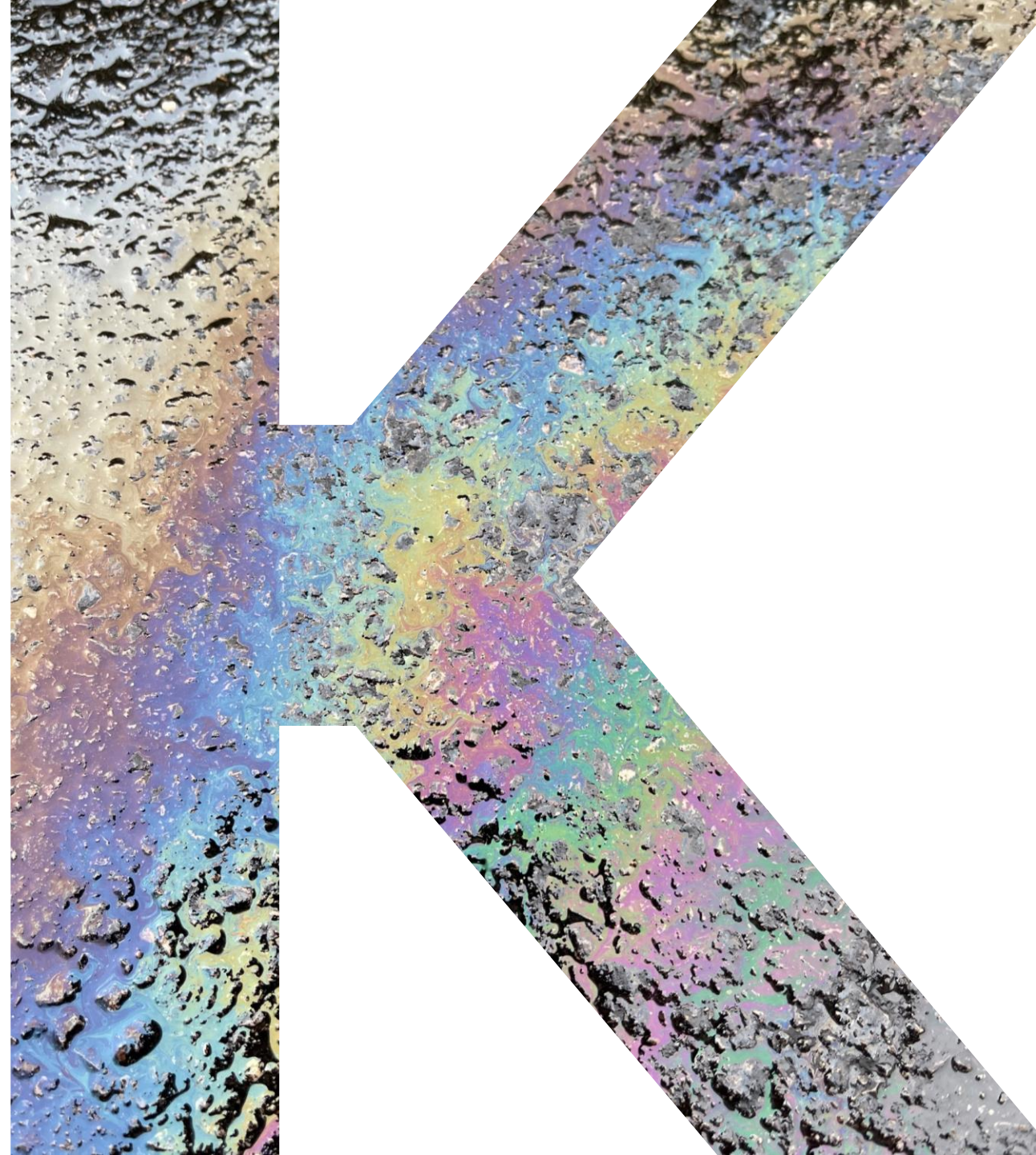![CCSMG — Chemicals & Allied Industries Customer Service Management Group logo]

Managing to Metrics:

Highlights from the 2024 CCSMG Insights Study

KEARNEY

Differentiating factors for Kearney's chemicals sector work.

Our expertise

Network of experts with diverse educational and professional backgrounds in Basic Chemicals, Polymers, Inorganic Chemicals, Specialty Chemicals, Agrochemicals and Petrochemicals
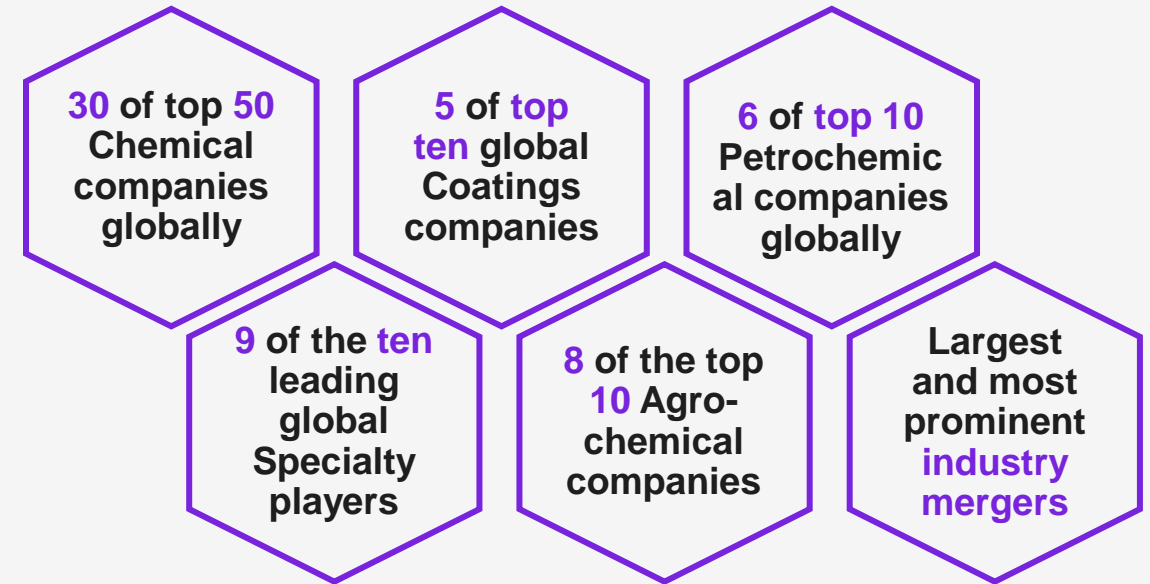
40+ Partners and Principals with significant multi-year industry experience in Chemicals
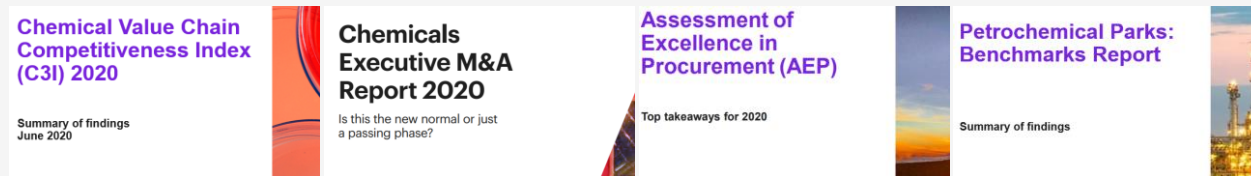
150+ consultants dedicated to the chemicals industry

