving the individual case; it has to be about using the information you obtain to help avoid complaints in the future. We all need to fix the real problem and not just deal with the complaint. In this regard your most valuable source of information is what your own customers are already telling you, through complaints.

To professionally handle their complaints, what are banks and Financial Services organisations doing to resolve their individual customers’ grievances and in addition to this, to actually prevent additional customers experiencing the same problems?

ROOT CAUSE ANALYSIS

Heard commonly in the workplace, Root Cause Analysis (RCA) is often nothing more than a catch-phrase or a buzz word - perform a quick Internet search and you will gain instant access to copious articles stating Root Cause Analysis is profitable for business. While the evidence is so apparent, why does the FCA feel the need to reinforce the DISP FCA Handbook provisions in the area of Root Cause Analysis?

If the benefits of Root Cause Analysis are so obvious, why has it become the subject of regulatory rule-making in the first place? For Financial Services, that should be committed to improving service to customers, is it not obvious that there is a need to understand current complaints as a way of identifying and resolving problems that may also be impacting other customers?

In our fast-paced world it is too easy to fall into the trap of immediately troubleshooting and problem-solving the symptoms that present themselves on the surface.

Taking the time to step-back, think about and then informatively tackle the root cause is a core part of any quality assurance and customer service improvement-program. Root Cause Analysis helps get to the cause of the problem in a faster, more efficient and cost effective way and that is important to any business. The benefits of Root Cause Analysis can have far reaching implications like improving customer satisfaction, building customer loyalty and reducing OPEX.

ROOT CAUSE ANALYSIS BASICS

Symptom of the problem.
“The Weed”
Above the surface
(obvious)

The Underlying Causes
“The Root”
Below the surface
(not obvious)

The word root in root cause analysis refers to the underlying causes, not the one cause.
THE 6 PRIMARY AIMS OF ROOT CAUSE ANALYSIS WITHIN COMPLAINTS MANAGEMENT

1. To meet FCA requirements for firms to evidence that RCA is done on all complaints (including non-reportable complaints).

2. Identify the issues that resulted in the complaint.

3. Establish whether there is more than one factor causing the complaint.

4. Decide the changes required to prevent the recurrence of complaints.

5. Find the fastest, most effective and economical route to resolution.

6. Provide compliance statements and event descriptions for management as well as regulatory reports.

Root Cause Analysis provides a methodology for identifying and correcting the sources of problems. It differs from troubleshooting and problem-solving in that these disciplines typically seek solutions to specific difficulties, whereas Root Cause Analysis is directed at understanding wider underlying issues.

This should not simply be seen as a problem-solving method, but rather as a vital component of the executive decision making process and constant monitoring of the efficiency, quality and cost-effectiveness of business operations.

Why not use your customer complaints and feedback to drive business improvement? This is exactly what the FCA wants organisations to do.

HOW TO GET STARTED

The “Five Whys” principle credited to Sakichi Toyoda is a very simple process that resulted in very positive results. In the event of a failing, the employee responsible for establishing the cause asked five questions.

A good example of how the “Five Whys” can identify the true root cause is provided on how the National Parks managers prevented further degradation of the Jefferson Memorial.

Top Tip: As with any tool or technique, it can be misapplied, and no technique should be automatically applied in every situation. In applying the “Five Whys”, it is always possible to ask a “Why” that leads you down the wrong path. In fact, there are opportunities to branch into a different line of investigation throughout the process. Sometimes several of these branches can lead to improvements; often, many of the branches lead nowhere or to something outside of your control.

When using the Five Whys technique it is important that you go back to assess all branches of investigation, in particular if you choose a path of investigation that leads you to things that cannot be changed.
MORE THAN A POPULAR BUZZ WORD – HOW DO I MONETIZE ROOT CAUSE ANALYSIS?

Why are some organisations simply better at Root Cause Analysis than others? Do they have better reports?

“One of the great misunderstandings of Root Cause Analysis is to over focus on the quality of the report produced. Of course, having a solution that can produce powerful reports with drill-down and drill-through analysis is a key ingredient, but successful Root Cause Analysis starts much earlier at the case capture stage and does not stop once the report has been created.’

Mark Chambers, Head of Solution Consulting, EMEA.

