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Dedication

To our parents and family, for their unconditional support along all stages of our lives. We would like to thank them and show them what have we achieved with this document.

Abstract

Natura S.A is a Brazilian company that sells beauty products and personal care through direct sales. Currently it has a greater presence in the Latin American market: Brazil, Argentina, Mexico, Peru Colombia and Chile. On the other hand, Atento is a Peruvian company that provides the services of the contact center for all operations of Natura Latin America, without including Brazil. The main problem identified is the inefficient management of the contact center by Natura which is deteriorating the quality of the service. The inefficiencies are related to the lack of quality tools, limited definition of indicators, poor staff management, and poor added value during the call service. In this sense, the Regional Customer service area (Natura) is interested in look for better processes and indicators for the management of the contact center in order to find a model that optimizes the control of the performance of the supplier.

The literature reviewed to develop the solution is about quality management systems, contact center outsourcing models, methods to add value to services, and process improvement methodologies. After that, three alternatives were developed where each of one was evaluated according factor of costs, innovation, risk, value added, feasibility and feedback of Natura. The final proposal has two phases, the first one is to implement Business Intelligence in which it will be possible to analyze the database of the calls in order to develop initiatives of improvement in short and long term, as the reduction of unwanted calls. After that, in order to complement the business intelligence proposal, the second phase will be the implementation of the value-added strategy in which it will look for higher quality and personalization of call service according to the profile of the consultants per country. The implementation plan implies an active participation of both parties. Finally, the investment to implement this proposal is 68,300 PEN and the expected benefits are reduction of expenses of 750,000 PEN, process optimization and improvement of consultant's satisfaction.

Resumen Ejecutivo

Natura S.A es una empresa brasilera comercializadora de productos de belleza y cuidado personal mediante la venta directa. Actualmente tiene mayor presencia en el mercado latinoamericano: Brasil, Argentina, Mexico, Peru Colombia y Chile. Por otro lado, Atento es una empresa peruana que brinda los servicios del centro de contacto para todas las operaciones de Natura Latinoamérica sin incluir Brasil. El principal problema identificado es la ineficiente gestión interna del centro de contacto por parte de Natura que está deteriorando la calidad del servicio. Las ineficiencias están relacionadas a la falta de herramientas de control, limitada definición de indicadores, deficiente gestión de personal, y poco valor agregado durante la atención de llamadas. En este sentido, el área de Atención Regional (Natura) está interesado en la búsqueda de mejores procesos e indicadores para la gestión del centro de contacto y encontrar un modelo que optimice el control del desempeño del proveedor.

La teoría investigada para desarrollar la solución al problema son sistemas de gestión de calidad, modelos de tercerización de centros de contacto, métodos para agregar valor a los servicios, y metodologías de mejora de procesos. Luego se desarrolló tres alternativas, las cuales fueron evaluadas de acuerdo a factores de costos, innovación, riesgos, valor agregado, factibilidad y valoración de Natura. La propuesta final comprende de dos fases, la primera es la implementación de inteligencia de negocios (Business Intelligence) en el cual se podrá analizar la información de las llamadas para desarrollar iniciativas de mejora a corto y largo plazo, como la reducción de llamadas no deseadas. Mientras que la segunda fase se basa en la estrategia de valor agregado, el cual se buscara mayor calidad y personalización en la atención de llamadas de acuerdo al perfil de las consultoras. Finalmente, la inversión requerida anual es de S/. 68,000 y los beneficios esperados son la reducción de gastos en S/.750,000 soles, optimización de procesos y mejora de satisfacción de consultoras.

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Chapter I: General Situation of the Organization

1.1 Presentation of the Organization

Established in Brazil in 1969, Natura has grown steadily for the last 48 years to become one of the largest cosmetics company in Latin America. Its product lines are diverse, ranging from makeup to fragrances and skin cleansers, moisturizers, sunscreen, shampoos, and conditioners for men, women, and children. There are more than 600 products in Natura's product line, consisting of products that are both sustainably extracted and manufactured in economically and socially responsible ways (Hoover, n.d.). With a focus on customer service, Natura adopted direct sales as their main sales strategy. This door-to-door distribution method has allowed to company to offer lower product pricing, differentiating the company from competitors such as Avon and L'OREAL (Fleury & Fluery, 2011). Natura began its global expansion in the 1980's, when Latin America was experiencing a booming economic development. In 1980, the company had already reached over 1 million dollar of total revenue, 16,000 consultants (free-lance sales agents), and a 40% growth from 1980s to 1985 (Reference for Business (n.d.). The first expansion of the company outside Brazil was launched in Chile, and a distribution agreement with local government was devised subsequently in 1982 (Natura Cosméticos S/A Company Information, n.d.). Since then, the sales funnel of the cosmetics giant reached Argentina, Chile, Colombia, Ecuador, France, Mexico, and Peru.

Natura outsources their contact center activities to Atento, a leading company in Business Process Outsourcing and Customer Experience management in Latin America. In 1999, the Luxemburg-based company launched their operations in Peru. Currently, Atento has 3 central locations, with more than 8,000 service positions and 14,500 employees (Atento official website, n.d.). In conjunction with Natura, Atento is responsible for the hiring and the initial training of the customer's service agents. Other responsibilities include forecast

incoming calls, adjusting the workforces accordingly, controlling the quality of the customer services, setting up the contracts including KPIs and clarifying accountabilities.

In each of the call centers, Atento adapts its operational model and organizational structures based on their client's specific business needs. For the case of Natura, the organizational structure is as shown in Figure 1. The number of people for each position is calculated based on ratios defined by the COPC – Customer Operation Performance Center – a standard used by Atento and other companies offering similar services.

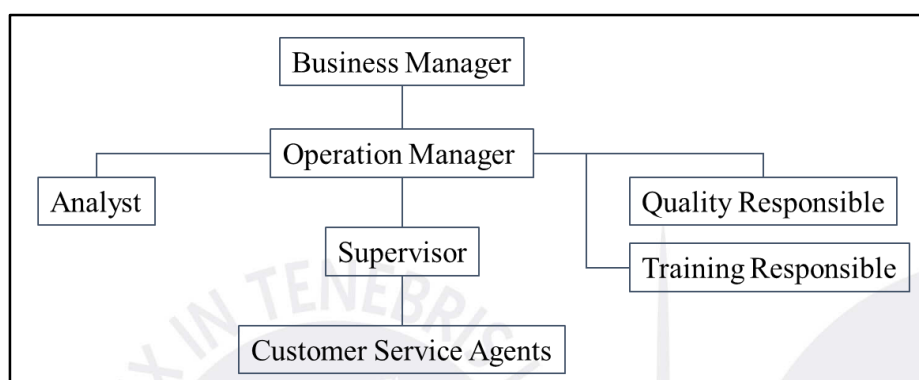


Figure 1. Natura call center department structure in Peru.

1.2 Competitive Analysis (Porter's Five Forces)

Porter's five forces (2008) uses (a) bargaining power of the suppliers, (b) bargaining power of the buyers, (c) threat of substitution, (d) threat of new entry and (e) competitive rivalry to measure a company's competitiveness in a given industry. This analysis will be used for describing Natura's competitiveness within the cosmetic industry in Peru. This analysis can help to identify the core competitive advantage of the company, as well as the relative competitive position of Natura in its industry. Figure 2 shows the summary of the analysis of the 5 forces of Porter of Natura Peru. Each part of the analysis is detailed in the following section. After that, macro environmental analysis is also presented for the company, which is also known as PESTE analysis by its acronyms: Political, Economic, Social, Technological, and Environmental analysis.

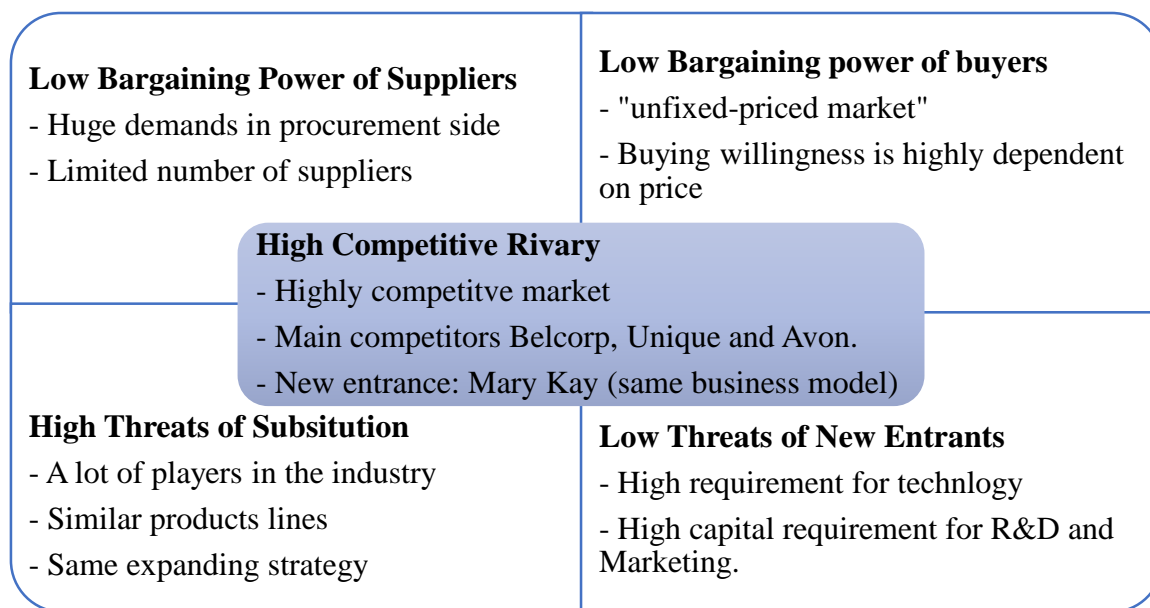


Figure 2. Porter's five forces diagram of Natura Peru.

1.2.1 Bargaining power of the suppliers. Low

Generally speaking, the cosmetic industry has a low bargaining power of suppliers because of the large amount of market competitors in demanding supplies and limited supply of diverse products to the market. For example, in 2015, a total of R\$ 4.2 billion in payments was made to suppliers (Natura 2015 indicators, 2015); however, the total revenue of that year was only R\$ 2.9 billion (Natura Annual Report, 2015). Natura uses a diverse range of suppliers, from distributors and wholesalers, raw materials suppliers, manufacturers, and importers. Among the diverse types of suppliers, distributors and wholesalers remains the highest power of suppliers, followed by importers and manufacturers. Raw material suppliers, due to the massive amount of raw material suppliers in Latin America, exceptionally have low bargaining power toward Natura.

Natura has an average base of five thousand suppliers a year under contract, with an annual renewal rate of approximately 40% per year (Natura 2015 indicators, 2015). Of the total, approximately 500 suppliers' contracts are renewed, accounting for 74% of the purchase volume. The supply chain of Natura is a critical component of its business processes; any loss or delay may have crucial impacts on the company's operations.

Financially speaking, the more suppliers Natura has as options, the less dependent the company is on its suppliers. This allows for a greater control of suppliers through the renewal of contracts.

1.2.2 Bargaining power of the buyers. Low

The negotiation power of buyers in the cosmetic industry is low. For customers, unlike the experience of buying products from a shopping mall, Natura's products are mainly sold through direct selling by individual consultants. Moreover, as 60% of the consultants are housewives (Natura Annual Report, 2015); their clients are likely people of whom they have a closer relationship with, including neighbors or friends. This gives the consumers the perception of an 'unfixed-priced market' illusion, which eventually shrinks the margin of Natura. In Peru, price is an essential factor for customer loyalty (Loman, 2015). Additionally, cosmetic products are not daily essential products like toothpaste and shampoo, but instead, 'desired products' like perfume and jewelry. Therefore, it is inevitable that there is a 'race to the bottom' pricing strategy in order to attract customers. In fact, despite the fact that the revenue of Natura has grown gradually—R\$ 6 Billion in 2011 with an 8.9% of increase (Natura report #11, n.d), Natura's five-year average operating margin growth rate has decreased at -9.9% per year (Natura Cosméticos SA, 2017). Nevertheless, margins for cosmetic companies like Natura remain relatively high. A recent financial report from *Financial Times* stated over 70% increase in gross margins for Natura in 2015. This is mainly due to the good brand image and reputation of Natura.

1.2.3 Threats of substitution. High

The threats of substitution in the industry is high. There are more than 50 main market rivals that Natura faces in the Latin American market; this includes multinational giants like Unilever, Estee Lauder, and L'OREAL. The CF&T (Cosmetics, Fragrances and Toiletries) segment is highly competitive on a differentiation basis. Natura does not have a diversified

product portfolio (from low to high aggregated value), with a focus on the “masstige” market, NATU pretends to consolidate a strategic position in the premium segment with the Aesop acquisition (Sao Paolo Stock Exchange, 2014).

1.2.4 Threats of new entry. Low

The threat of new entrants of Natura is low. The main reason is because of the high capital cost of R&D and marketing within the cosmetic industry. Well-known cosmetic brands have established and managed their brand for a long time. However, over the past 5 to 10 years, this channel has lost relevance as consumers have “graduated” to higher-end products and specialty channels introduced by new entrants (Sao Paolo Stock Exchange, 2014). For a new player in the industry, a large amount of capital support is required for a start-up cosmetic industry, along with long-term R&D investment. In order to compete with cosmetic giants like Natura and L’Oréal, an integrated investment of at least 2 million USD is the minimum requirement (Starting a Makeup Line – How Much Does It Cost, n.d). Natura, facing the new entrants, have comparative advantages on long-term relationship with suppliers, firm bond between consultants and clients, and good brand reputation in Latin America.