Range of services catered to the needs of clients

Procurement	Operations & Performance	Sustainability
Strategy & Top-Line	Transformation	Digital / Analytics
Mergers & Acquisitions	Leadership Change and Organization	Commercial Excellence

Our clients

- **30** of top **50** Chemical companies globally
- **5** of **top ten** global Coatings companies
- **6** of **top 10** Petrochemical companies globally
- **9** of the **ten** leading global Specialty players
- **8** of the top **10** Agro-chemical companies
- Largest and most prominent **industry mergers**

Proprietary Assets

Chemical Value Chain Competitiveness Index (C3I) 2020
Summary of findings
June 2020

Chemicals Executive M&A Report 2020
Is this the new normal or just a passing phase?

Assessment of Excellence in Procurement (AEP)
Top takeaways for 2020

Petrochemical Parks: Benchmarks Report
Summary of findings

Partnerships

American® Chemistry Council

WORLD ECONOMIC FORUM

cefic

gpca
GULF PETROCHEMICALS & CHEMICALS ASSOCIATION
الاتحاد الخليجي للبتروكيماويات والكيماويات

Survey Demographics – It's not too late to add your input

10 Total responses

Sector

- Specialty Chemcial
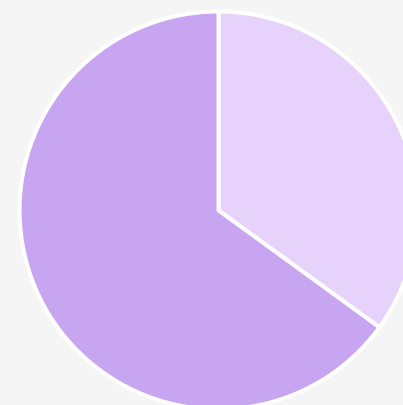- Commodity Chemical
- Diversified Chemical

Geographic Scope

- Global
- North America

Sales

- <$1B
- $1B - 5B
- > $5B

Product Type

- MTO
- MTS

KEARNEY

The 2023 CCSMG Study produced interesting insights across four key areas

Customer Service as a Strategic Function

Post-Covid Human Capital Management

Advancing Technology in CS

Managing to Metrics

Customer Service as a Strategic Function

Chemical Customer Service operates in a uniquely complicated environment

Defining the Customer

Unlike other industries, chemical customer service interacts with a **larger number of departments** and individuals within a customer. The complex network of customers within a customer complicates CS and requires more powerful CRM tools and technologies

Long-term relationships

Chemicals customers, even in commodity markets, tend to be **long-term customers** with significant history. The customer base is generally smaller than in other industries, but that means a strong relationship is more important

Heightened Sense of Urgency

Chemical customers are generally using products and services to run their facilities and manufacture their products. Delays in lead-times, shipping challenges, or lack of transparency can lead to customer plant shut-downs, increasing the **intensity of CS interactions**

Technical Understanding

Though having a deep product knowledge benefits any CSR, Chemicals include complexities that are uncommon among many industries. MSDS requirements, variations and restrictions on shipping methods, and product manufacture **complexities make issue resolution often more difficult** to navigate

There is increasing disruption in B2B customer expectations

Incorporate more B2C elements across the B2B customer journey

↑

B2B customers are behaving more and more like B2C customers

Digitally-savvy customers

Fast-follow Digital disruptors to strengthen value chain partnerships

↑

Focus on existing digital disruptors enables innovation in the B2B Customer service

Digital disruptors

Leverage technology to enable a better and more cost effective B2B Customer service

↑

Connectivity, big data, and machine learning are driving digital transformation

Emerging technologies

Differentiate B2B product and service offerings to enhance value

↑

Customer service differentiation drives up to 2x organic revenue growth of their competition

Differentiated experience

CX- Customer Experience
Source: Kearney

Organizations follow different pathways to achieve Customer Service excellence –
CX Archetypes help define the key focus and way of delivering customer service

Serve

– Focus on responding to needs and queries through **dedicated support teams**
– Positioning around **reactive service and human-centered interaction** with digital as an enabler
– Value is in dedicated support **and human empathy** in critical situations

Advise

– Focus on high value customers through selective, **premium experiences**
– Positioning around **omni-channel interaction, proactive service** and emotional connectedness
– Value is in the **extraordinary service** and **advisory**

Reward

– Focus on changing customer behaviors through **rewards and motivations**
– Positioning around **signature experiences** around **critical business events** and needs
– Value is **loyalty recognition** and appreciation

