



# ROOT CAUSE ANALYSIS: YOUR UNTAPPED RESOURCE

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WHITEPAPER

## ABOUT

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. The underlying issue needs to be addressed to ensure more customers are not affected. In this regard, your most valuable source of information is freely available: 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. But for Financial Services, 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 programme. 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.

# THE 7 PRIMARY AIMS OF ROOT CAUSE ANALYSIS WITHIN COMPLAINTS MANAGEMENT

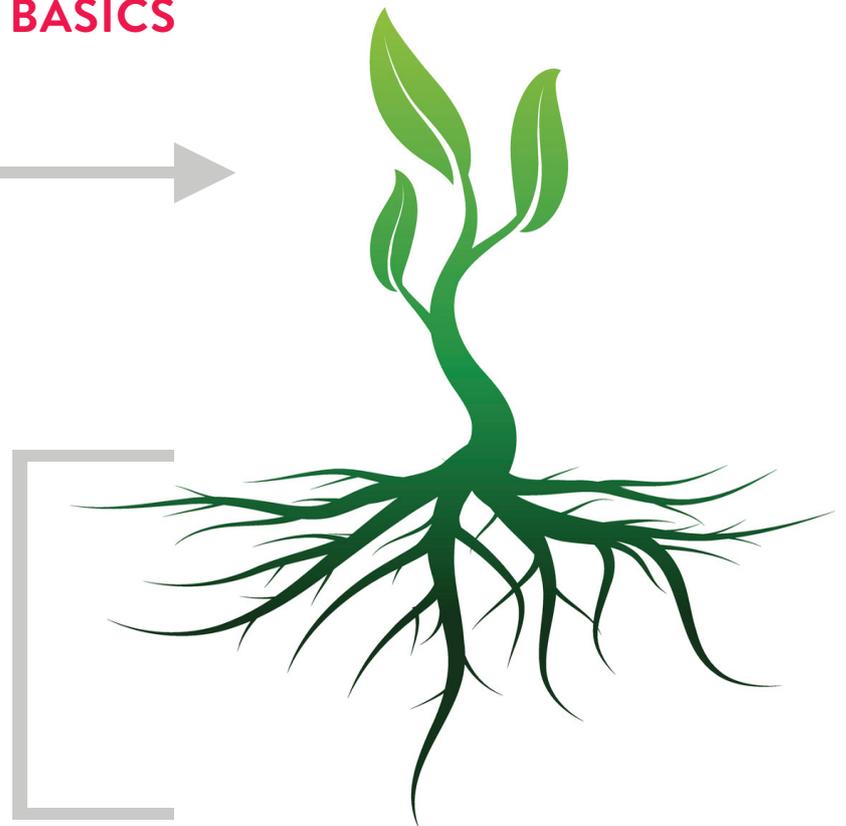
1. To meet your regulator’s requirements
2. Identify the issues that resulted in the complaint
3. Establish whether there is more than one factor causing the complaint
4. Decide the changes required to prevent the recurrence of complaints
5. Find the fastest, most effective and economical route to resolution
6. Asses the wider impact: find out if other customers have been affected and be proactive in providing resolutions
7. Provide compliance statements and event descriptions for management as well as regulatory reports

## ROOT CAUSE ANALYSIS BASICS

**Sympton of the Problem**  
**Above the Surface**  
**(Obvious)**



**The Underlying Causes**  
**Below the Surface**  
**(Not Obvious)**



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 regulators want organisations to do.

## HOW TO GET STARTED

### THE FIVE WHYS

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

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.

Research carried out by retail conduct risk firm Huntswood reveals that “75% of firms think sometimes they miss things in their Root Cause Analysis”

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.

## WHERE TO BEGIN

Before root causes can be investigated and the five whys can be asked – there needs to be a system in place to capture initial information. Root Cause Analysis is not only a regulatory requirement: having a system or function in place to handle complaints is also necessary. If the details of a complaint are not correctly or efficiently recorded at first point of contact, then any investigations into the root causes will be unsuccessful.

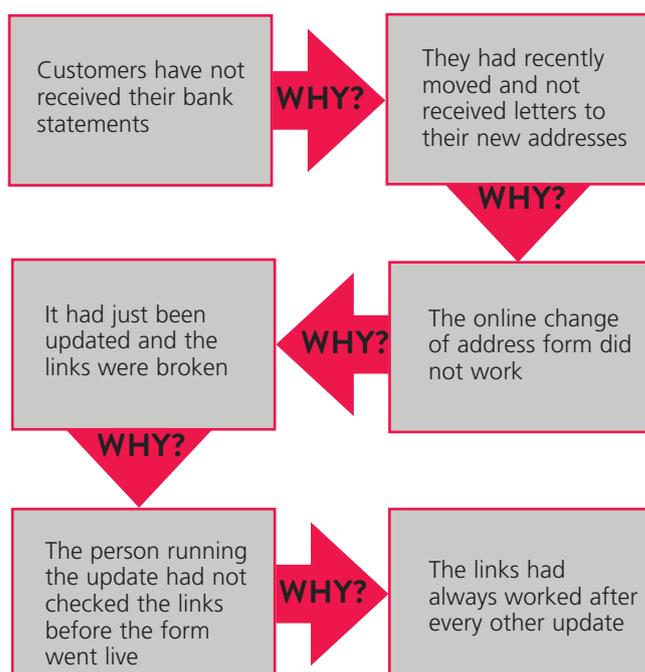
Equipping front line staff with the necessary technology to quickly and easily capture important information when speaking directly with a customer will make the process of Root Cause Analysis easier further down the line, and ensuring consistency across the board when categorising complaints will make it easier to spot trends across products and services.