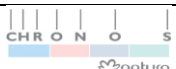




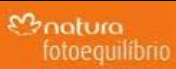




1.2.5 Competitive rivalry. High

The cosmetic industry in Latin America is highly competitive. This market is characterized by aggressive price competition due to a large range of product offerings. Even with a prestige position on Brazil, Natura is facing big threat on its current market share due to rising competition lead by competitors in various domains as it is shown in Table 1. This includes companies Avon as well as local Peruvian companies like Belcorp and Yanbal (Sao Paolo Stock Exchange, 2014).

Moreover, Latin America is a rapidly growing market; its market has surpassed Japan in 2014 (Antunes, 2014). The massive development in the cosmetics industry stems from a

recent growth in women's' income; creating empowerment and driving spending for luxurious goods. The cosmetics market is amongst the most promising within the emerging markets in terms of demand; the direct sales market in Peru was over USD \$7.7 billion, (Nuyten, 2017). Competition is an essential component in the industry. Natura's main competitors are O Boticário, Jequiti and Avon, an American company. Avon, for example, is the largest direct selling company in the world, with net sales of \$11.3 billion in 2011.

Table 1
Natura's Competitors in Different Fields

Domains	Natura Brands	Main Competitors
Children Care		Johnson&Johnson Procter&Gamble
Anti-Wrinkles		Avon Nivea
Body		Hypermarcas Nivea
Facial Make Up		Avon O Boticario
Men's grooming		Procter&Gamble Unilever
Hair		L'Oreal Unilever
Sunscreen		Johnson&Johnson Nivea
Deodorant		Unilever Avon
Fragrances		O Boticario Avon
Oils		Colgate Unilever
Soap		Unilever Bertin

According to Natura's Annual Report of 2015, their market share in Peru reached 35.9% in 2015 as it is shown in Table 2. Although Avon's market has not yet exceeded Natura's market share in Peru, the company has marked Peru one of its most important emerging markets in terms of its global expansion strategy. The Peruvian cosmetic market represents sales of 6.5 million soles per year, and the market share of direct sales is 49% while the retail sales is 50%, besides in 2015 there were an slightly increment of 1% for retail

sales (El Comercio, 2016). Belcorp and Unique are the big players in the Peruvian cosmetic market, and even considering P&G and Unilever they reach 38% of total market share (El Comercio, 2017). In 2017, the Peruvian cosmetics market will receive competition from the entry of Mary Kay, a multinational direct-sales based cosmetic company with similar strategies and target customers as Natura.

Table 2
Direct Sales Share in the CF&T (Cosmetics, Fragrances and Toiletries) Market

Region	Direct Sales (%)
Latin America	25.9%
Brazil	26.3%
Argentina	21.2%
Chile	17.3%
Colombia	31.9%
Mexico	23.7%
Peru	35.9%
Eastern Europe	15.6%
Asia Pacific	9.9%
Australasia	7.6%
North America	6.0%
Western Europe	3.8%
Africa/Middle East	4.2%

Source: Euromonitor 2013

Table 3
Size of CF&T (Cosmetics, Fragrances and Toiletries) Market (in US\$ billion, Fixed FX)

Countries	2013	CAGR % '08-'13
United States	73	2.0%
China	44	10.4%
Natura Brazil	43	13.8%
Natura Mexico	11	6.7%
Natura Argentina, Chile, Colombia and Peru	15	12.9%
Countries in which Natura operates'	69	12.3%
World	454	5.0%

Source: Euromonitor 2013

1.3 Macro-Environment (PESTE Analysis)

Today's fast-paced environment requires a strong understanding of a company's

external environment. The PESTE analysis provides a general image of the company; this illustrates an overview of the external environment, and provides a fundamental component for the consultation process. PESTE focuses on 5 different categories: political, governmental and legal factors (P), Economic factors (E), Social factors (S), Technological factors (T), and Environmental factors (E). The main threats and weaknesses of the company are identified as a result of the analysis.

1.3.1 Political, governmental and legal factors (P).

Brazil has the world's third largest market for cosmetic consumption (Loman, 2014). Its large global market share has allowed the country to lead the legislation in the cosmetic industry. As a result, the country has a significant impact on the legislations and implementations of policies of cosmetic industry in Latin America (Loman, 2014). Cosmetic products sold in Brazil need to be registered with the National Agency of Health Surveillance (ANVISA), which regulates the production, import and trade of perfumes, cosmetics, toiletries, etc. Cosmetics and personal care products are categorized into two different level of risks. Degree 1 products are those with basic properties that have already been proven in the past. These products are not registered with ANVISA. For instance, shampoos and sunscreen care falls into this category. Degree 2 cosmetics are those with more complex properties that require current proof of efficiency and safety. They are subject to Registration as they need to provide more detailed and specific instructions and show more consistency due to the increased degree of risk. Risk 2 products have to be submitted and approved by ANVISA before being on the market. It takes around 60 days before the first disclosure from the local agency occurs; for example, eye cream and children cosmetics (Pomela, 2015).

About the political and legal factor that influence in doing business in Peru, the government is an important player as well the main regulators of the cosmetic industry. First, Peru is a democratic country in which the president is elected each 5 years, currently the

president is Pedro Pablo Kuczynski who was elected on July 28th 2016. According its government plan, he promised to reduce the taxes, exactly the IGV (General sales tax) from 18% to 17%, however, so far this point has not yet been achieved (RPP, 2017). Despite of it, their government is focused to provide support to private companies in order to boost the Peruvian economy. On the other side, in Peru the main regulators for the cosmetic industry are DIGEMID (Directorate General of Medicines, Supplies and Drugs), DIGESA (Directorate General of Environmental Health) and INDECOPI (National Institute for the Defense of Competition and Protection of Intellectual Property). In relation to the control of cosmetics trading, DIGEMID confirmed that now the responsible will be DIGESA because DIGEMID want to concentrate their work on bigger issues that could being affecting the health of Peruvians due cosmetics are products of low risk (Gestion, 2017). According the regulator INDECOPI (2011), the main Peruvian technical standards, mainly focused to prevent illness due the use of cosmetics; and the principal Peruvian laws and regulations for the cosmetic industry are the following:

- NTP ISO 21150:2009 Cosmetics. Microbiology. Detection of escherichia coli.
- NTP ISO 21149:2009 Cosmetics. Microbiology. Enumeration and detection of mesophilic aerobic bacteria.
- NTP ISO 18416:2009 Cosmetics. Microbiology. Detection of Candida albicans.
- Law N° 29459. Law on pharmaceuticals, medical devices and medical devices.
- Supreme Decree No. 010-97-SA. Approve the regulation for the registration, control and health surveillance of pharmaceutical and related products.
- Administrative Directive No. 162-2010-DIGEMID. Certification of good manufacturing practices in national and foreign laboratories.
- Ministerial Resolution No. 002-2001-SA / DM. Approves the "Inspection Guide for Cosmetic Manufacturing Establishments".

1.3.2 Economic factors (E).

The global cosmetics industry is large, with a global scale excess of USD \$330 billion in 2011 (Jones, 2011). The sizeable market enables the industry to be listed in the one of the largest industry in the so called 'creative industry'. In comparison, the global fashion market has revenues of around USD \$100 billion, and the global advertising industry has revenues of around USD \$430 billion (Caves, 2000). The number for the beauty industry will reach USD \$675 billion by 2020 (Waldock, 2015).

The Latin America Cosmetic Products Market was valued at USD \$48.05 billion in 2015 and is projected to reach USD \$68.92 billion by 2020, at a CAGR of 7.48% during the forecast period from 2015 to 2020 (Mordor Intelligence, 2016). The Latin America region represented 12.5% of the global cosmetics market share as of 2014, and represented USD \$80.0 billion worth of sales as of 2012 (see index 1.1). The region, despite weak regulatory frameworks on cosmetics production and distribution in several countries, is working its way to becoming the second largest market for cosmetics in the world after the Asia-Pacific region (Mordor Intelligence, 2016). Brazil specifically, with a recent substantial increase in trend and market demand on beauty products and services, ranked third globally on beauty products. This included globally branded companies such as Natura and O Boticario. As one of the BRIC countries, Brazil emerges as the most profitable market in non-domestic market, and for foreign investors that are seeking for opportunities to expand operation globally from a new customer base (Waldock, 2015). While in Peru, the market is expected to reach USD \$2.29 billion dollars in 2020.

According the ranking Doing Business (The World Bank, 2017), Peru is ranked in the 51th position out of 190 countries mainly due the facilities provided for starting a business, getting credit and registering properties. Besides, considering the index Economic Freedom (Institute for Economic Freedom, 2017), in the American region Peru is ranked in the 7th

position out of 32 countries. This fact is explained due Peru is interested in attract foreign investment, tax facilities, the moderate government spending, and the attractive dynamism for exports and imports. The Peruvian GDP is \$389.1 billion and it has an annual growth of 4.8%, the inflation is low (3.5%), unemployment also is low (3.5%) and finally the public debt is 23.1% of the GDP (Institute for Economic Freedom, 2017). In relation with the Peruvian Cosmetic industry, this sector has been slightly growing the last years, the growth for 2016 was 6% while the forecast for the next three years is 8%, this growth is mainly driven by the segment of makeup and capillaries (COPECOH & Camara de Comercio de Lima, 2017). Natura Peru, also has been growing even during 2014 they grew in two digits, currently they are in the 3th position having 5.1% of market share (Bernaola, 2016). In addition, the general manager said that they next strategy is to look for positioning in other provinces of Peru, in addition to Lima (Bernaola, 2016).

1.3.3 Social factors (S).

A critical factor for the thriving industry of cosmetics in Brazil is the increased presence of women in the workplace in the last two decades. The use of new technologies and the subsequent increase in productivity has enabled the beauty sector to keep price increases below those of the general economic price indexes. Cosmetics are usually perceived as products for women; however, this trend has been gradually shifting. According to the newest consumer report by Cosmetic Executive Women (CEW) in 2016, a new concept called post-demographic consumerism has emerged. The concept demonstrates that there is trend that consumers are now more liberated to construct their lifestyles according to their ideal and tastes with little regard of tradition. This brings more male users into the cosmetics industry and a wider range of female consumers into the usage of products such as facial masks and skin care (Wilson, 2016). There is also a shifting trend in customers' preferences towards advanced beauty treatments and natural ingredients as it is shown in Figure 3.

Brazilian customers have a distinguished behavior when compared to other Latin American customers. According to a recent report from McKinsey (2016), Brazilian customers are more likely to be proactive in saving money. This behavior also reflects on the limited loyalty on brand - customers are loyal only if the price is right.

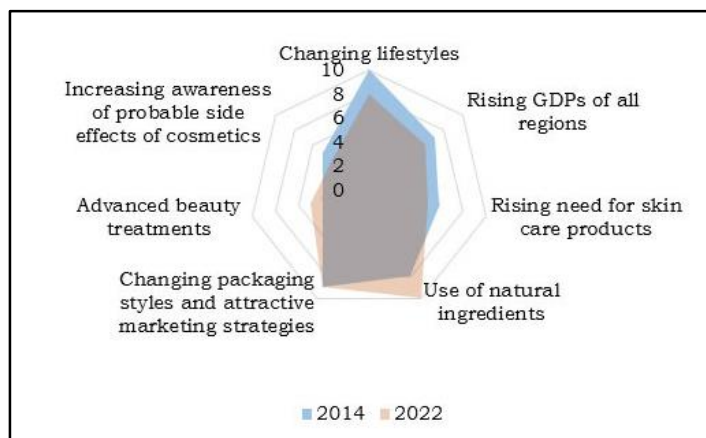


Figure 3. Top factors impacting global cosmetic market.

Peru is a country with a population of 31 million of people, from them the capital, Lima, concentrates 32% of the total population (INEI, 2015). Besides, according the main regions of Peru (coast, jungle and highlands), the coast has 56% of the total populations even despite this region has just 11.7% of the national territory; then the jungle has 14% of population and 60.3% of the territory; and finally the highlands has 29% of the population and 27% of the territory (INEI, 2015). As it is noticed, the population of Peru is concentrated in the coast, this region is better developed economically, companies also are concentrated in the capital (Lima), therefore there are more labor opportunities, additionally even there are more diversity of schools and universities. On the other side, Peru has 23.9% of population in condition of poverty, therefore the regions that need more development of social programs are located mainly in the highlands and jungle, and some of these regions are Huancavelica, Apurimac and Ayacucho (INEI, 2015). Additionally, to this issue, in these regions there are more concern about language barriers, in addition to Spanish, some population just is able to speak the other languages of quechua or aymara. Considering this factors, the Peruvian

cosmetic industry is mainly focused in the population of the coast, exactly the capital, according the results of Natura Peru, Lima concentrates around 50% of the sales while the other 50% is distributed among the other 23 regions (Bernaola, 2016). On the other side, in Peru there is an increasing awareness on social responsibility of the brand which will chiefly influence Peruvian customers' buying behavior. Whether it is in relation to contractual clauses that impede the use of child and slave labor and the demand that suppliers have all the documentation required under the environmental legislation, consultants and customers in Peru tend to be more loyal if the company has proven their respect of social responsibility (Ribeiro Serra, et. 2006).