Anticipate

– Focus on service avoidance and creating experience to **anticipate customers needs**
– Positioning on **digital first** with enabled customers and technological leadership
– Value in simplicity and flexibility (**easy way in and easy way out**)

Co-Create

– Focus on giving customers **ownership of their experience** using digital and data as an asset that can be purchased and sold
– Positioning around **hyper-digital interactions** enabled through blockchain technology
– Value is in **data and experience ownership**

Customer Service is increasingly important to customer retention

75% of customer interactions are handled by Customer Service

83% of customers agreed that they were more likely to feel loyal to brands that **responded and resolved their complaints**

74% of customers are **willing to forgive** a company for an error if they receive excellent customer service

93% of customer experience decision makers say good **customer service is a top priority** yet most companies remain focused on cost-control

Source: Gartner; Forrester; Khoros, Qualtrix XM Institute

CCSMG members have mixed feelings about their strategic importance

CS is considered a strategic function

CSR Involvement in Sales Cycle

CSR shares Customer Intelligence

Integration with the Supply Chain

0 1 2 3 4 5 6 7 8 9

■ 1 - Strongly Disagree ■ 2 ■ 3 ■ 4 ■ 5- Strongly Agree
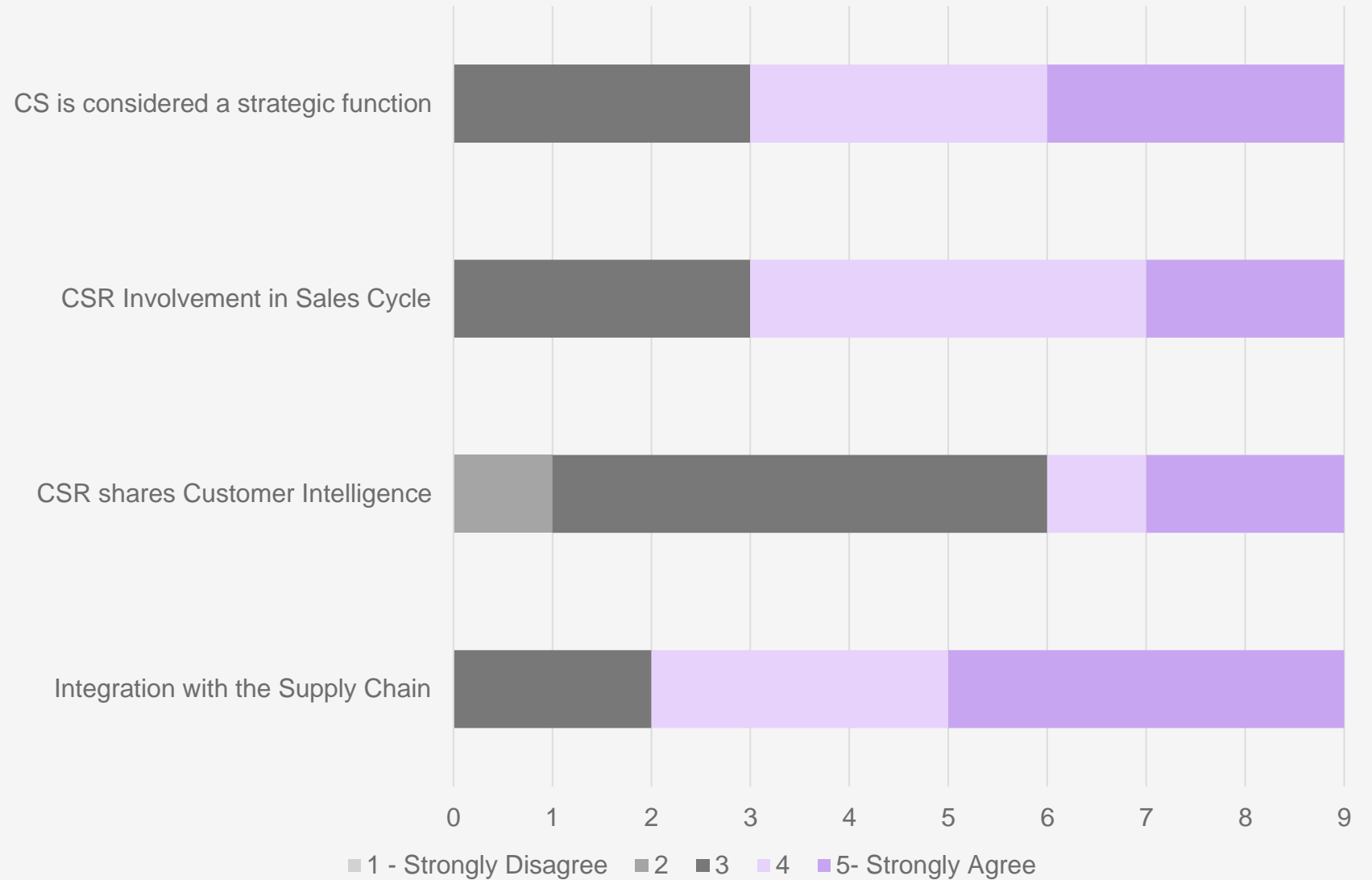
CS reporting lines may drive strategic direction

