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AT&T Universal Card Services

Customer focused. That's what AT&T Universal Card Services (UCS) believes it must continue to be if it is to maintain the rapid ascent that, in 30 months, made its Universal Card the second largest in the credit card industry. Indeed, the young business was designed around the use of quality principles to "delight the customer."

A comprehensive data and tracking system helps the AT&T subsidiary chart a well-marked course for continuous improvement in its customer relationships, internal operations, supplier partnerships, and business performance. For example, determinants of customer satisfaction -- the starting point for all quality planning -- are studied in layers of detail.

UCS's eight broad categories of "satisfiers," including price and customer service, are used to define the company's quality focus. In turn, these prioritized determinants of how customers perceive the value of credit-card services are underpinned by 125 "satisfiers," each one also weighted to reflect its relative importance.
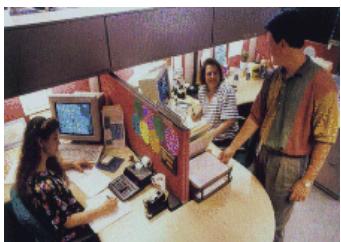
One practical product of this increasing specificity is an exhaustive set of concrete performance measures linking internal operations and customer satisfaction. Another is a clear picture of what UCS must do to better its services, performance, and market share. Management knows what improvements are likely to yield the greatest gains in quality. Each part of the business, from UCS as a whole to individual work units, has a list of "10 most wanted" quality improvements.

Through its benchmarking program, UCS has determined what constitutes world-class performance and service, and it has set its quality goals accordingly. Now, other companies are using UCS as their benchmark. UCS reports that it leads the credit card industry in such areas as speed and accuracy of application processing and customer satisfaction. UCS also cites its industry leadership position in all eight primary customer satisfiers.

UCS: A Snapshot

Since AT&T established UCS in March 1990, the AT&T Universal Card -- a combination general-purpose credit and long-distance calling card -- has attracted 16 million cardholders. UCS now employs 2,500 people, or 10 times more than its initial payroll. Nearly 90 percent work at UCS's main facility and headquarters in Jacksonville, Fla. The collections operation in Houston and the payment processing center in Columbus, Ga., employ the remainder. Two-thirds of all employees are in customer-contact positions.

AT&T views its Universal Card as a strategic tool for protecting and bolstering its long-distance customer base. In 1991, UCS's first full year, AT&T documented a 40-percent annual increase in calling-card revenues from UCS customers.

UCS competes against some 6,000 national, regional, and local issuers of general-purpose credit cards.

"Delight Customers"

UCS began with a straightforward strategy: Offer a credit card with a comprehensive set of competitive services. Then, through a carefully conceived and executed strategic plan, continuously improve internal performance and continuously pursue enhancements in product and service offerings. The twofold aim was "delighting customers" and distancing the Universal Card from competitors' products.

Fundamental to the strategy was the need to listen to customers -- resulting, for example, in eight customer-related databases and 11 monthly surveys that track overall satisfaction and the quality of specific services. Also fundamental was an organizational structure that could respond quickly to changing customer requirements and competitive conditions by efficiently carrying out quality-improvement initiatives.

From the onset, quality has been a top concern of UCS President and Chief Executive Officer Paul Kahn and the other 11 members of the business team. The team crafted a long-term incentive plan that rewards members for accomplishing quality objectives. In addition, executives and managers "own" specific short- and long-term quality goals, numbering more than 100 in 1991, each with a predetermined target date.

Although the business team develops UCS's annual and long-term strategic plans, mechanisms that go beyond evaluating all relevant trend data provide other avenues for customer and employee input into the setting of quality and business goals. For example, during 1992, all employees have met with a senior executive to exchange ideas in gatherings of no more than 10 people. Employee suggestions also feed into the planning process.

met with a senior executive to exchange ideas in gatherings of no more than 15 people. Employee suggestions also feed into the planning process. So far in 1992, UCS personnel have submitted more than 6,200 suggestions, compared with 1,727 in 1990. Nearly half of all suggestions made last year were accepted and acted on by management.

All business team members are required to devote some of their time to meeting with customers. Several also serve on the Customer Listening Post Team, which evaluates the effectiveness of UCS procedures for gathering, responding to, and evaluating customer comments and survey results.

The business team translates goals into key initiatives. At the top of the list are the business team's "10 most wanted" quality improvements. All key initiatives are assigned to teams composed of representatives of various UCS units. In support of each initiative, these cross-functional teams develop specific programs as well as the associated performance measures that link programs to UCS's strategic goals.

Another tier of cross-functional teams, which include supplier representatives, implements the programs. If the goal of the program is to develop a new service, customer focus groups also participate in the process. If the goal is improving an existing process or service, a company-wide quality assurance group helps the team establish measures for assessing how changes affect levels of customer satisfaction.

Employees Are Key

UCS exhibits a strong culture of concern for its people. Associates are made to feel that they are the key to "delighting the customer." This is made real by empowering line employees. Intending to move beyond project-focused quality teams, the company has begun a pilot program to introduce self-directed work teams responsible for all day-to-day activities and decisions. Customer-contact employees already have considerable authority to act on their own. For example, they can grant credit line increases and adjust customers' bills without management approval.

Training opportunities are numerous, ranging from traditional classroom sessions to computer-based instruction. In 1991, hourly employees underwent, on average, 84 hours of training, not including the 8-week orientation for new customer-service employees. Monthly surveys track employee satisfaction. UCS has developed a list of employee "satisfiers" that guides improvements in training, recognition programs, and other human resource activities.

Widespread use of advanced information technology undergirds important components of quality improvement efforts. A Strategic Systems Plan, now in its final phase, will provide the company with world-class on-line processing and analysis capabilities. In 1991, UCS spent $20 million on computer workstations providing customer-support personnel with easy access to detailed card-member information.

In many key areas of performance and customer satisfaction -- for example, speed in processing telephone applications (3 days versus 10 days for the nearest competitor) -- UCS ranks as best in its class. In setting ever-higher standards for itself, the company is nurturing customer loyalty. The company reports that over 98 percent of customers rate overall service as better than the competition.

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