1.3.4 Technological factors (T).

Advancement in cosmetic R&D has been on the rise, and there has been a growth in the introduction of new technology into the cosmetic industry. Consequently, top cosmetic companies that embrace new technologies such as bio-electricity and bee venom tend to have a better performance on brand image and revenue (Williams-King, 2016).

According the Global Competitiveness Index (World Economic Forum, 2017), Peru is ranked as the 88th country out of 138 countries in the pillar of technological readiness. The score for it was just 3.6 out 7 (World Economic Forum, 2017), in which even this is a lower score than the average of Latin America. In terms of technological development, most places in Peru lack credit card processing systems; in comparison, the rest of Latin America has widely adopted this technology. In Peru, payments are most commonly made through cash or debit card. Additionally, internet penetration in households is low (40%); however, this does not pose as a problem as a majority of the population accesses web pages through cellular devices (Euromonitor International, 2017). To illustrate, daily telephone calls received by call center Atento in Peru consists of 2000 calls from Chile, but 4000 calls from Peru, where both countries are of the same market size. The discrepancy is due to the digital preferences

between the two countries. Peruvian customers are less inclined to use digital methods; thus, having a greater preference for telephone calls.

In Natura, around 800 products are launched every year; launches range from the introduction of products with modified ingredients to those produced with new formulas. Consumers open to trying new options are most likely guided by advertisements or by consultants that work as promoters (Euromonitor International, 2017). As consumers in Peru are becoming increasingly reliant on technology, there stems an increased demand for online payment systems and mobile phone applications. Combined with the growing demand of innovative health and skin care products, the cosmetics industry will be continuously facing challenges on R&D expenditure and building different brand images (Zeoli, 2016).

1.3.5 Environmental factors (E).

As consumers have been becoming increasingly aware of the harmful effects of chemicals used in cosmetics and conversely, the benefits of natural products, opportunity unfolded for Natura with the concept of combining nature with cosmetics. Natura, as a vanguard, has already had their products line made with environmentally friendly components (Mello, 2012). Launched in 1993, the first 'green' product that achieved national success is an anti-aging cream product named 'Chronos' (Hoovers, n.d.).

Cosmetic products are highly dependent on biochemical technology; harmful byproducts are produced as a result of the manufacturing processes. Cicley & Oak (The Environmental Damages of Cosmetics, n.d.) stressed that the chemical components of many products don't break down and instead accumulate in our ecosystems. Cosmetics and personal care products cause damage to the environment after they are washed down our sinks. The chemicals flow into lakes, streams, rivers and public water systems. Components like P-phenylenediamine, BHV & BHT have long-term effects on the ecosystem. Recently, there has been a trend in the use of eco-friendly ingredients in cosmetics companies like

Natura as part of an innovative cosmetics production process. The usage of natural organic ingredients as opposed to chemically derived products is becoming a trend amongst the cosmetics industry.

1.3.6 Opportunities and threats.

Based on the PESTE analysis, key opportunities and threats of the company can be concluded. The political environment of the cosmetics industry in Latin America is heavily concentrated on cosmetics safety. The theme of ‘sustainable development’ is also implied on the environmental sector, with more than three recently implemented regulations based on restricting chemical waste. With this trend, the future of producing ‘green products’ and with ‘green process’ in the cosmetics industry is evident. Moreover, the cosmetic market in Latin America is immense, with a great potential of growing in the next few years. The booming local market of Latin American markets gives cosmetics multinationals like Natura great confidence on further expansion on new emerging market such as Peru. There is also a new social trend that a wider range of customers are now becoming potential customers for cosmetics, on a global scale. More men, younger and older women may now be changing their mind and starting using cosmetic products than ever before.

Nevertheless, the cosmetic industry is facing several threats from its environment. The increasing demand for ‘green products’ can have a substantial impact on the traditional cosmetic company. Increasingly, are more regulations related to cosmetic production as there have been countless ecosystems destroyed as a result of activities from cosmetic manufacturers. Moreover, in markets like Peru, customers have limited accessibility to internet and to online payment; sales strategies will need to be adjusted to alleviate distribution problems. In the case of Natura, the profile of consultants are mainly woman of 45 year old in average, therefore even they have more resistance to use technological facilities as mobile apps or web pages.

Table 4
External Factor Evaluation Matrix for Natura

Key External Factors	Weight	Rating	W Score
Opportunities			
1. Booming local market	0.20	4	0.80
2. More male and women in a wider range become customers	0.05	2	0.10
3. Sustainable production trend and potential branding strategy	0.10	2	0.20
4. Increasing disposable income of women	0.10	3	0.30
5. Peruvian customers are increasingly relied on mobile devices	0.10	3	0.30
Threats			
1. Trend toward “green production”	0.10	4	0.40
2. More regulations restrict the productions	0.15	2	0.30
3. Inaccessibility of technology	0.20	3	0.60
Total	1.00		2.70

1.4 Internal Analysis (AMOFHIT)

1.4.1 Administration and management analysis.

Natura’s headquarters in Brazil has consistently monitored the business performance of each subsidiary or distribution centers in each country. Currently Natura operates in seven countries under the brand Natura, and in 14 countries under the brand Aesop. Aesop was also an Australian brand of skin care products. Since it was acquired by Natura in 2013, Aesop has been operating with Natura products as well. Figure 4 illustrates the presence of the brand around the world. Apart from its vision and mission, Natura believes in the sales power through relations. The company chose the direct sales model for their products in order to build a strong connection between buyer and seller. Currently they manage more than 1.7 million consultants that receives continuous training, a wide portfolio of high quality

products, samples and provides a differentiated service.

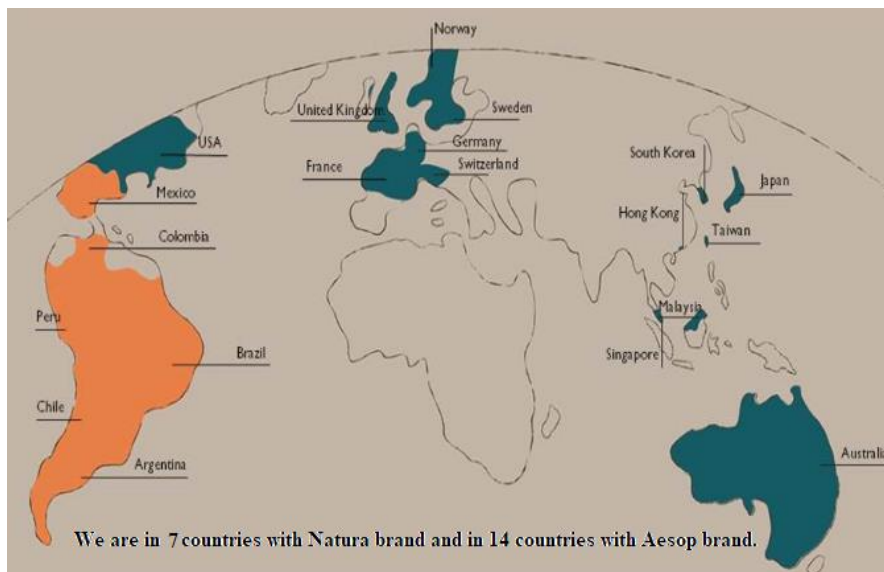


Figure 4. Natura presence around the world. Adapted from “The Company Natura” by Natura, 2015. Retrieved from <http://natu.infoinvest.com.br/static/enu/a-empresa.asp?idioma=enu>

Natura’s leader structure is basically divided in three parts: the board of directors, the statutory directors, and the executive committee. Since 2013, all the committees are formed exclusively by board members and they can be appointed or removed at any time by the Board of Directors. There are four committees established: (a) audit, risk management and finance committee; (b) organization and people committee; (c) strategy committee, and (d) corporate governance committee. Usually there is a chairman, members, secretary and consultants in each one. According to the company’s annual report, each committee performs tasks as follows.

Audit, Risk Management and Finance Committee. It is responsible of ensuring internal and external audit processes, mechanisms and controls related to risk management and compliance of financial policies with strategic procedures and risk profile of the business. Each internal audit department of each country reports to the Audit, Risk Management and Finance Committee. Currently they program 10 meetings a year. Table 5 shows the current attendants and their occupation.

Table 5

Audit, Risk Management and Finance Committee Attendants

Attendant	Occupation
Gilberto Mifano	Chairman
Marcos de Barros Lisboa	Member
Lavínia Moraes de Almeida Nogueira Junqueira	Consultant
Jorge Roberto Manoel	Consultant
Moacir Salzstein	Secretary

Organization and People Committee. Is responsible for supporting the Board of Directors in the making of decisions related to business strategies, policies and rules of Human Resources. The committee's responsibilities include overseeing the organizational development, planning and personnel development, as well as the remuneration and benefits of executive officers. Additionally, it supports the monitoring of issues related to the Management System area. Table 6 shows the current attendants and their occupation.

Table 6

Organization and People Committee Attendants

Attendant	Occupation
Fábio Colletti Barbosa	Chairman
Marcos de Barros Lisboa	Member
Moacir Salzstein	Secretary

Strategy Committee. Contributes to the monitoring and guiding of the Company's corporate strategy, submitting strategic guidelines approved by the Board of Directors. Additionally, it contributes with the construction of the international expansion plan. The Committee is also responsible for transmitting the concepts, values and beliefs of the company and supports its perpetuity. Table 7 shows the current attendants and their occupation.

Table 7

Strategy Committee Attendants

Attendant	Occupation
Roberto de Oliveira Marques	Chairman
Carla Schmitzberger	Member
Sílvia Freire Dente da Silva Dias Lagnado	Member
Moacir Salzstein	Secretary

Corporate Governance Committee. Responsible for monitoring the operations of the Company's corporate governance system, as well as the evolution of the best practices of corporate governance around the world and proposing adjustments and enhancements in Natura's corporate governance system if necessary. Table 8 shows the current attendants and their occupation.

Table 8
Corporate Governance Committee Attendants

Attendant	Occupation
Guilherme Peirão Leal	Chairman
Antonio Luiz da Cunha Seabra	Member
Pedro Luiz Barreiros Passos	Member
Moacir Salzstein	Secretary

Taking in consideration all the committees, figure 5 represents the general organization chart of Natura. Apart from it, each country has its own organization chart that even though most of them has the same structure, some could vary in terms of number of positions. Consultants, which are the company's salesforce, are not considered as Natura's members.

Specifically regarding Natura Peru, the organization chart is defined as it is shown in Figure 5. As it can be seen, the general structure of the global company is maintained or somehow replicated. The 'Executive Committee' involves Marketing, Sales, Supply, Production, Administration, Finance and Human Resources division. The CEO's reports to the Statutory Directors and to the Board of Directors of the headquarters in Brazil. The consultants, the company's salesforce, are recruited mostly by the Relationship Managers, who are responsible of monitor their performance and provide any support that the consultants could need.

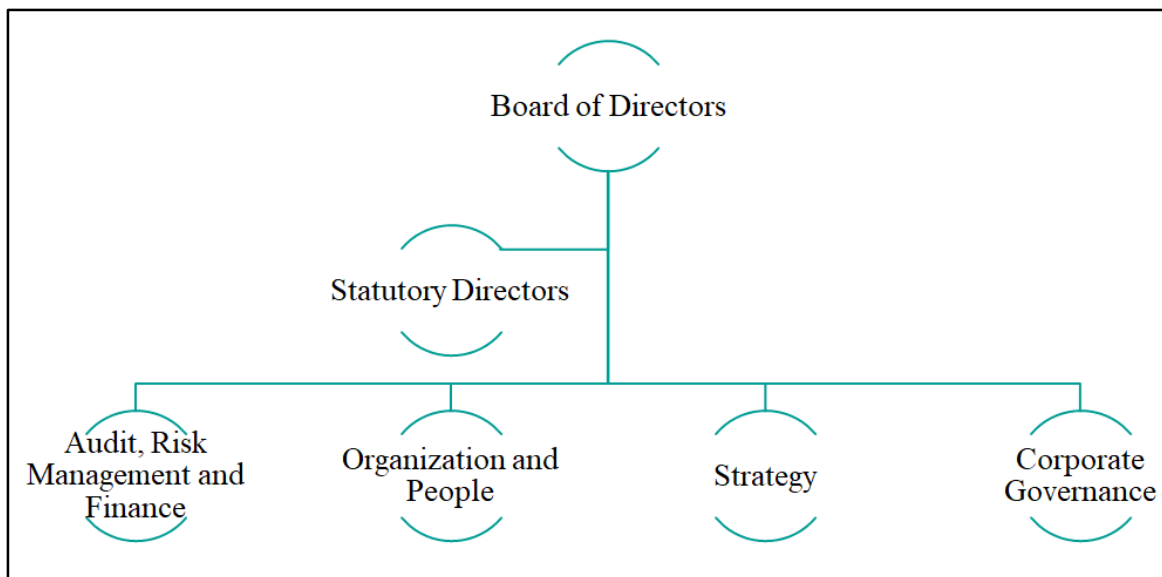


Figure 5. Natura general organizational chart.

Although consultants are Natura's only salesforce, they are not considered as company's employees; they don't get paid by the company but earn a markup of their sales. For the consulting project purpose, this study will focus specially in the Operation and Logistics division, as it manages the Regional Service Area of the company. The Regional Service Area manages the contact center for all Latin-America countries, which are Chile, Argentina, Mexico, Colombia, and Peru. Originally, each country used to manage their own customer contact center; however, due to the lower management cost, one by one migrated to Peru. There are only four people working in the Regional Service Area of Natura: (a) one regional coordinator (Elizabeth Silva), (b) one training and quality assistant (Claudia Aguirre), (c) one operating indicators assistant (Claudia Bretonche), and (d) one assistant for process audit (Karina Huamán). The following Table 9 describes the roles and responsibilities of each employee. Apart from their roles, each one of the employee is in charge of one country that are attended in the contact center. Each person is assigned one country in order to do the follow up of the trainings and monitoring their performance. Figure 6 shows the organizational chart of the Service Area.