Where does CS Report

- Commercial/Business
- Supply Chain
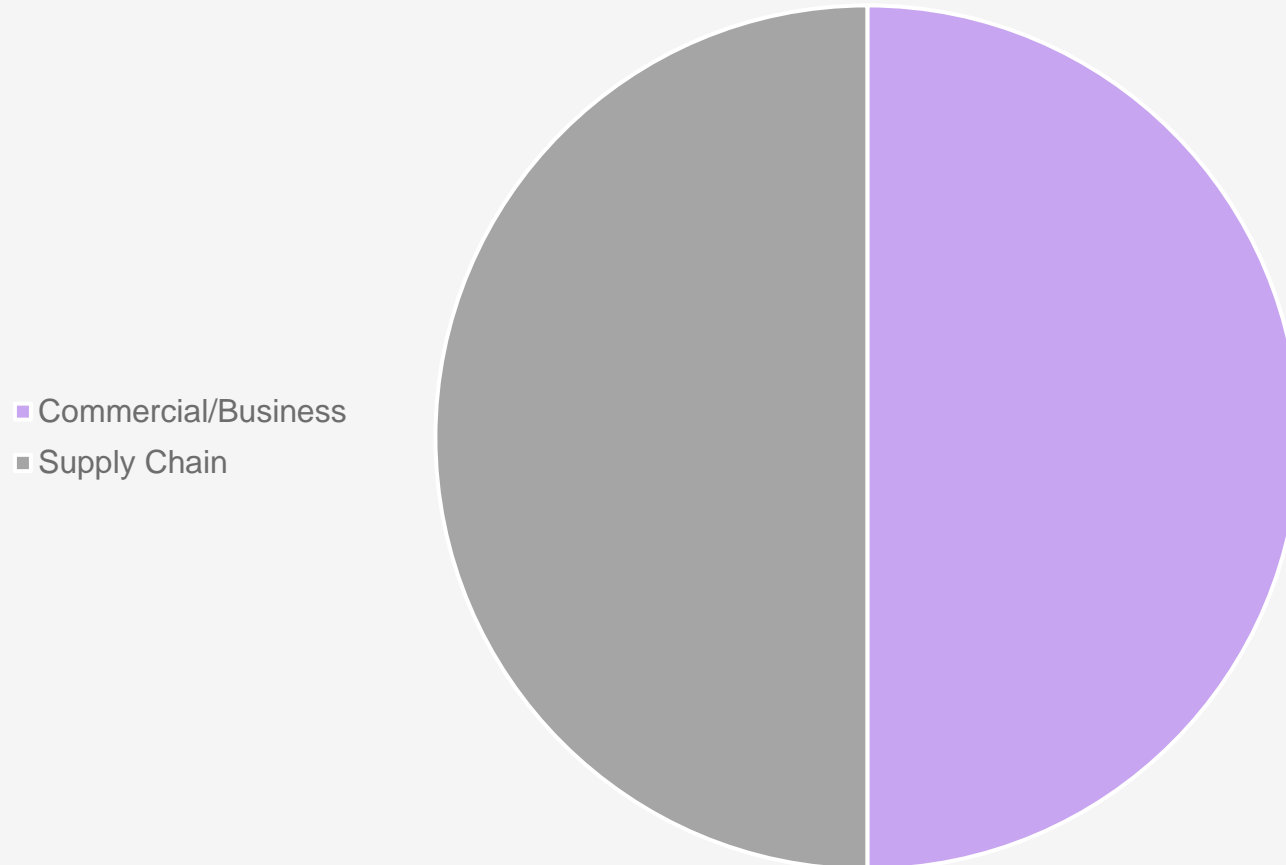
Information produced by CS is reviewed at quite different frequencies across respondents

