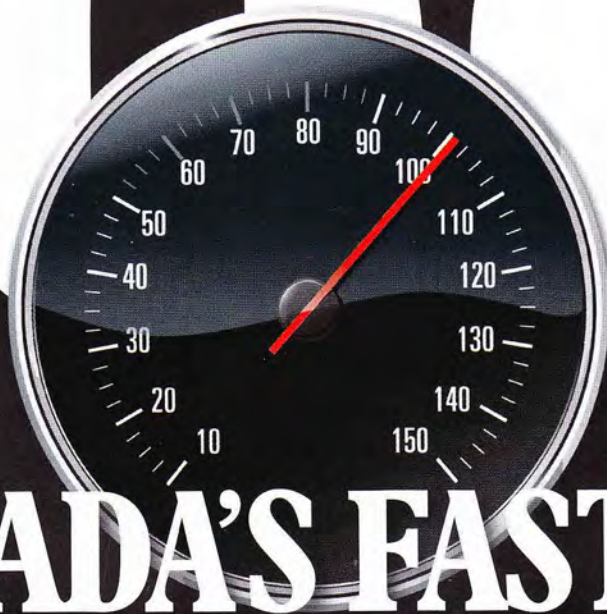


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"Our secret ingredient is our clients' success," says SQM founder Mike Desmarais

SIMPLY IRRESISTIBLE

SQM group shows how to become the supplier your clients can't do without BY MICHELLE WARREN

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When Mike Desmarais' company first started surveying consumers who had just phoned a call centre, his workforce numbered just six: his wife and five neighbours working from home. Fourteen years later, Service Quality Measurement Group Inc. has 115 staff and surveys more than a million consumers per year. "I'm still with my wife, but my neighbours no longer work for me," says Desmarais with a laugh.

From a humble start, SQM has grown to

become *the* go-to expert on best practices for call centres. The Vernon, B.C.-based firm tracks the performance of 450 call centres for clients such as Rogers, Bell, five big Canadian banks, Canada Post, Sears and Wells Fargo. SQM's revenue reached \$5.5 million in 2009, up 401% in five years. And its client-retention rate is a sky-high 95%.

Desmarais has cultivated such loyal clients through a strategy he devised before launching SQM in 1996. His company offers far more than just narrowly defined services, such as reports providing

customer-satisfaction data about its clients' call centres. SQM also aggregates data from its entire client base to identify what the call centres with the highest satisfaction scores are doing right. SQM then shares with its clients these best practices—ones that don't just *sound* plausible but have been proven to be effective.

Through this strategy, Desmarais has generated new revenue streams by making his firm a valued consultant to its clients, rather than an easy-to-replace supplier. SQM has made its mission one that



CASE STUDY: CLIENT RETENTION

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SQM GROUP
Vernon, BC

FIVE-YEAR GROWTH: 401%

every company selling to other businesses should adopt: to help its customers become more successful. And SQM has done so in a way—promoting best practices identified from across its client base—that companies in many other sectors could replicate.

SQM helps its clients boost their own customer-retention rates by addressing a widespread problem: call centres fail to satisfy an awful lot of customers. Industry-wide, says Desmarais, 32% of call-centre customers call back because their issue hasn't been resolved the first time.

SQM advises clients how to maximize their call centres' first call resolution (FCR) score, the gold standard in the industry. More than 70% of SQM's clients increased their score in 2009 over the year before. Some have improved dramatically: one client with 350 workstations logged a 12-point gain in just a month, cutting its call-centre operating costs by \$4.2 million. Even a one-point gain in FCR, says Desmarais, will save the

average call centre \$276,000 per year.

Desmarais says his business model came to him "in a slow boil" rather than as a sudden revelation. At the time, he was overseeing call centres and customer-satisfaction research in Calgary for ICG Propane Inc. and lecturing part-time on the subject at the University of Calgary. When Desmarais decided to start a company in order to pursue his vision, he knew he'd need at least eight to 10 significant clients to have enough data for an initial benchmarking study. His association with the university helped give him the credibility to land Scotiabank and Alberta Treasury Branch as clients. Within six months, he had the number of clients he needed to start identifying best practices.

Today, when SQM does a benchmarking study for a new client, it draws on a database on call-centre performance that has grown exponentially into the largest of its kind in North America. SQM uses this data to drive three categories of services: benchmarking, tracking and consulting. Its benchmarking studies measure a call centre's performance against all 450 call centres SQM measures, or more narrowly by industry or the type of call, such as payment and billing issues. Clients can then commission ongoing tracking studies of FCR scores and other key metrics such as customer satisfaction and employee satisfaction, receiving reports weekly, daily or even hourly. Clients can also choose from a menu of consulting services, such as sessions held for an array of SQM clients or ones tailored for a single client.

"People tell us all the time that what's unique about our data is that it's actionable," says Desmarais. SQM ups the ante with an ROI calculator illustrating the cost and payback of implementing each best practice, such as adopting a new technology, changing operating procedures or addressing staffing issues. "Showing the dollar amount creates credibility," says Desmarais. "If you just tell them the issue but not the ROI, there's less of a desire to make improvements."

Calculating ROI requires that clients share detailed financials. Some hesitate at first, but SQM reassures them with ironclad confidentiality agreements.

"Most people want to work with us because of the operational savings," says Desmarais, because call centres need fewer staff if they can resolve issues on the first call. "But then they figure out that the real prize is on the retention side." Firms that hang on to their customers don't have to spend big on marketing to replace them.

SQM offers more than just a bunch of useful best practices. The firm also inspires clients by promising to make their call centres world-class. Since 1998, SQM has honoured clients at its Call Center Awards for Excellence, recognizing firms and individuals in 36 categories, such as Most Improved Satisfaction and Call Center of the Year. Sharon Craver, director of centralized claims at North Vancouver-based Insurance Corp. of British Columbia, an SQM client for seven years, says the awards are a huge staff motivator. "Happier employees mean happier customers," says Craver. "We want to be a world-class call centre, and the awards have made that more tangible."

Clients' keenness to raise their game persuaded SQM to expand its consulting services two years ago. For instance, Desmarais wrote a book, *World Class Call Center*, about how call-centre managers can improve performance. SQM sells the 310-page book, priced at \$1,000, exclusively to its clients. For \$1,000 more, clients can also attend a two-day workshop on topics such as using technology to improve FCR, coaching customer-service reps, and using bonus and recognition programs to drive key metrics. Or clients can pay \$15,000 for a customized two-day workshop at their own offices that includes a plan to boost performance and hands-on coaching on how to implement best practices. Desmarais says the new consulting services are "a major hit, probably our highest-satisfaction offering."

SQM mines its database frequently for fresh insights to keep current clients engaged. For instance, its research has shown that one of the main reasons call-centre customers call back is for a status check, such as to double-check when a technician will come by to hook up their cable. "Every time that happens, it doubles costs," says Desmarais.

In response, SQM is developing a predictive-dialling technology that will provide consumers with status updates via a customized, interactive-voice-response system: "This is company X, your service will be available at 3 p.m. Saturday." SQM is selling this to clients as a significant cost-saver.

Looking ahead, SQM plans to stay focused on the call-centre niche it owns rather than trying to evolve into a broader research firm. Desmarais' goal is to grow by another 400% over the next five years, which would take its revenue past \$25 million.

"Our real opportunity is to continue to develop products and services to help our clients improve," he says. "Our secret ingredient is our clients' success." ■