Table 9
Roles and Responsibilities of Regional Service Division

Position	Employee	Role	Country in Charge
Regional Coordinator	Elizabeth Silva	Ensure the compliance of the contract with the third parties and the fulfilment of the regional projects in the area	Colombia
Training and Quality	Claudia Aguirre	Transfer the guidelines from headquarters and service quality monitoring	Peru
Operation Indicators	Claudia Bretoneche	Reaching the KPI targets of customer service performance	Mexico
Process and Audit	Karina Huamán	Control and audit each process of the customer service	Argentina and Chile

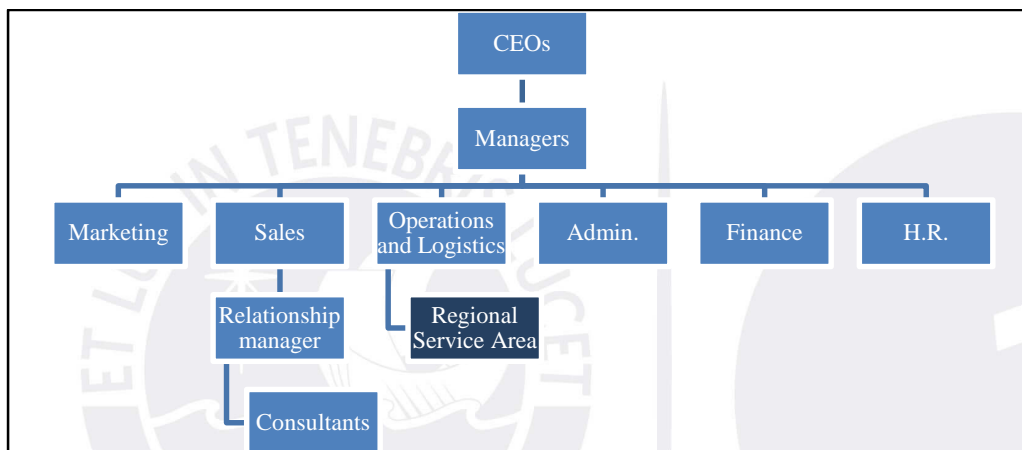


Figure 6. Natura Peru organizational chart.

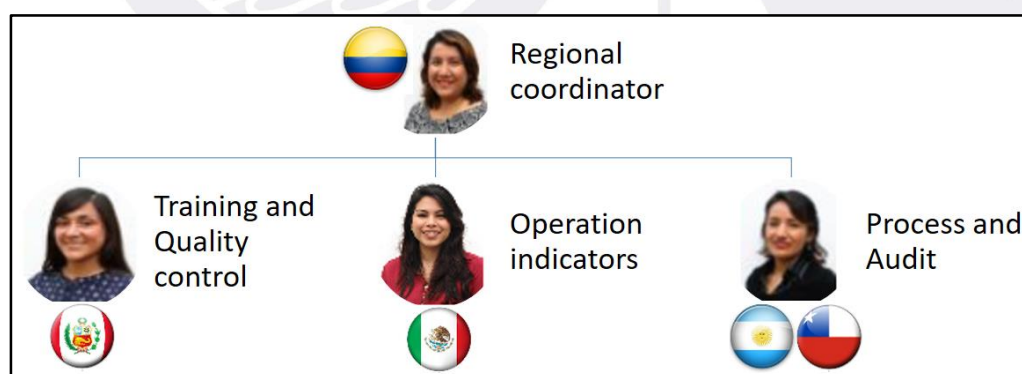


Figure 7. Regional service division's organization chart.

1.4.2 Marketing and sales analysis.

Natura targets mostly women from 20 to 50 years' old who values the personal care and beauty. However, they also sell products for men and for kids— such as perfumes and

colognes. The company had put special effort in managing their consultants as they are their only sales force. Since the last year (2016), they built new a value proposition for their consultants, including valuing their development, and segmenting them in various profiles. The average age of the consultants around the world is 41, and in case of Peru is 45. One key strategy of the company is the Relationship Sales, which tries to stablish a very close relationship between the company, the consultants, and the final customers. Natura emphasizes their use of natural ingredients in their products; they promote the benefits of using toxic-free ingredients for human health, environment and that they are against animal-testing. Their operations are guided by the motto '*well being well*', which represents the harmonious relationship of the individual with themselves, with others and with the whole.

Regarding sales, Natura Peru doesn't manage any physical stores or distributors; it only sells its products through their consultants, who are their salesforce. The consultants deliver the products directly to the final customers. The product is mostly advertised by word of mouth starting from the consultants who offers the product mainly to the close people they know. For 2017, Natura S.A globally had defined six strategies in order to improve its sales (Natura Annual Report, 2016): (a) revitalizing direct sales, which aims to strengthen even more the relationship between the company and the consultants; (b) repositioning the Natura brand, aiming to increase the awareness of the company as an expert in beauty; (c) strategic review of brand architecture, integrated the marketing, sustainability and innovation areas under the same executive department in order to keep innovating in the market; (d) multi-channel shopping experience, enhancing the consumer's shopping experience by complementing the Relationship sales with the digital channels and retail; (e) strengthen their position in Latin-America, adapting the evolutions developed in Brazil to their other operations; and (f) expanding in developed and developing markets, as the company plans to take its value proposition to mature markets in Europe, Asia and North America.

Regarding specifically to the process, all purchases are done on demand. End customers asks for a product and the consultant places a purchase order through the call center, web page or through their Relationship Manager. The Relationship manager is a consultant who has the additional task of recruiting more consultants. For the sales planning, there is a whole division that forecast the sales amount monthly. They consider historical sales data, market growth, seasonality, and other market insights in order to establish sales goals and define strategies to reach them. The seasonality is supported with the different sales campaigns that Natura executes. The main campaigns are the Mother's Day and Christmas, when the sales peaks. For example, as shown in the 2016 annual report, despite the economic scenario marked by lower household income and consumers seeking lower-price alternatives, Natura posted revenue growth in the fourth quarter due to their Christmas campaign. In 2016, the consolidated net revenue was USD \$2.4 billion and ended the year in line with their estimates reaching CAPEX of USD \$92 million.

Natura uses price skimming strategies, positioning themselves as a premium product competing in the high-end market. The price skimming strategy consist of launching a new premium product with the highest initial price that customers could pay. After reaching the first group of customer segment, the company lowers the price in order to reach a more-sensitive segment. The price of the product could be lowered by applying a promotion of price discount or simply lowering it as a new, more premium product is launched in the market by the company. Apart from this main pricing strategy, Natura could also apply price discounts for a month to products with low run rate.

Analyzing costs and benefits, Natura reduces sales expenses by using their consultants as their only salesforce. The company avoids managing its own stores and their investments in marketing are insignificant in comparison with other existing brands. Consultants work only with the product catalog to offer the products; they usually visit their potential customers

for offering and delivering the product. Although the company saves administrative and marketing expenses, as consultants don't receive a salary but a markup of their sales, they could be expending more money in the goods transition, as they execute several deliveries to each consultant. The delivery process could be optimized if all the packages of products would be delivered to only one point and the consultants pick up their requests from there. Basically, instead of doing several deliveries to different points, the company could do only one or two per week to a single destination. That way Natura could reduce their operational costs.

1.4.3 Operations management analysis.

As the core business of Natura is the sales of their beauty and personal care products, it would be worthy to analyze in detail the whole sales process. It all starts with the recruitment of Natura consultants; anyone could apply to become a Natura Consultant through the company web page. Another way is to contact a Relationship Manager but the self-application had always been the most common. The Natura consultants are mostly women with an average age of 45 years old in the case of Peru. The consultants receive a quick training regarding product offering and sales in general. They also receive a product catalog and are registered as a consultant in the company's webpage and consultant platform. Consultants can place orders through the company platform using their login ID and password. There are three different ways to place a purchase order: (a) through calling to a Relationship Manager, (b) through the company's webpage, and (c) placing a call or sending a message through the call center. Even though the company had already developed a cellphone application, most consultants prefer to place orders through the call center, which increases considerable the call traffic. This is an issue as the ideal purpose of the call center is to service consultants and end users' inquiries and complains. Consultants can place a purchase order and expect the products to arrive in two or three days. The payment of the

products could be completed up to 20 days after the order placement, after that, interest is incurred. Requested products are delivered to each consultant as previously mentioned.

Regarding the production process, the operation process considers the separation of raw material, mixture of materials and the bottling and wrapping process. The process is mostly automatic, and it takes enough time to attend the orders. Some manufacturing processes are outsourced. The verification, packaging and labeling process is automatized. The year's production capacity ranges from 209 to 370 million of items, which is enough to meet their customer's requirements. Furthermore, Natura has five of its own industrial units in Brazil, nine distribution centers in Brazil and four research and innovation centers. Currently, they are operating in eight countries (United States, Mexico, Colombia, Peru, Chile, Argentina, Brazil and France); their products are sold in 18 countries. Regarding their workforce, Natura has more than 7000 employees globally, 1.37 million of consultants in Brazil, more than 5000 providers, and 30 communities for socio-biodiversity relations. As it can be deduced, the company relies most in their consultants, their salesforce.

Narrowing down the analysis to the area that this project is focused on, the Regional Service Area and the outsourced Call Center managed by Atento company is reached. The operation management of both areas is described as follows. First, the Service division of Natura Peru provides a regional service because it manages the customer contact center (Call Center) for all the countries of Latin-America, which are Mexico, Chile, Argentina, Colombia, Brazil and Peru. They are responsible for maintaining an outstanding performance of the call center as it is stated in their contract that is renewed every year. Currently, the call center's performance is mainly measured by seven KPIs: (a) Service Level, (b) Abandonment Level, (c) PISC (Customer Satisfaction Instantaneous Survey), (d) FCR (First Contact Resolution), (e) Contact Rate, (f) IAPA (Adherence of Contact Policy Index), and (g) TMO (Average Operating Time). Table 10 explains how each one is calculated and the actual target

that Atento must reach.

Table 10
Currently Managed Call Center's Key Performance Indicators

Indicator	Definition	Target
Service Level	Calls attended withing 20 sec or chats attended withing 60 sec rate	80%
Abandonment Level	Calls not attended rate	5%
PISC	Level of satisfaction at the end of the call (measured by a survey)	92%
FCR	Effectiely solved complains calls rate	90%
Contact Rate	Rate between the number of calls attended and purchase order placed	0.52%
IAPA	A prorated score: 20% PISC + 30% FCR + 30% Abandonment level + 20% Sevice level	82%
TMO	Time spended at call	294 sec

Second, the Call Center managed by Atento is divided by each country. All the calls and messages that the consultants and customers place goes directly to the Regional Contact Center. Atento's staff are responsible for placing a product purchase order to the system, registering a complaint, or providing the information as requested by the customer; these are the main inquiries for contacting Natura. The staff of the Call Center are initially trained by the Quality Managers of Atento, who in turn are trained by Natura's trainers. Regarding the staff management of the Call Center, Atento is in charge of recruiting and the programming of the trainings in order to reach the desired performance and meet the requirements of Natura. Atento has total freedom for managing their Call Center staff; they can move their personnel from one country division to another in order to meet the requirements if necessary.

1.4.4 Finance and accounting analysis.

According to Lemos (2012), Natura in 2011 reached USD \$3 million of net income in

Latin-America and France. Although it is a Brazilian company, exports to Argentina, Chile, Peru, Mexico, and Colombia comprise an important part in their income. Especially as they reached a sales growth of 40%, a much higher number compared to Brazil at only 6.8%.

Lemos also stated that the “cosmetic products market had quintupled since the 20th century” (p. 20). The last two years’ (2015, 2016) Balance Sheet and Income Statement of Natura are shown in Appendix A and Appendix B respectively. The information had been retrieved from the company’s last annual report.

Natura usually allocates its profit for research. For example, according to Lemos (2012) in 2005 the company invested US\$ 1.3 million, and the invested amount increased 33% until 2010. As Lemos stated, “investing in research is extremely important in order to ensure the basis for business development in the long term” (p. 24). Apart from investment in research, Natura also supports the development of the communities in which their raw material is sourced. After ensuring the business of their product lines (Ekos and Kayak), the growth of that amount reached 44%. In 2011, there were 32 communities that provided the raw materials for the company’s product development.

As stated in the 2016 annual report of Natura, on February 10 of 2017, the company paid USD \$18.6 million of interest on equity, for the period from January 1 to November 30 of 2016 corresponding to USD \$0.04 per share. This amount represented USD \$15.8 million in interest on equity, net of withholding of income tax at source, which corresponds to USD \$0.04 per share. In the same month, the board of directors approved the proposal to be submitted to the annual and extraordinary shareholders meeting held on April 11, 2017 for the payment of dividends for fiscal year 2016 and interest on equity for December 2016 in the amounts of USD \$15.5 million and USD \$1.45 million net of income tax at source, respectively (p. 104). The aggregate amount for dividends and interest on equity represented a net payout of approximately 40% of net income of 2016.