Weekly or more

Monthly

Quarterly+

Ad-Hoc
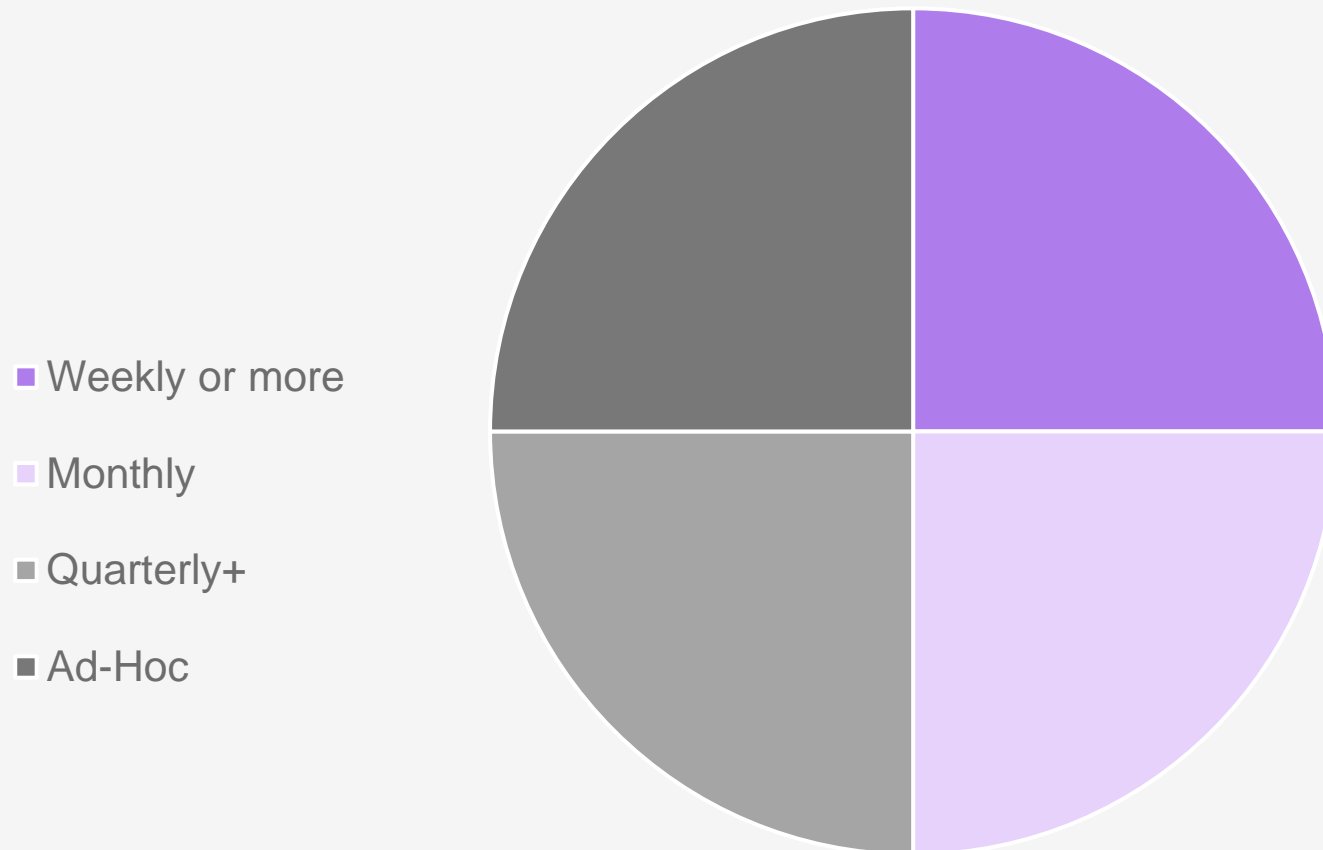
Observations

– Though 50% of respondents review data generated by CS outside of their function monthly or more frequently, the remaining 50% shared insights quarterly or less frequently

– Common groups to share insights with are Commercial, Supply Chain, and R&D; Ad-hoc connections as part of issue resolution are rarely sufficient to surface key insights that can be generated by CS

Technology within Customer Service

Given the multiple touchpoints with CS, technology enablers are key to long-term value generation

Priority areas of CS involvement

Customer needs

Aware	Consider	Contract	Order	Fulfill	Use	Expand	Advocate
			Product availability	Accurate billing		Easy reps reach out	
			Flexible delivery terms	Customer care		Location-based promotions	
Search and navigation	R&D; Qualification	Seamless contracting	Seamless order entry	Multi channel fulfillment	Customer care	Personalized offers	Loyalty/Rewards
Product /services recommendations	Guided product selection	Transparent pricing	Specifications/ Quality	E2E order visibility	Community forums		

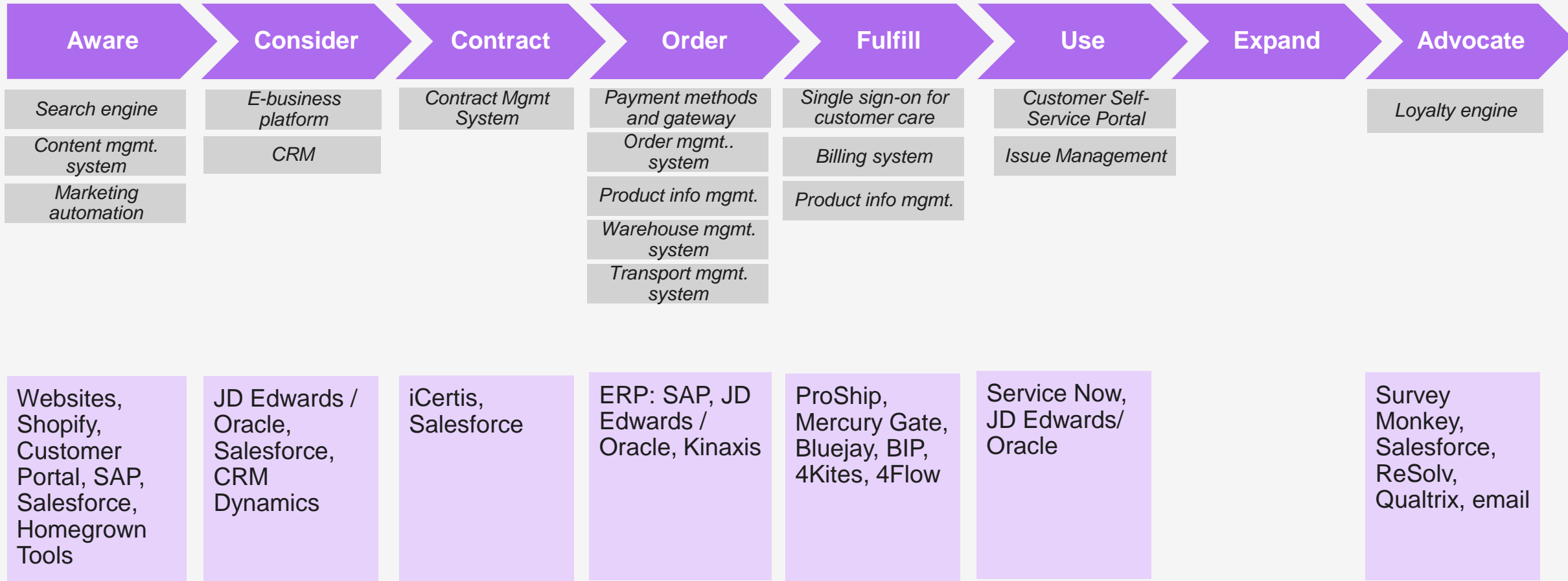| **Aware**	**Consider**	**Contract**	**Order**	**Fulfill**	**Use**	**Expand**	**Advocate**
Research to find the right provider	Become aware and consider products and services	Decide to purchase and negotiates terms	Place order via multiple channels, and pays	Receive product / service	Use product / service	Fulfill additional needs	Become an advocate

Technology enablers

Aware	Consider	Contract	Order	Fulfill	Use	Expand	Advocate
Search engine	E-business platform	Contract Mgmt System	Payment methods and gateway	Single sign-on for customer care	Customer Self-Service Portal		Loyalty engine
Content mgmt. system	CRM		Order mgmt.. system	Billing system	Issue Management		
Marketing automation			Product info mgmt.	Product info mgmt.			
			Warehouse mgmt. system				
			Transport mgmt. system				

KEARNEY

The current tech stack as defined in the survey biases towards ERP and CRM use, with added supporting tools

Technology enablers

Aware	Consider	Contract	Order	Fulfill	Use	Expand	Advocate
Search engine	E-business platform	Contract Mgmt System	Payment methods and gateway	Single sign-on for customer care	Customer Self-Service Portal		Loyalty engine
Content mgmt. system	CRM		Order mgmt.. system	Billing system	Issue Management		
Marketing automation			Product info mgmt.	Product info mgmt.			
			Warehouse mgmt. system				
			Transport mgmt. system				