A process driven workflow should ensure 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.

## THE PROCESS OF ROOT CAUSE ANALYSIS

Once the relevant complaints have been identified, questions need to be asked to get to the root cause. This process should result in the seven aims above being met.

As a simple example, we’ll take an initial complaint of customers not receiving their bank statements.



In this instance, the root cause of the problem was that the links on the online form had not been checked after an update due to an assumption that they would work.

## ACTING ON THE CAUSE

Root Cause Analysis doesn't just end when a root cause has been identified. The cause must be acted upon – another regulatory requirement.

In the example above, the root cause is that the links on the change of address form had not been properly checked before going live. Corrective procedures must now be put in place: the links need to be fixed immediately to make sure this error does not affect more customers, and analysis needs to be carried out find those it already has affected and if the same fix corrects all issues. But these corrective procedures are still not enough. In order to make ensure this issue does not occur again, a process needs to be put in place so that each part of the form will be checked before going live. This could include creating warning screens before the form is published.

Once the corrective action has taken place, the process needs to be documented which is essential in providing compliance statements and creating management information to drive improvements across all areas of the organisation. In the example above, the 7 aims of Root Cause Analysis mentioned earlier are all pinpointed:

1. To meet your regulator's requirements: **customers are listened to and their concerns actively acted upon**
2. Identify the issues that resulted in the complaint: **customers had not been receiving their bank statements**
3. Establish whether there is more than one factor causing the complaint: **there was only one issue - the online change of address form**
4. Decide the changes required to prevent the recurrence of complaints: **correct the problem with the links and make sure they are working**
5. Find the fastest, most effective and economical route to resolution: **put in place a process to check each part of the form before going live**
6. Asses the wider impact: find out if other customers have been affected and be proactive in providing resolutions: **issue a statement encouraging those who have been affected to get in touch and actively provide resolutions**
7. Provide compliance statements and event descriptions for management as well as regulatory reports: **reports are generated to provide evidence of corrective action as well as to drive further improvements**

## HOW DO I PROFIT FROM 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." Martin Wagstaff, Respond Product Director.

Reports generated from Root Cause Analysis need to show improvement has been made and include useful figures to assist in further company-wide development. A report showing the result of the investigation and nothing more will have no impact on future improvements, which is something a customer-focused company should always be actively looking into. Consultancy firm Huntswood's research discovered that "49% of firms admitted that, although considered important, complaints are not currently treated as a priority by the board."

Executive level input is needed to drive this company-wide change, and to continually make improvements which will result in higher customer satisfaction and increase retention rates, avoiding the costly process of constantly needing to win new customers. Providing highly detailed Management Information showing root causes is one way to catch their attention.

## 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.

As an example, one regulator requires firms 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 all complaints.

When a complaint has been resolved, it is easy to think of it as being “out of sight, out of mind.” Regulators may require you to collect Management Information relating to the causes of complaints and so the complaint’s journey does not simply end at the point it has been recorded: it must be investigated and any trends highlighted in order to stop the snowballing of problems.

## 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 major issues. These issues are then avoided due to the pre-set reporting criteria alerting management teams to emerging trends and behaviour 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. To improve customer loyalty, it is also important to communicate these changes to customers. In another study by Huntswood, it was discovered that only 10% of companies tell their customers when root causes had been rectified. If customers are aware that they are heard and the service has improved from their feedback, they will be even more likely to stay with the company.

## REDUCING OPEX

Root Cause Analysis and proper change control will reduce the number of complaints, some Aptean 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.



Aptean is a leading provider of mission critical enterprise software solutions. We build and acquire industry-focused solutions to support the evolving operational needs of our customers. Our solutions help nearly 6,500 organizations stay at the forefront of their industries by enabling them to operate more efficiently, thereby ensuring higher customer satisfaction.

For more information, visit [www.aptean.com](http://www.aptean.com)

## 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.

Aptean Respond is the leading complaints and case management software in the UK Financial Services industry. Users are able to analyse complaint information logged by the front line staff and pick up any common themes or trends, and an out-of-the-box template allows the root cause to be recorded within the system.

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 calls 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
- An increase in front line complaints handling staff morale

Respond helps many organisations realise the benefits of Root Cause Analysis through supporting the complaints process from start to finish. If you would like to experience these benefits first hand, email us at [respond@aptean.com](mailto:respond@aptean.com) or visit [www.apteanrespond.com](http://www.apteanrespond.com).