1.4.5 Human resources analysis.

Consultants are Natura's biggest human resource as the sales depends mostly on them; and the company knows that their well-management would definitely improve the business performance. Once hired, Natura offers constant trainings to their consultants at the beginning of each cycle and every product launch. This is a necessary process in order to let them know about the product they are selling, give them insights about the sales process and building relationships. Although important, the company always had problems regarding the attendance rate of their consultants, mostly because they are usually middle-aged women who has family responsibilities and clearly a lecture would not be one of their top priorities. In order to overcome this lack of attendance issue, Natura is trying to develop their online management providing online trainings for their consultants. The desire of the company to become more 'virtual' can not only be perceived in their consultant's management but also in the service division. One of the current projects of Natura is strengthening their online system and automate their contact center.

Narrowing down to strictly Natura, the company presents a strong human resources management as they train constantly not only their salesforce but all employees and stablish very attractive incentives for them to encourage work. Babilonia (2012) stated "Human resources division performance is outstanding, as their work-life balance strategies reduce absenteeism, increase employee retention, and also allow companies to save by increasing production and omitting recruitment and training processes" (p. 92). In Peru, one evidence of this is the steady and low employee rotation rate that Natura manages. Also, the subsidiary had reached the third place in the Best Place to Work ranking in 2016, due to the friendly environment that they have in their workplace. Among the benefits that the Human Resources division provides to the employees, the most important are the following: (a) one day off at work for birthdays, (b) flexible working hours, (c) food voucher for 300 PEN for every

employee, and (d) team integration days.

Due to the constant HR division effort, all Natura staff had well adopted their mentality valuing much human relations and sustainability. All employees have that identity obtained from the company. In fact, in 2016 Peru ranked 1st in company loyalty as a subsidiary. Another positive aspect related to HR is the definition of roles and responsibilities for the entire company. All responsibilities of the company are well delimited among their workforce, so there never comes up a problem regarding roles in Natura Peru.

1.4.6 Information and technology analysis.

Regarding IT in the business, as there is no physical store, or at least one that is managed by the company itself; it could be said that its business is an e-commerce. In fact, as the sales process is explained before, the purchase order placement is done online through the company's webpage. Consultants show the products on a catalog and the purchasing process is done online. Moreover, in an increasingly technological society, the company plans to change some of their manual processes to digital ones. Natura had also developed a mobile app that allowed consumers to access product information and register in the event they would like to become sellers.

There are two systems that Natura currently uses to manage their operations: SAP and GERA. SAP is used for sales purpose, including the registration of a product purchase order, delivery order, and billing process. The second system, GERA is a Brazilian information system that is oriented to manage the company's workforce. Through GERA, Natura registers their consultants, keeps tracks of the issues of the contact center, and so on. Basically, the system manages everything that is handled by the customer service area. However, usage of these third-party systems leads to a considerable weakness for the business management of the company; the rigid nature of these systems makes it difficult to implement process changes. First, changing a company's processes requires approval from the top management

of the company. Then, the change request has to be updated and changed in the system. These two steps prolong the process as changes can sometimes take up to a year.

1.4.7 Technology and I&D analysis.

Regarding technology, it is very important in the production process of the beauty and personal care products as it defines its differentiation among competitors. Natura had renewed the machinery of their factories in order to produce their products without harming the environment. Broglio, et al. (2010) stated “In the year 2000, a new technology was implemented in Cajamar plant of Sao Paulo. This eliminated the methane gas emissions during the effluent treatment. Likewise, in 2006, solar panel were installed in order to use the generated electricity to illuminate the factory” (p. 27).

1.4.8 Internal strengths and weaknesses.

Given the AMOFHIT analysis of Natura, some initial conclusions can be made about their internal strength and weaknesses. Regarding their strengths, the most important one would be the company’s culture that is well engraved in all their employees. As Natura’s staff stated, they all are well identified with the company’s culture regarding the focus on human relations and the casual environment. That would be one reason why the company are well positioned in the Best Place to Work ranking. Natura also has an outstanding business performance as a company. This positive outcome shown in the finance part of the internal analysis of the company, reflects the constant dedication that top management has with their subordinates. It can be concluded that their strategy, focusing on human relations is paying off or is providing positive outcomes for the company. Because of that reason, Natura is expanding its operations to other countries by using the same strategy until now. According to the annual report, a new turn in management was to be implemented for Natura in 2017; it is likely that they will continue to expand their business in other countries with a new strategy. Another strength of the company related to their profitability is the business model

that they manage. Cost savings in the workforce and managing physical stores clearly cuts their sales administrative expenses and simplifies some parts of the management—although it also makes the distribution process more difficult unless it is outsourced. Finally, Natura works with two very powerful systems to manage their database, which improves their daily operations in regard to sales and customer service.

Table 11
Natura Company's Internal Factor Evaluation Matrix

Strengths	Weight	Rating	Score
1. Strong culture well adopted by employees	0.15	5	0.75
2. Strong relationship with their clients	0.10	4	0.4
3. Cost-saving business model	0.10	3	0.3
4. Eco-friendly product line	0.05	4	0.2
5. Effective operations and logistics	0.10	2	0.2
Weaknesses			
1. Organization chart: matrix system	0.05	2	0.1
2. Too rigid information system	0.10	1	0.1
3. Slow implementation for new processes	0.15	1	0.15
4. Poor relationship with their workforce	0.05	1	0.05
5. Poor management for call center staff	0.15	1	0.15
Total	1		2.4

On the other hand, Natura also presents some opportunities for improvement. To start with, the general organizational chart brings some difficulties when it comes to workload of the employees. As the company is managed using a matrix system, most of the employees report to more than one manager, each with its own preferences and expectations. For example, the sales manager of Natura Peru needs to report to both the CEO of the subsidiary and the regional sales manager of headquarters, doubling his workload. Another weakness of the company is related to their information system. As stated before, Natura manages two powerful systems for their business that although they provide support, they are too rigid when it comes to implement any change. If there is any change in business management that involves the system, it could take one year to be implemented. This weakness could be

considered as an opportunity to improve. Natura's strengths and weaknesses could be summarized in an Internal Factor Evaluation Matrix (IFEM) as shown in Table 11. As shown in the IFEM analysis, the total score is 2.4, which on a 1 to 5 scale that is used is less than the average (2.5). That indicates that there is definitely room for improvement of operations, procedures, strategies and/or policies.

1.5 Conclusion

Natura is an international company born and raised in Brazil that shows passion for cosmetics and personal relationships. Currently they are operating in seven Latin American countries and France. They have a strong grasp of the Brazilian market, where they are leaders in cosmetic, fragrance, toiletry and direct sales industry. Environmentally, Natura had also gained admiration from their customers as the company follow rigorous international safety standards, their products are not tested in animals and do not harm the environment. The company philosophy is well engraved in their employees, which leads to high levels of company loyalty. Company offers high end premium products and currently they are facing strong competitive rivalry in this segment. Their main difficulties apart from their competitors are the low negotiation power with their buyers and suppliers. The direct sales model of Natura promotes strong connection between buyer and seller which is a distinctive of the company.

Considering specifically the Peruvian market, there are some considerations that Natura must keep in mind in order to increase their chances to become as successful as they are in Brazil. First of all, regarding sales, the company must consider the Peruvian consumer's profile. Unlike other Latin-American consumer, Peruvians are mostly driven by low prices while making a sales choice. According to a research done by 'BBVA Continental' bank of Peru, seven out of ten people are always seeking for price discount promotions while buying products. This could be an issue considering that the marketing

strategy of Natura, in general terms, is positioning themselves as a premium brand; therefore, they set prices that are higher than the average sales price of the market. One positive observation made in the same research of the Peruvian bank, is that the average consumer in Peru looks for proximity and convenience; which explains why the grocery stores located in the neighborhood maintains their share unlike the supermarkets. Considering this, Natura is taking advantage with the customized sales done by their consultants. Unlike most of their competitors, Natura reaches their customers through their salesforce.

Second of all, regarding the service division, which in general terms involves the regional call center, basically there are two main considerations to keep in mind. One is the average age of the consultants in Peru: 45 years old woman, mostly housewives. And the second one is the internet coverage of Peru. According to 'El Comercio' newspaper, the internet coverage in Lima is 50.6% and only 2.6% in the rural areas. If Natura is planning to develop their online strategy, or migrating the contact center to online, the internet coverage must be an important consideration for their business. Moreover, if the consultants are mostly middle-aged housewives, handling their tasks (such as order placing) through the internet could be very challenging.

Chapter II: Key Problem

2.1. Identified Problems

The Regional Customer Service area is part of the Operations & Logistics division of Natura S.A., this area is in charge of monitoring the services provided by the supplier of the contact center called Atento. The processes to control the performance of the contact center involve the continuous revision of the results of the indicator that define the service level agreement. The goal of this KPI's are defined under contract in which Atento must meet the trade agreements, otherwise there will be some penalties. In addition, the contract also considers the definition of organizational structure, policies for training, forecast of the budget, list of available reports, incident management system, etc.

On the other side, the Regional Service area also is responsible to develop initiatives for the standardization and improvement of processes along the different teams of the contact center. Currently the teams of the contact center are classified according the countries they attend five countries that include Peru, Chile, Argentina, Colombia, and Mexico. Likewise, Atento is the supplier that allowed to centralize the regional operations of the contact center of Natura because at the beginning each country use to have its own contact center, therefore nowadays it is centralized in Peru mainly due to the low operating cost involved, and the additional benefits such as to find operational synergies, the advantages of economy of scales and even increment of the level of negotiation power.

After some interviews with the coordinator Elizabeth Silva, it was identified several problems inside the management of the outsourced call center such as deterioration of the quality service level, increment of average time per call, discrepancies in the planning of the capacity, increment of tardiness and absences and even there are a continuous increment of number of calls in which there are not initiatives to control its growth. Additionally, there were also problems associated to the definition of KPI's in which Natura is supervising

mainly operational indicators while they want to look for indicator that can measure the quality and the added value of the calls. Consequently, in order to define the boundaries of this thesis, it will be focused to solve the problems associated with the efficiency and quality of calls in which the Regional Customer Service area has enough autonomy to change processes and implement the solutions developed by this project. The following shows the main problems identified along the management of the outsourced contact center:

2.1.1 Uncontrolled growth of calls.

The regional countries of Latin America (Peru, Colombia, Argentina, Chile, and Mexico) has been demanding around 2.5 million of inbound call annually among orders, queries, complains and update of information. This demand has been increasing through the last years mainly driven by the growth of the business and the increment of internal campaigns, however there are a concern to reduce this calls because most of them are made to place orders. Nowadays, Natura has already implemented alternative channels for placing orders such as the web page or mobile app, so apparently there is a low impulse for the digitalization. Besides, after reviewing the data of the calls, it was identified that another causes are because clients want to know the status of the orders, information of its receipt, information of its manager or even to reset its password.

The problem is that currently the Regional service is not taking a proactive role for the management of this increment of calls, they just are looking for the global traffic of calls in order to define the budget for the next periods. When there is a substantial increment of calls, they just alert to the customer service are of each country but they do not develop any initiative to control or reduce this growing. The consequences of problem are that in long term the contact center will be more expensive, and also the management and control of the supplier's performance will become more complex. There is data provided by the company that supports this idea and it will be discussed further in the document.

2.1.2 Poor performance of the staff management.

Due the contact center of Natura is outsourced by Atento, the supplier has the autonomy to define the methods for the management of the agents, supervisors, and managers contracted by them. Besides, the forecasting of the demand and the capacity is developed by Atento in which Natura provide the input of future campaigns and its impact with the number of calls while Atento develop the forecast and then validate with Natura. The problem in this process is related to the accuracy that is high, there are differences in the quantity of employees planned and the real that is affecting the service level of the call center.

In addition to this problem, Atento has started to switch employees among countries which is not allowed by Natura because the agents are trained to attend just one country, consequently if they attend other country they will spend more time in the call and it will have poor quality. On the other side, other problems related to the staff management is that the current employee's turnover is higher than the agreed by the contract and also there is an increment in tardiness and absences that could causing deterioration in the quality of the service provided by the contact center.

2.1.3 Limited definition of indicators.

The current method for controlling the KPI's of the supplier is mainly focused in measuring operational rates such as the average time (TMO), service level, level of abandonment, first call resolution and contact rate, while they manage just one indicator of quality which is customer satisfaction. These indicators are reported monthly where the supplier almost always is overcoming the goal defined but despite these results, increasingly there are more complains or requirement of audits by internal users who claims bad service. After to analyze some cases it was identified that there are several problems related to the staff management of Atento such as the increment of absences and tardiness, shifting of employees between teams (not allowed), and inconsistency in the real and planned capacity.

On the other side, Natura is not able to follow up this cases because the current structure of its quality management process does not allow them to alert or prevent this causes of poor service. In addition, another important metric that is not well controlled is the cost of calls in which Natura should define its strategy to find a balance between quality and cost efficiency. In conclusion, the current KPI's does not provide the enough visibility of the performance of the supplier in their different dimension of quality, staff management, and costs; therefore, there is a need of redefinition of the indicators in order to improve the control of the supplier. Besides, as a suggestion, the new process of Natura to follow up with the supplier performance must have the flexibility to adapt to any other supplier of contact center because the contract managed is signed each three years, then the supplier could be changed.