Tools In Use

Aware	Consider	Contract	Order	Fulfill	Use	Advocate
Websites, Shopify, Customer Portal, SAP, Salesforce, Homegrown Tools	JD Edwards / Oracle, Salesforce, CRM Dynamics	iCertis, Salesforce	ERP: SAP, JD Edwards / Oracle, Kinaxis	ProShip, Mercury Gate, Bluejay, BIP, 4Kites, 4Flow	Service Now, JD Edwards/ Oracle	Survey Monkey, Salesforce, ReSolv, Qualtrix, email

Upgrades only planned for SAP (S4/Hana) and Websites

Advanced Technologies have not yet been implemented in chemicals

Are you using ChatGPT or GenAI to test responses to first touch service

■ Yes ■ No

Average number of hours per week per CSR spent resolving customer issues that could be resolved via self service	**8.2**
Average number of CSRs	**87**
Average CSR Pay	**$70,000**
Potential Benefit due to automation	**$1.2M**

CS is also a key contributor to Master Data Management

Does your CS Organization do Master Data Management

- Yes
- No
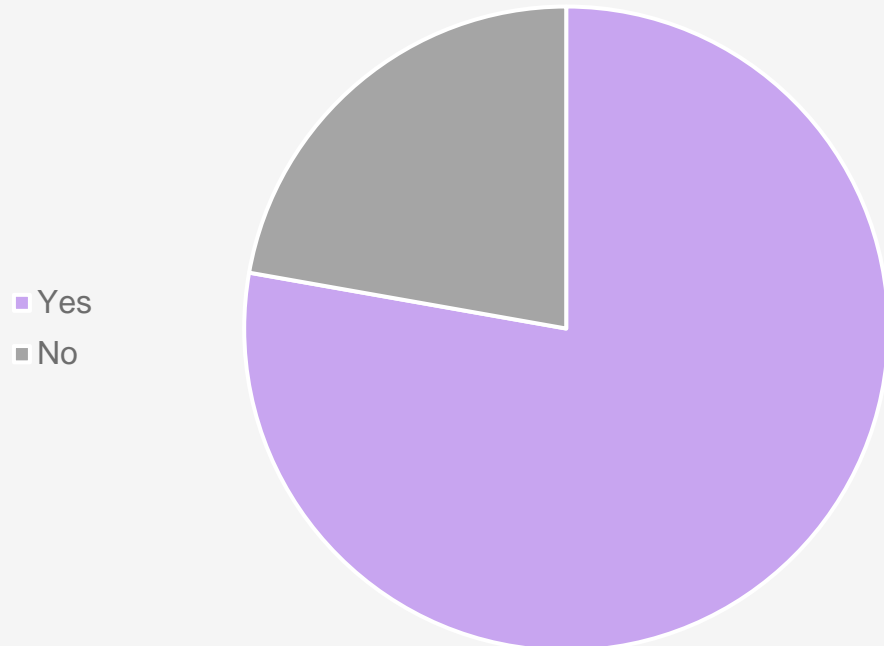
Challenges

Time Consuming and Lengthy Process

Keeping it updated/accurate

New Acquisitions adding redundant and incomplete data that is not aligned with the current convention

Incorrect information, dated information

No clear roles & responsibilities of ownership, especially when data is shared and manual updates are required

When asked about challenges in an open ended question, several responses focused on technology

We are a very manual organization, to allow ourselves to be flexible. While this allows us to build relationships, This limits our ability to automate certain functions.
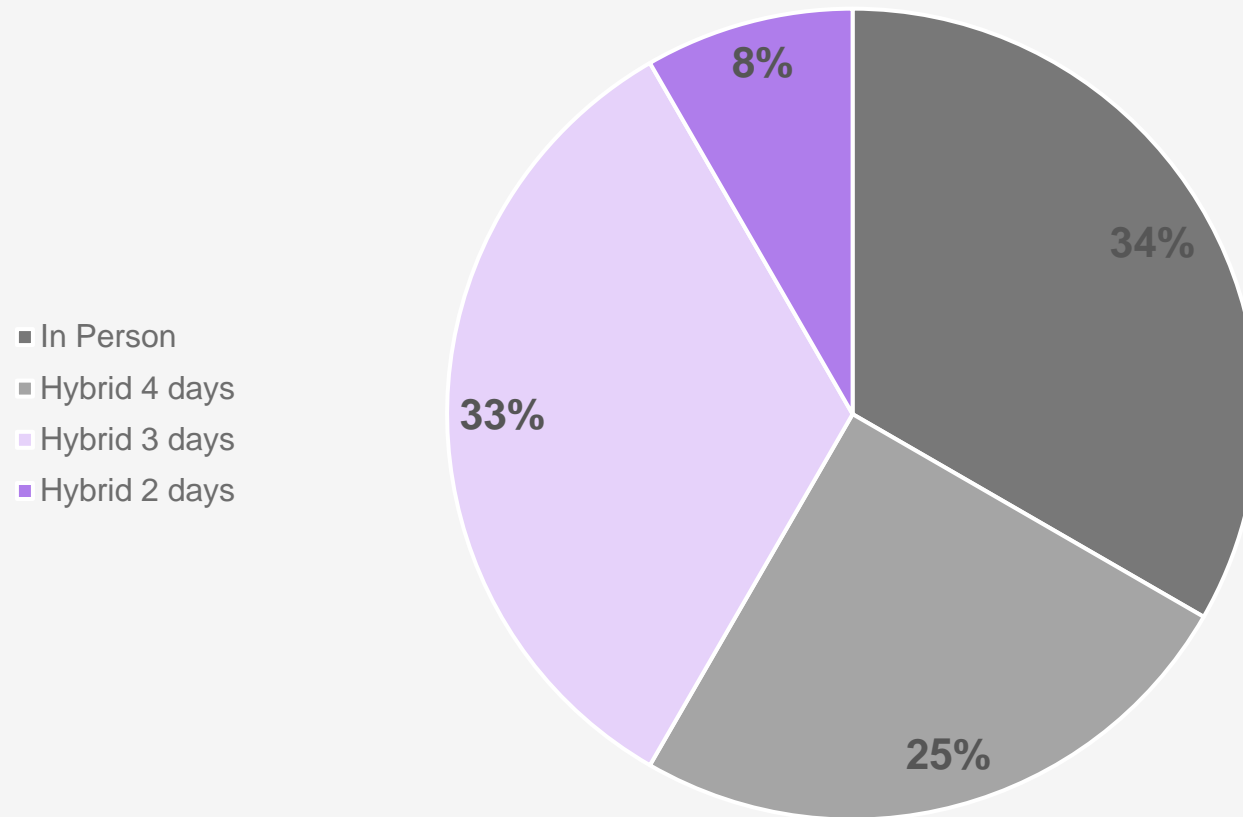
Our biggest challenge: up to date technology