A successful solution ensures data capture is consistent throughout the organisation, respecting the fact that usability is a priority. This ensures higher user-adoption rates allowing all reported cases to be captured centrally. Added to this, process driven workflow ensures additional information is consistently being captured at the appropriate stage of the case investigation. The end product is a complete picture from which the organisation can make fact based decisions. With this, the organisation can then follow a structured approach to analyse the information captured, identify and implement a corrective action and then track the progress of new initiatives.
COMPLYING WITH REGULATORY REQUIREMENTS

In the world of Financial Services, regulators are keen to see a consistent and repeatable process in dealing with the complaint AND how the outcome was achieved. In addition to the actual outcome the regulators also require supporting evidence. They want to see that best practice is being identified, followed and carried out with a consistent and repeatable process e.g. QA reviewing the complaints process and driving learnings back into the business.

Root Cause Analysis forms part of the FCA regulations and thus requires organisations to:

- Report on the category type for all complaints they receive.
- Demonstrate that Root Cause Analysis is being used to drive better and consistent outcomes for customers.
- Show that they are performing Root Cause Analysis on both reportable and non-reportable cases.

IMPROVE CUSTOMER SATISFACTION

Root Cause Analysis provides a real-time gauge of customer satisfaction levels. It can pinpoint the relationships between the cause and source of complaints and therefore pre-empt potential issues. These issues are then avoided due to the pre-set reporting criteria alerting management teams to emerging trends and behavior patterns; the solution highlights areas where urgent review is required, enabling preventative measures to be put in place and thus avoiding customer service failures.

BUILD CUSTOMER LOYALTY

A customer that has received a positive response to a complaint will be more loyal than a satisfied customer who has had no cause to complain. It is vital to listen to customers, use their feedback and make positive changes. Respond, review and resolve!

Some customer successes include:

- Reduced the number of complaints received and the time taken to resolve them.
- Achieved cost savings through less time being spent on after-call work, enabling more call to be processed per hour, reduced response times and an improved experience for the customer.
- A 5% increase in customer satisfaction using the information from Respond to drive change.
- Reduced full-time equivalent (FTE) head count by 50% by replacing multiple systems with a single system and a defined set of user processes built into the system.

REDUCING OPEX

Root Cause Analysis and proper change control will reduce the number of complaints, some Respond customers have seen up to a 30% reduction and thus reduced their OPEX spend. Root Cause Analysis also drives best practice and helps with day-to-day running costs and quality of service factors.

CONCLUSION

There are clear and tangible benefits for organisations that embrace Root Cause Analysis as a process of continual improvement. The key to successful Root Cause Analysis is not solely the responsibility of the analyst, but starts at the point where feedback is captured within the organisation making sure that the data captured is comprehensive, accurate and consistent. All areas of the business share the responsibility of ensuring that a quality-driven process collects the data that will drive future strategic decisions within the organisation.

Companies that implement such a strategy, supported by the right technology, will gain valuable insight to drive organisational improvements. The results will be in service improvements, customer loyalty gains and increased revenues.

Respond is the recognised leading Enterprise Feedback Management System (EFM) in the UK Financial Services industry and helps many organisations to realise the benefits of Root Cause Analysis.
Why should we bother about Root Cause Analysis?

A few years ago the National Parks managers noticed the Jefferson Memorial was crumbling at an alarming rate. When they asked why, they found out it was being washed far more often than other memorials. For most organisations, the analysis would stop here. The solution is clear, right? Adjust the cleaning schedule to match those of the other memorials.

**MIDGE OF TROUBLE.** Unfortunately, that solution would have only led to a very dirty Jefferson Memorial. When Parks managers asked about the reason for the frequent washings, they found it had an exceptionally large amount of bird droppings deposited on it every day (no, this isn’t a metaphor – it really happened). What’s the solution now? Erect scarecrows? Declare open season on pigeons?

Luckily, the Parks managers kept inquiring. When they asked why the birds seemed to soil Jefferson at rates higher than at Kennedy or Lincoln, they discovered that the Virginian’s memorial harboured an incredibly large population of spiders upon which the birds were feeding. The population of spiders had exploded because of an abundance of midges (tiny aquatic insects) in and around the Memorial.

When the Parks managers asked why so many midges congregated on the Jefferson memorial, they discovered what any fly-fisherman finds out on his first day on the river - Midges are stimulated to emerge and mate by a unique quality of light.

**GRATIS AND EASY.** It just so happens that the Park managers had been inadvertently creating this unique quality of brightness by turning the memorial lights on just before dusk. This one variable caused the whole chain of events; lots of midges, lots of spiders, lots of bird droppings, lots of effort on the part of the cleaning crews, and finally, the crumbling of the statue.

The solution ended up being amazingly simple and actually saved the Parks Department money, namely to just wait until dark to turn on the lights.

Dig Before You Decide

By Keith McFarland March 14, 2006