2.1.4 Increment of reactive audits (internal complains).

One responsibility of the Regional Service is is to receive complains made by the Relationship Manager, then this complains are audited by the quality responsible of Atento and the results are reviewed by the quality analyst of Natura. The problem of this audits is its increment, nowadays the analyst is receiving 90 mails per month in which most of them are due poor quality service in the call. It is known that after to receive the complaint, it is necessary to listen the calls, try to figure out the causes of the complaint, and then take corrective action.

According some interviews with the agents of the contact center, they said that this method to punish them is unfair because the reactive audits consider some especial cases and not all the operator are evaluated. Effectively, the sampling taken in consideration is not representative, and also the method for punishment could been causing dissatisfaction inside the work atmosphere of the contact center. Consequently, there is necessary to develop an assessment of the current method and improve a better method for the reactive audits.

2.1.5 Lack of adding value to the calls.

The contact center provides similar services for the five regional countries, for that reason also the scripts along the teams are quite similar and is mandatory to flow that procedure defined. The problem identified in relation to the scripts is that these are developed just to solve the requirement of the client in the most common method, there is not opportunity to give proactive advises to the clients that help them for future inquires. Additionally, despite the differences related to the profile of the consultants among countries, it was found that there is not personalized treatment among them. Therefore, knowing that the main focus of Natura is to strength the relationship with their consultants through high quality service, the service provided by the contact center is not aligned to the main pillar of the company. In this sense, this lack of adding value of the call is affecting in the customer satisfaction level.

2.2. Key Problem

2.2.1 Definition.

The main problem that Natura is facing is the inefficient management of the outsourced call center that is deteriorating the quality of service. This is a common problem for companies who decide to outsource part of their operations because most of them prefer outsource due the advantages in reduction of costs but the disadvantage is that it could deteriorate the quality of the service. Besides, due the methods for staff management, planning and control are defined by the supplier, then Natura has limited autonomy to change processes or to implement initiatives for improvement. Currently, there are issues that shows the poor management of the supplier such as the increment of complaints related to the service, increment of absences and tardiness, high employee's turnover, and even it was found that Atento is shifting agents among teams which is not allowed by Natura. In addition, the process for monitoring the contact center is not reflecting the real performance of the

supplier because the KPI's are mainly focused in measuring operational rates more than quality, cost or the performance of the staff management. Therefore, despite several problems have its root causes located inside the operations of the supplier, this project will focused in optimize the method for controlling and improving the performance of the outsourced contact center.

2.2.2 Existence.

The existence of the problem stems from the lack of a quality control management system that do not allow to insist on the accomplishment of the alignments as established by Natura. The supplier is focused on meeting operational KPI's to reach the basic standards required for the payment. Natura is reviewing these results but is also receiving constant incidents reported by clients claiming bad service. Therefore, the existence of this problem starts in the inefficient control of the supplier made by the Regional Customer Service. They still are not able to take preventive actions because they do not have the enough tools to demonstrate this problem. Currently, the Regional Customer Service could only report individual incidents that are solved case-by-case with no transcendence.

2.2.3 Location.

The main problem is located inside the operations of Atento because most of the issues are related with the staff management, discrepancies in the capacity planned and the poor system for auditing, all of these tasks are performed by the employees of Atento. However, the client of the project is Natura in which the Regional Service area has the responsibility to control de results of the KPI's of the contact center in order to assure the accomplishment of the trade agreements with the supplier. This problem encompasses the customer service area of each one of the five regional countries (Peru, Argentina, Colombia, Chile and Mexico) that also does not have the visibility of these decrement in the quality of the service provided by the contact center

2.2.4 Ownership.

Given the description of the problem, the owner of the processes related to the control and management of the supplier is the Regional Customer Service area. This area is in charge to standardize the processes for the customer service among the different regional countries and the responsible ones to assure excellent results of the supplier performance. Likewise, it is knowing that this area is the responsible of the centralization of the call center; therefore, they have enough autonomy to develop strategic planning for the future of this channel. One of its responsibilities is associated with the election of the supplier, which means that if they noticed continuous low performance, they will be able to change the supplier every three years as per the current contract. However, they will first have to demonstrate the causes of this change through the results of its quality management process. The owner of the operational process of the customer service is the supplier Atento, who is in charge of the daily execution and supervision of the contact center.

2.2.5 Magnitude.

The principal stakeholder who is affected for this problem are the consultants because they use the call center as way to register its orders, solve queries, or to complain. However, this problem also affects to account managers, trainers and some final clients from the five regional countries Peru, Chile, Argentina, Colombia, and Mexico. The importance of the problem is regular as the contact rate is 30%, meaning that the third part of the total orders are registered in the web using this channel: contact center. In financial terms, annually there are more than 2.5 million of calls made by the five countries, it represents around 6.3 million of soles for the payment to the supplier Atento. Another way to measure the magnitude of the problem is through the follow up of the number of escalated complains which is around 90 complains monthly. Therefore, if the problem is appropriately resolved then there will be benefits of saving, improvement of quality customer service, and the optimization of the time

used by the control and management of the supplier.

2.2.6 Time perspective.

The improvement in the quality management process has been ongoing since 2012, when the regional customer service department became responsible for the control of the performance of the supplier. The centralization of the call center was established during the development of the control methods by the regional customer service department. The department has been prioritizing the migration of services, mapping the processes and following up of the basic indicators of the call center. The need for the improvement of the quality control process has been needed continuously, especially during the last few years due to increased call traffic and the management of a bigger work force.

2.3 Conclusion

The key problem identified is the inefficient management of the outsourced contact center that is causing deterioration in the quality service level. Despite the problem is located inside the operations of Atento, the Regional Customer Service of Natura is responsible to monitor their performance for the five countries (Peru, Chile, Colombia, Argentina and Mexico). In this sense, there is a need to improve the current process of monitoring the contact center in which currently there is a lack of tools to analyze properly data bases and the results provided by Atento. On the other side, this problem is effecting mainly to the consultants who call for placing orders, inquires or complains. As it is know 30% of the total orders are registered through the contact center, so there is also an issue also to work in the impulse of digital channels through teaching consultants while they call. Consequently, as annually the contact center is receiving a demand of 2.5 million of calls for the 5 countries (1.8 million for Peru, Colombia, Argentina and Chile), the lack of management of the number of call traffic could be generating more expenses for the company due to the lack of impulse of alternative channel such the web page or mobile app. On the other side, the challenges to

face the problem is related to the interest of Atento and Natura because while the supplier is focused to reach operational efficiency, on the other side Natura is concerned to increase the quality in the customer service level. Therefore, there will be necessary to find the optimal method to manage and control the contact center taking in consideration to find a balance between quality and efficiency in the processes.



Chapter III: Literature Review

3.1 Literature Mapping

The consulting project for Natura is focused in improving the quality management system in their Service division, which mainly monitors the performance of the outsourced contact center. Therefore, it would be a must to review the previous literature in the topics related. Bonilla, Díaz, Kleeberg and Noriega (2010) stated that literature in the topic of business problems analysis and solutions is mainly based in the concept of continuous process improvement. There are several well-known methodologies that are used to find solutions to a problem or simply just to improve it in a certain way, such as the PDCA cycle and the Juran's innovation sequence. Additionally, there are countless tools that also could be applied in order to gather and analyze information from the process that company required to improve. This tools, such as the checklist and the fishbone diagram, are very useful for finding the root causes of the problem and monitoring each step of the process involved. Figure 8 shows the map of the literature reviewed.

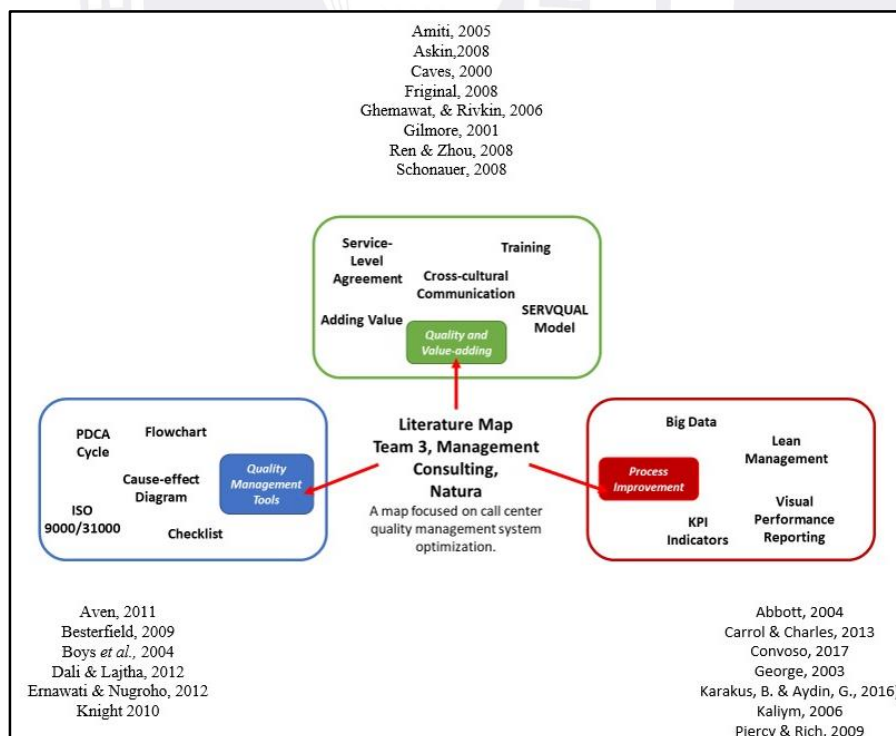


Figure 8. Literature map.

3.2 Literature Review

3.2.1 Quality management systems.

Over the years, several methodologies for process improvement had been proposed. In this section some of the most well-known methodologies will be presented. Some of them are generated from others and could be perceived as too simple but each one of them provides a single perspective for improvement. Evans and Lindsay (2008) stated that “The fact of understanding them offers new and unique perspectives on solving problems to improve processes” (p. 657).

The Deming cycle. The American Engineer William Edwards Deming is well known because of his several contributions regarding quality management. One of them is the Deming Cycle, also called Shewhart Cycle or simply PDCA, as the acronyms of ‘Plan, Do, Check, and Adjust’. According to the ISixSigma company, the Deming Cycle “is a continuous quality improvement model consisting out of a logical sequence of four repetitive steps for continuous improvement and learning: Plan, Do, Study (Check) and Act”. The PDCA is one of the most widespread methodology for process improvement. Krajewski, Ritzman, and Malhotra (2007) stated that “The most firms train their personnel in the application of the Plan – Do – Check – Act for the solution of problems” (p. 212). In detail, as stated by Gutierrez (2010), each of the letters refers to the following concept:

Plan. First it is necessary to select the right process (could be an activity or a policy) that needs to be improved. Then, it is necessary to document the process and analyze the related data. Also set qualitative goals for improvement and discuss various ways to achieve those goals. After evaluating the benefits and costs of the alternatives, the team develops a plan with quantifiable measures for improvement.

Do. The proposed plan is executed and a detailed track of the progress is monitored. The data are collected continuously to measure the improvements in the process. All the

changes in the process are documented.

Check. The collected data is analyzed by the team in relation with how close were the results obtained with the goals set in the plan step. If major shortcomings exist, the team reevaluates the plan or stops the project.

Act. If the results were the desired ones, the new process is documented and it becomes the new standard procedure for all who may use it. The team may then train new employees in the use of the new process.

Basically, it expects all managers be ready for any adversity that could harm their process and keep monitoring it in order to adjust any part of it that could come out with better results. The problem solving projects are focused on eliminating those activities that do not add any value to the business. That is the main idea of the continuous improvement. Figure 9 shows a representation of the Deming cycle.

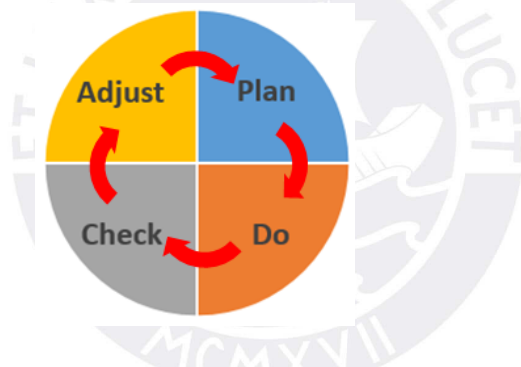


Figure 9. The PDCA or Deming cycle. Adapted from “Operation Management” (p. 212) by Krajewski, et al., 2007, New Jersey, United States: Pearson Prentice Hall.

There are several authors that had developed a more detailed cycle for continuous improvement of a business process. However, all can be reduced to the basic PDCA from Deming. For example, the model presented by Mulhaney, Sheehan, and Hughes (2004) for Merseyside case, describes a similar improvement cycle but with eight steps rather than just four. The cycle is described in Figure 10 and specifically, each steps is described as follows:

Gather data. First step is to collect all data possible of the process in order to be analyzed in the next step. Relevant information could vary depending on the type of the

process.

Analyze data. Then the collected data is analyzed in order to identify the most relevant ones and also to detect trends, patterns, and unusual activities that could help on identifying the problems.

Identify problems. Mains problems associated to the process are identified in this step. Most commonly, they are related to bad performance, excessive waiting time (queue), recidivist complains, among others.

Identify improvements. After identifying all the main problems that the analyzed process has, the team starts to find the best possible solution for each one of them.

Agree improvements. All the possible solutions or improvements must be agreed among the members of the team. This step is necessary to determine the optimal solution.

Action plan. Each agreed improvement needs an action plan in order to be implemented. This step prepares an action plan in order to execute the founded solutions.