Provide more self-service options

Post-Covid Human Capital Management

Hybrid remains the dominant working model for CS

- In Person
- Hybrid 4 days
- Hybrid 3 days
- Hybrid 2 days

- 34%
- 25%
- 33%
- 8%

Observations

– 66% of respondents are using a hybrid model for CS ranging from 2-4 days

– In Person is a growing share of the working model. The drive to be back in the office is largely driven by a desire for collaboration and a belief that teamwork and efficiency were higher

– Some comments indicated maintaining hybrid work supported CSR retention

Attraction and retention is critical for continuity

5.9% Customer Service Representative Attrition Rate;
30% of respondents were <1%

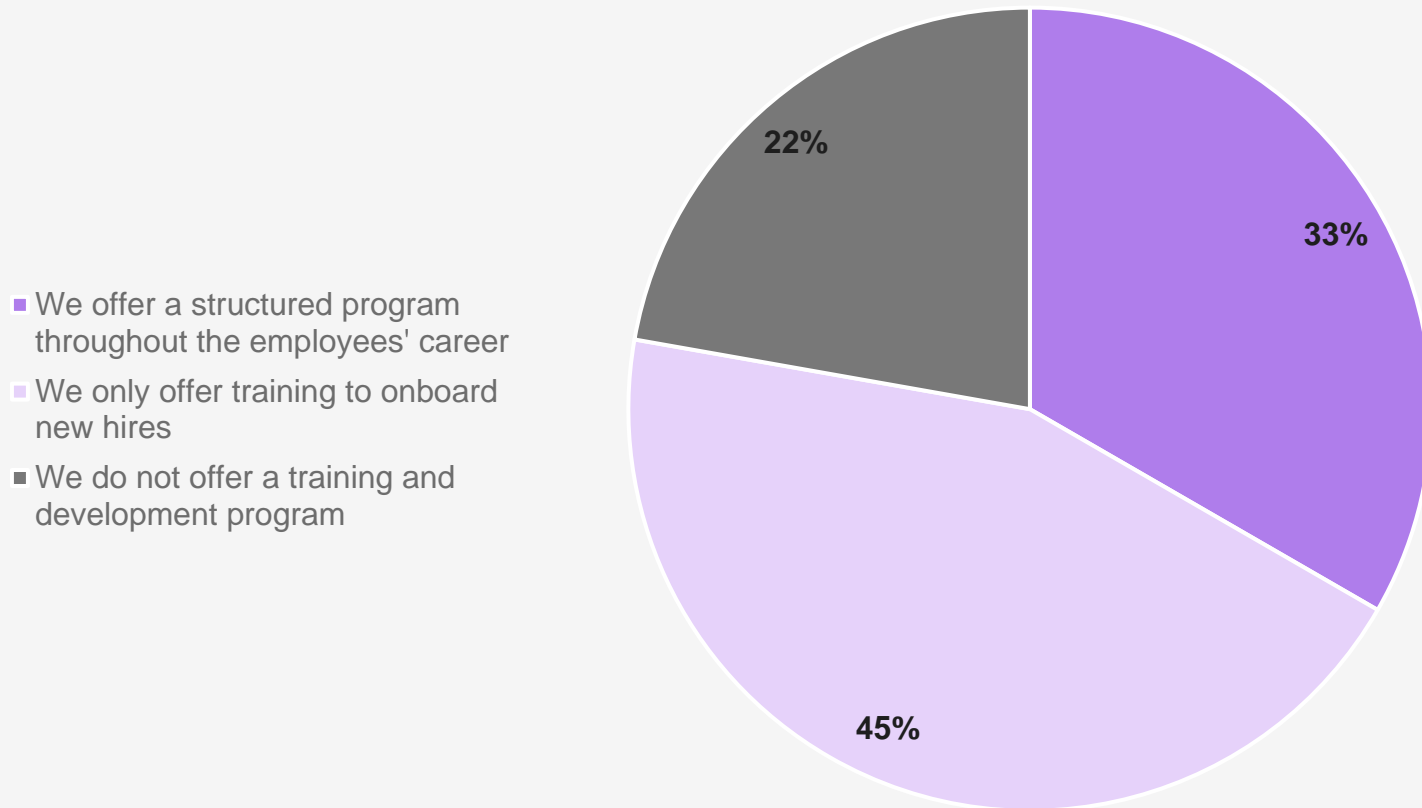**6.7 weeks** Average time to fill an open position

Most common tools: LinkedIn, Indeed, recruiting agencies, word of mouth, referrals
Unique methods: direct from universities, membership forums and groups

Most common retention strategies: Competitive pay, benefits, training, networking, hybrid work
20% of respondents offer retention bonuses

3.4 years Average time in role before promotion

14% Percent of CSR that are also people managers

2/3 of CCSMG members either do not offer training or only offer training for new-hires