Implement. Execution after the planning. The action plan is executed and becomes the new standard of the organization for the process analyzed.

Review. The new process is analyzed in order to compare the results obtained with the results expected. With this outcome, some adjustments could be done to the process in order to improve it even more. The idea as stated in the PDCA cycle, is to provide a feedback and look up for continuous improvement.

Both process improvement cycles deal with the improvement of a specific process within a company. However, this system takes a very wide view of the macro processes and doesn't involve too deeply in each one of them. For the current consulting purpose, which in this case is to asses a company with the solving of a specific situation. More specifically, is the improvement of their operations. For this purpose, probably the most important step is to identify the problems. It is usual that people misunderstand the problem and confuses it with

the symptoms. That is a common mistake that consultants make and ends up having more issues afterwards. For that reason, in the following section some tools that helps finding the root cause of the problem will be described.



Figure 10. Model for continual improvement. Data are from Mulhaney, Sheehan, & Hughes. Adapted from “Using ISO9000 to drive continual improvement in a SME” by A. Mulhaney, J. Sheehan, and J. Hughes, 2004, The TQM Magazine, 16(5). pp. 325-330. Copyright by Emerald Group Publishing Limited. DOI 10.1108/09544780410551250

Flowchart. In order to define a project for process improvement, first it is necessary to understand the process that generates the results that receives the internal or external clients. Evans and Lindsay (2008) stated that “The understanding of those processes helps determining the source of the problems pointing out the steps that doesn’t generate value” (p. 663). The Flowchart identifies the sequence of activities or flow of materials and information in a process. Flowcharts helps people who participates in the process to understand them much better and with greater objectivity by providing an overview of the steps necessary to perform the task.

This tool is better elaborated when all the people involved in the task participates on it. Besterfield (2009) stated that “Flowcharts helps employees to understand their work among the whole process and getting a wider view of who are their suppliers and clients. This understanding leads to a better communication within all parts involved” (p. 472). By participating in the flowchart elaboration process, the employees feel a special ownership

with the process and become abler to work for improving it. Flowcharts also are useful to point out which part of the process needs an indicator of performance, identify quality problems, or just parts where quality performance could be improved.

According to Garcia (2011), there are some consideration that must be taken in order to elaborate a good flowchart: (a) define the parameters of the process, (b) use the simplest possible symbols, (c) make sure that each step has an output, and (d) make sure that usually only one output is possible from each block, if there is more than one, there might be required a selection block. Figure 11 shows the most common block used for flowcharts.

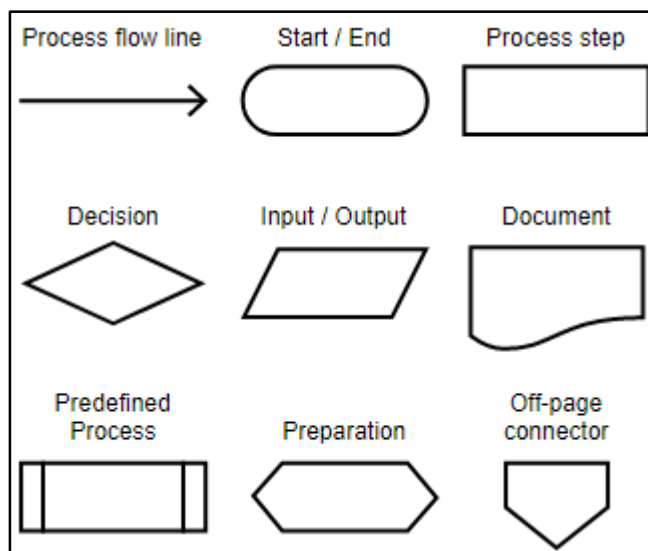


Figure 11. Common flowchart blocks. Adapted from “Flowchart design. Flowchart symbols, shapes, stencils and icons”. ConceptDraw. Retrieved from <http://www.conceptdraw.com/How-To-Guide/flowchart-design>

Checklist. This is probably the simplest tool for data collection that could be used for process improvement. The Checklist is a document, usually printed, that contains all the actions needed for a specific process. This tool is very helpful for collecting the data in an organized way in order to be ready to use them afterwards. Sojin and Meza (1997) stated that “checklists are special types of forms for collecting data in which results can be interpreted directly on the form, without the need for further processing” (p. 211).

According to García (2011), there are some considerations that must be taken in order

to elaborate a checklist and are stated as follows. First people must know what will be the use that will be given for the registered data. Second, it is important also to define what data are going to be registered. Third, define in which part of the process the data will be collected and how often the samples will be taken. Fourth, identify the required tools for the gathering. Finally, run the process, verify the utility and redesign the checklist if necessary.

Pareto Diagram. Vilfredo Pareto (1848-1923) was an Italian economist who determined that 85 percent of Milan's wealth was owned by only 15 percent of the people. Although Pareto was the first person to realize the famous 80-20% relationship, it was Joseph Juran who popularized its principle. Evans and Lindsay (2008) stated that "Pareto's distribution is the one in which the observed characteristics are ordered from the highest to the lowest frequency. And Pareto's diagram is a history of ordered data from the highest to the lowest frequency" (p. 672). The Pareto analysis separates clearly the few important elements from the unimportant ones that are the majority. Doing that, it points out the project that must be done first in order to improve.

This tool is often used in order to analyze the data from the checklist, making the most expensive problems to pop out. Additionally, Pareto's diagram also could show the results of the executed improvement programs through time. Figure 12 shows an example of the diagram that was used to analyze the most common complains in a bank call center. As it could be seen, the undetermined expense registered in a credit card bill and the blocking of the card by the ATM machine are the most common complains of the bank customers. Fixing only this two major problems, the bank would get rid of almost 70% of the customers complains. In general, Pareto's diagram can be used almost any database of any topic. Curiously, the 20-80 rate applies with relatively low 'error' margin. Just as this example of the bank, where the company has gathered data and using Pareto they realize what were the most common complains of their customers; Natura could also use this technique in order to

classify their most common complains or inquiries done to the contact center.

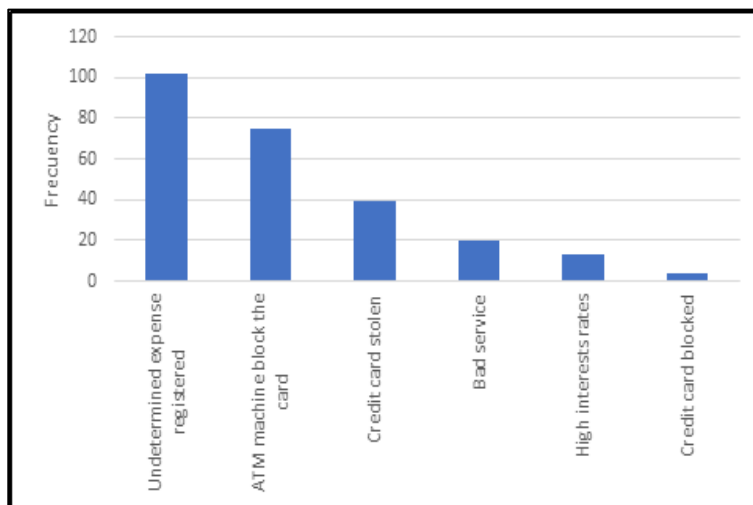


Figure 12. Bank clients complains expressed in a Pareto diagram.

The cause-effect diagram. Also called ‘Fishbone diagram’ because of shape of its structure or ‘Ishikawa’s diagram’ due to its creator, Kaoru Ishikawa is used in order to determine what are the root causes for the problems that a process is facing. The variation of the process results and other quality problems can occur for many reasons, so the objective of this tool is to identify them to be solved. Identifying the possible root causes also help employees to determine the solutions. Regarding this tool, Evans and Lindsay (2008) stated that “the Cause-Effect Diagram Is a simple graphical method to present a chain of causes and effects, as well as to classify the causes and to organize the relations between the variables” (p. 674). Regarding the use of this tool, Vilar, Gómez, and Tejero (1997) stated as following:

The result of a process can be attributed to a variety of factors, and it is possible to find the cause - effect relationship of these factors. We can determine the structure or a multiple cause-effect relationship by systematically observing it. It is difficult to solve complicated problems without taking into account this structure, which consists of a chain of causes and effects. In this sense, the method for expressing this simply and easily is a cause-effect diagram. (p. 103)

Figure 13 represents the general layout of a fishbone diagram. As it can be seen, the

problem is stated at the end of the horizontal line. Each ‘fishbone’ that points to the spine is one possible cause of the problem. The diagram identifies the most probable causes of a problem in order to analyze more data.

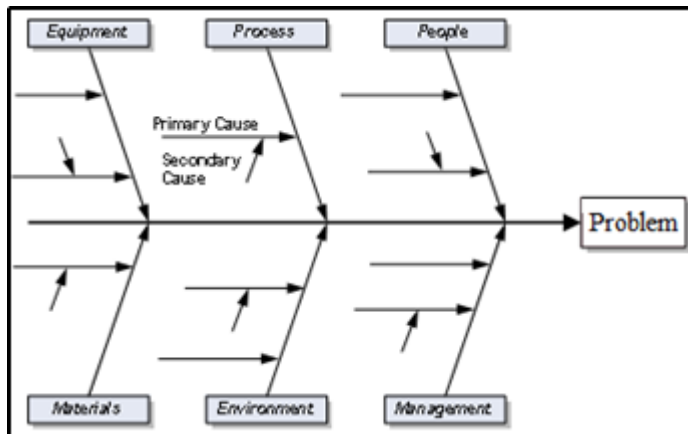


Figure 13. Fishbone diagram structure.

The fishbone diagrams are created in a brainstorming atmosphere. First the problem is defined and written at the end of the horizontal line, then the main categories of the cause are defined as the fishbones that goes to the spine. Usually the main categories are equipment, process, people, materials, environment and management. After determining the main categories, a brainstorm of ideas that affects each category is done. This part can be done as many times as necessary, because each sub-cause could be affected by other smaller causes.

3.2.2 Service quality and value.

Often, call center efficiency has been centered on the approach of reducing the quantity of total received calls (Bain *et al.*, 2002; Ren & Zhou, 2008). However, it is becoming increasingly critical for call center management to not simply focus on the quantity of calls (as measured in average call-times, time between calls, etc.), but also in the quality of each employee-customer interaction (Bain *et al.*, 2002). This involves the content of calls; the way the employee interacts with the customer as well as the value created within the period of interaction. A central challenge in the design and management of any service organization is to strike an optimal balance between the quantity and quality of calls. This is critical for a

company in defining its priorities for short-term operational efficiency versus long-term value. Analytical models may provide guidance regarding the sought-after balance (Aksin *et al.*, 2008; Garnett & Reiman, 2002).

Previously, call centers have used wait-related measures, such as average call waiting time and call waiting probability, as measures of service quality. However, these measures do not measure the actual service encounter and the customer's satisfaction from the encounter (Ren & Zhou, 2008). Relationship building with customers has become an increasingly popular approach to service management. It is perceived that loyal customers are more likely to make purchases and yield higher profit margins compared to customers in the same market with lower commitment to a company or brand (Holman *et al.*, 2007). Customer satisfaction is often regarded in its role in establishing relationship with customer retention, customer repurchase behavior, and firm profitability. Theoretical and empirical research demonstrate that higher customer satisfaction leads to higher customer retention rate, increases customer repurchase behavior, ultimately driving high firm profitability (Wu *et al.*, 2006). Ren and Zhou (2008) stated that call resolution means that the customer is satisfied and will not call back for the same question. This reduces the customer's future service cost and increases the customer's future consumption.

Quality is about consistent conformance to customer expectations. Customers have both instrumental and psychological expectations about a product or service performance; these expectations relate to both quantifiable, hard data and qualitative, soft data. Hard data has been described as relating to performance and reliability standards or any tangible dimensions; soft data are those concerned with descriptions of and knowledge about customers' feelings perceptions and requirements (Gilmore, 2001). Intangible dimensions are more difficult to quantify and measure. Both hard and soft elements can be brought together to form the "dimensions of service quality" by Gilmore and Carson (1993). A focus on both

tangible and intangible service offered is essential for the services management and optimization, as with the case of a call center. Figure 14 illustrates the range of these service dimensions in a call center context.