- We offer a structured program throughout the employees' career
- We only offer training to onboard new hires
- We do not offer a training and development program

33%

22%

45%

Observations

– Though training was often cited as a retention strategy, only 33% of respondents have an ongoing program

– Almost a quarter of respondents do not have any training and development program at all
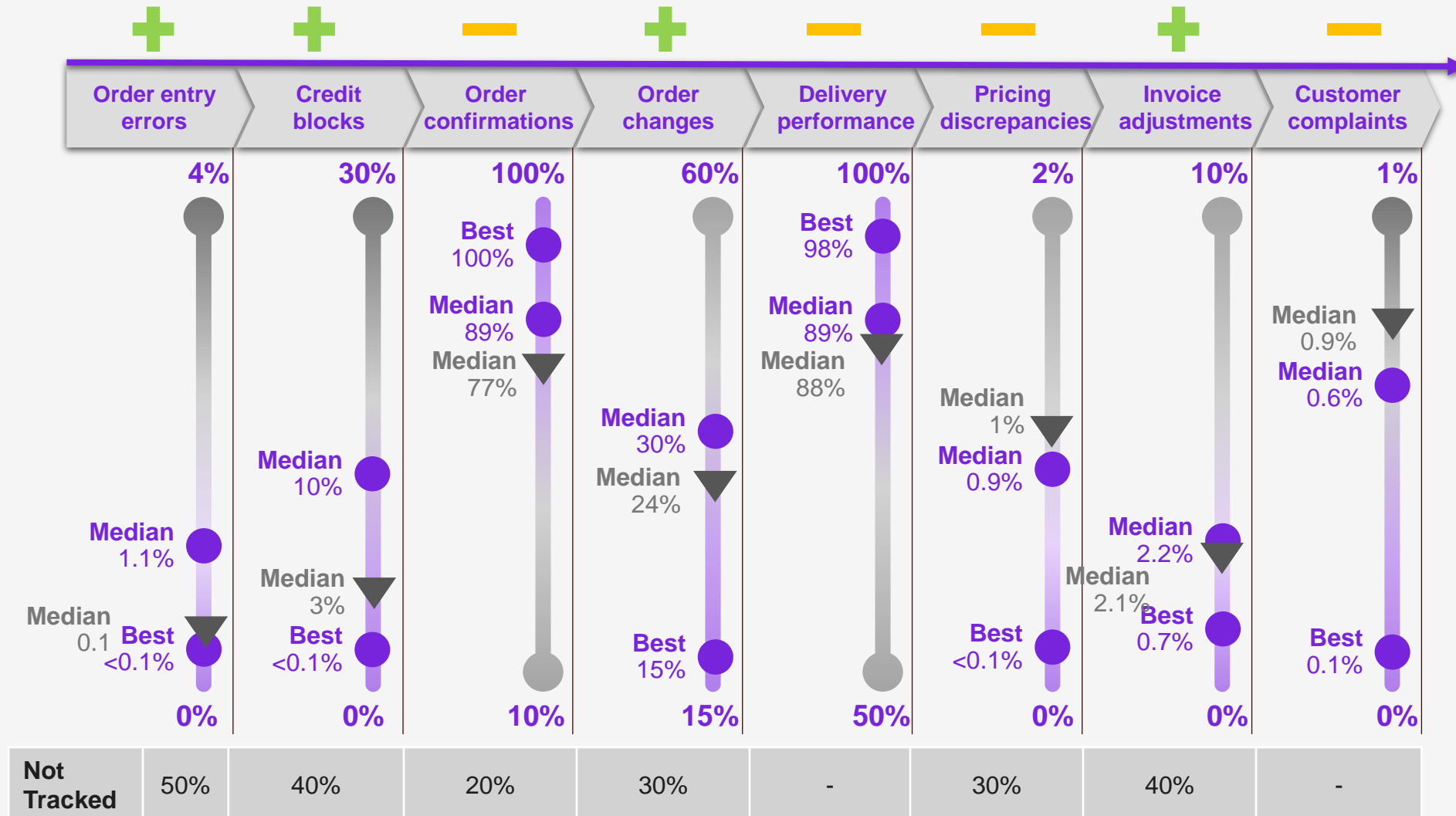
Managing to Metrics

Comparing current responses to prior surveys indicates very modest improvement in key metrics

Current state of the industry – Service Levels 2018 vs. 2023

Order Lifecycle

	Order entry errors	Credit blocks	Order confirmations	Order changes	Delivery performance	Pricing discrepancies	Invoice adjustments	Customer complaints
	+	+	−	+	−	−	+	−
Top	4%	30%	100%	60%	100%	2%	10%	1%

Order entry errors
- Median 1.1% (2018)
- Median 0.1 (2023)
- Best <0.1%
- 0%

Credit blocks
- Median 10% (2018)
- Median 3% (2023)
- Best <0.1%
- 0%

Order confirmations
- Best 100%
- Median 89% (2018)
- Median 77% (2023)
- 10%

Order changes
- Median 30% (2018)
- Median 24% (2023)
- Best 15%
- 15%

Delivery performance
- Best 98%
- Median 89% (2018)
- Median 88% (2023)
- 50%

Pricing discrepancies
- Median 1% (2023)
- Median 0.9% (2018)
- Best <0.1%
- 0%

Invoice adjustments
- Median 2.2% (2018)
- Median 2.1% (2023)
- Best 0.7%
- 0%

Customer complaints
- Median 0.9% (2023)
- Median 0.6% (2018)
- Best 0.1%
- 0%

Legend:
- ▼ 2023
- ● 2018

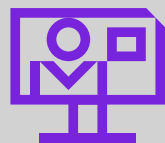|	Order entry errors	Credit blocks	Order confirmations	Order changes	Delivery performance	Pricing discrepancies	Invoice adjustments	Customer complaints
Not Tracked	50%	40%	20%	30%	-	30%	40%	-

You can still participate!
Closing thoughts and Questions

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Thank you

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