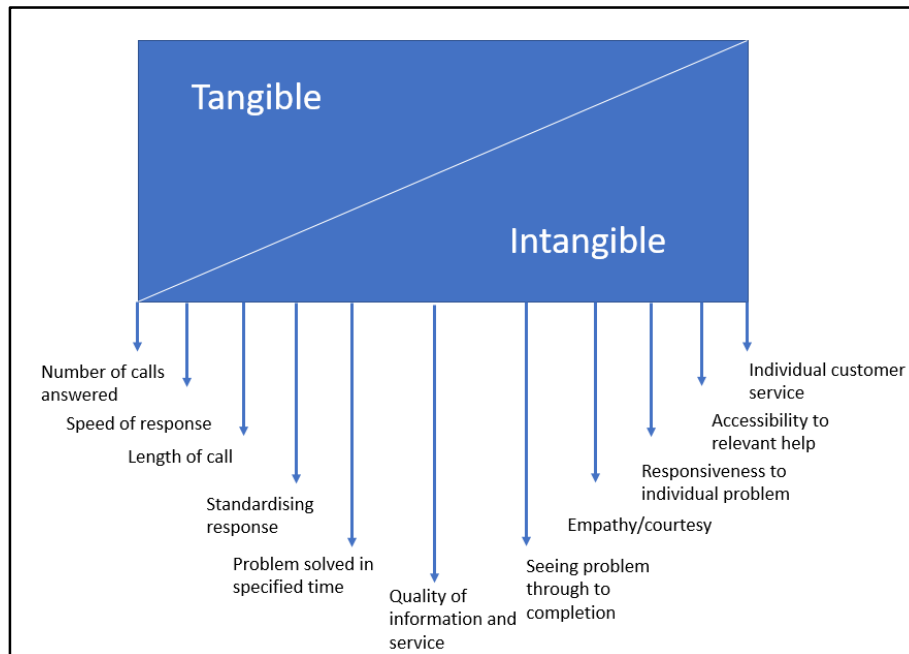


Figure 14. Tangible and intangible dimensions of call center service delivery. Adapted from Gilmore, 2001

Gilmore (2001) suggested that the adoption of a streamlined production-line approach with rigid rules and standards led to limited service quality. Production-line type management in a call center environment will inevitably be able to report the number of calls, the duration the number of time spent in queue; however, this management model does not indicate the satisfaction level of a customer (Gilmore, 2001). Additionally, Gilmore's (2001) study found that customer's queries were often not completely resolved by one call and agents were frustrated at the complexity of service issues and queries they had to resolve without proper back-up support, managerial recognition or appropriate measurement. Although some rules and standards are necessary and relevant for call center management, some consideration of how to incorporate aspects of agent empowerment and involvement in service improvement would not only contribute to better service quality, but to longer term staff motivation and

customer satisfaction. The challenge for call center managers is to determine an approach and balance to meet the needs of the organization, the agent and the external customer. Gilmore (2001) also suggested that the efficient and effective management of call centers would involve the use of both the production-line and empowerment approach. The author also suggested that more complex calls need to be directed to agents who are experts in relevant areas; some agents should be trained to be specialists in specific service areas, while others deal with the shorter, simpler queries.

Competitive advantage. A firm with a competitive advantage has added value and therefore a potential for profit. A firm establishes added value by ensuring that it offers unique products or services that differentiates itself from competitors. Intuit, a business and financial software company used customer service as a tool for creating competitive advantage and to sustain its advantage over rival such as Microsoft (Ghemawat & Rivkin, 2006). As customer satisfaction is correlated with customer retention and a drive for profitability, Natura must consider this concept if it strives to remain competitive in the cosmetics industry, especially with Mary Kay entering the Peruvian market. Additionally, Atento may benefit from Natura's efforts in increasing customer value, resulting in mutual growth within their respective industries.

Service-level agreements. Studies have shown the frequent use of subcontractors by companies to reduce costs or to carry out tasks not central to the firm's core competencies (Holman *et al.*, 2007). Chou & Chou (2009) emphasized that the most prominent motivation for outsourcing was "cost-savings". Outsourcing often brings immediate cost savings, but companies should keep in mind of "hidden costs" and risks with outsourcing (Chou & Chou, 2009; Ren & Zhou, 2008). Outsourced companies are pressured to keep costs low yet are met with the increasing need for high efficiencies (e.g., more calls per person, shorter call lengths); this may result in the reduction of sufficient training or employee satisfaction (low

wage rates and the use of 'high-cost' sophisticated human resources practices) (Holman *et al.*, 2007).

Outsourced call centers provide service through the phone line; as a result, customers do not see that the agent they are working with is not a full representative of the user company. Any costs incurred during the service provided by the call center (waiting cost, abandonment cost, loss of goodwill from unsatisfactory service) will be imposed upon the user company (Ren & Zhou, 2008). As call centers are in many ways the public face of a firm, poor service can have a significant impact on an organization's reputation (Milner & Olsen, 2008; Ren & Zhou, 2008). Outsourcing may pose as a risk for companies, as control over the quality of operations may be limited. The service quality of call centers must be taken into account and carefully managed by the user company, as it is vital to the user company's profitability (Ren and Zhou, 2008). When a user company outsources its call center operations to an outside company, an outsourcing supply chain is formed. Ren & Zhou (2008) suggested that collaboration is essential to achieve coordination. Companies establish service-level agreements with their outsourced centers to dictate terms by which a call center will be measured (Milner & Olsen, 2008); this ensures for quality control within subcontracted activities. This may be maintained through close supervision of the operations of subcontractors (Holman *et al.*, 2007). Service-level agreements as described by literature on outsourcing services in relation to quality management includes the following.

Service-level contract 80/20 rule. 80% of customers must be served within 20 seconds. Failure to meet terms for these contracts would result in a rebate to the contract customer of credit for future service. Milner & Olsen (2004) refers to this type as *time-specific contract*, where customers have been guaranteed that delay does not exceed some fixed time more than some given percentile of time, as delay-percentile contract.

Alternatively, a contract may specify several different percentiles of delay. For example, a

lower percentile such 80%, 20 seconds and a higher percentile (95%, 1 minute) maybe the negotiated.

A study conducted by Ren & Zhou (2008) explored four different vendor contracts to determine system-optimal levels for call centers. These contracts included piecemeal, pay-per-call-resolved, pay-per-call-resolved plus cost sharing, and partnership contract.

Observable and contractible effort pertains to the measurement and verification of the lease of new buildings and facilities, and purchasing software for technical support or training purposes.

Piecemeal. The piecemeal contract induces the call center to exert no effort

The pay-per-call-resolved. The pay-per-call-resolved contract induces positive, but still below system-optimal effort from the call center

The pay-per-call-resolved plus cost sharing. When effort is observable and contractible, the pay-per-call-resolved plus cost sharing contract can coordinate the outsourcing supply chain.

Partnership. When the call center's efforts are not observable, a partnership contract can coordinate the supply chain.

For some companies, outsourcing the entire call center operation may not constitute as the optimal option; generally, the core competence of a company should not be outsourced. Many are reluctant and over the idea of allowing another firm to handle their most important source of customer contact. Clemons & Hitt (1997), lists out criteria that help a company decide on what component of a firm should be outsourced. Aksin *et al.*, (2008) describes alternative approaches that allow companies to maintain some control over their operations.

Co-sourcing. The user company keeps some calls in-house and outsources others. May be preferred because increased resilience to disasters as strategically less-important calls are outsourced to a third-party.

Insourcing. Insourcing to a shared services organization. Perceived by some as a step before outsourcing, the shared services organization is a third party owned business unit (Askin & Masini, 2008).

In the case of co-sourcing, Aksin *et al.*, (2008) further describes the portion of calls that are to be outsourced. The economic implications of the contract will determine the proportion of received calls for outsourced. Figure 15 and Figure 16 are two cases are sourced from Aksin *et al.*, (2008) to illustrate the two concepts.

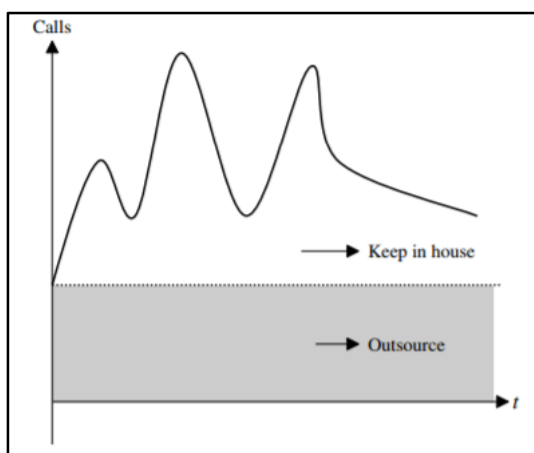


Figure 15. Contract 1: subcontracting the base.

Contract 1—Subcontracting the base. This is a form of capacity reservation where the company reserves enough capacity for a steady level of calls at the contractor for a given fee. Excess calls are considered for treatment in house. Also could be called as *pay-for-capacity* contract.

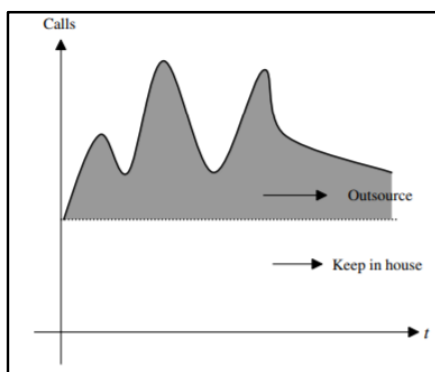


Figure 16. Contract 2: subcontracting the fluctuation.

Contract 2—Subcontracting the fluctuation. The service provider answers call in house- up to a specified level, overflow calls are outsourced. The contractor charges a unit price per answered call. Calls that are not handled by the contractor do not incur any payment.

It is important to note that outsourcing in supply chains and its coordination differs from the physical goods or inventory supply chain. When a service is provided in a call center outsourcing supply chain, the call center usually does not gain revenue directly from the service. Instead, the revenue goes to the user company, and the call center is compensated by the user company (Ren & Zhou, 2008). In the case of Natura, an in-depth analysis of the incentives and motivating factors for agents is essential. Shumsky and Pinker (2003) recognized the importance of call resolution in providing agents with appropriate economic incentives. Their study shows that a flat wage plus a volume-based fee and a resolution-based fee encourage agents to follow the right actions.

Nevertheless, the use of contractors is likely to compromise the quality of the service offered by the user company. Therefore, it is essential for the user company to devise a appropriate service-level agreement that would yield optimal results for their line of business. Ren & Zhou (2008). Furthermore, it is essential for the continuous assessment of the outsourced company's performance. The quality of service must be measured and assessed. A satisfied assessment and good relationship will guarantee the continuation of the next outsourcing contract (Chour & Chou, 2009).

Effective agent training on call center performance. In revenue-generating call centers (e.g phone order services), well-trained and motivated sales agents can efficiently resolve both answer customers' inquiries and successfully increase the chance of a sale. In nonrevenue-generating call centers (e.g technical support centers), a knowledgeable agent can resolve technical problems in a quick and efficient manner. On the contrary, Ren & Zhou

(2008) stated that “incompetent agents can aggravate a customer’s frustration, leading to customer complaints, reduce the likelihood of future sales, and hurt the user company’s image.” Therefore, call center agents must be skilled and well-trained to provide quality service (Holman *et al.*, 2007; McIllwaine & McConnell, 2001; Ren & Zhou, 2008). For our report, it will be essential to acknowledge the two-sided nature of Natura’s call center as both a revenue-generating and nonrevenue-generating call center.

The quality and effectiveness of agent training may have a significant impact on the performance of the call center (McIllwaine & McConnell, 2001). Accuracy and call duration are two important metrics for gauging call center agent performance, where accuracy is often considered as one key driver of call service quality. Moreover, as increased accuracy is desirable, shorter call durations are also desirable if accuracy and other metrics are not compromised. This increased efficiency would result in the need for fewer agents, enhancing the call center’s cost competitiveness (Murthy, Challagalla, Vincent, & Shervani, 2008). Murthy *et al.*, (2008) suggested that simulation training as one solution to improve call accuracy and shorten call duration for new call center hires. Agent training must be intensive and frequent in call centers that often change call scripts of other interaction programs. High turnover of employees is frequent in call centers; training is a continuous yet costly process (Holman *et al.*, 2007).

Cross-cultural communication in international call centers. The improvement in telecommunication and computer technology has resulted the increased use of outsourced service centers by companies (Amti & Wei, 2005). Advances in technology has enabled companies to digitalize services that do not require face-to-face interaction; as with the increased trend for the international outsourcing of service centers (Holtgrewe *et al.*, 2009). Although the business nature in service centers is very similar even amongst operations in different countries, in terms of markets, service offerings, organizational structure, and

workforce characteristics (Holman *et al.*, 2007), it is important to note that there are substantial differences in service delivery with respect to the cultural and linguistic differences. Globalization theorists regard service work as more locally based when compared with manufacturing; it is performed and consumed simultaneously, involves customer participation and collaboration

Batt, Holman, and Holtgrewe (2009) suggests that it is not feasible to group emerging market economies into a single category. Geographic locations, cultures and colonial histories are radically different and have an impact on communication. Studies on cross-cultural business communication have identified the linguistic and cultural features contributing to communication quality in cross-cultural communication (Friginal, 2008).

Defining external call center performance metrics. Call centers are fundamental for customer relationship management. The SERVQUAL model describes five dimensions upon which customers evaluate service quality.

Tangibles. The appearance of the physical facilities and materials related to service

Reliability. The ability to perform the service accurately and dependably

Responsiveness. The willingness to help customers and provide prompt service

Assurance. The competence of the system and its security, credibility and courtesy

Empathy. The ease of access, approachability and effort taken to understand

customers' needs (Ren & Zhou, 2008)

Caller satisfaction as measured by the call center is also described by Anton (1997) and confirmed by Cleveland and Mayben (1997): (a) ASA (average speed of answer), (b) queue time (amount of time caller is in the line for answer), (c) percentage of callers who have satisfactory resolution on the first call, (d) abandonment rate (the percentage of callers who hang up or disconnect prior to answer), (e) average talk time (total time caller was connected to telephone service representative), (f) adherence (are agents in their seats as

scheduled?), (g) average work time after call (time needed to finish paper work, do research after the call itself has been completed), (h) percentage of calls blocked (percentage of callers who receive a busy signal and could not even get in to the queue), (i) time before abandoning (average time caller held on before giving up in queue), (j) inbound calls per TSR eight-hour shift, (k) TSR turnover (the number of telephone service representatives who left in a period of time usually annually), (l) total calls, and (m) service levels (calls answered in less than x seconds divided by number of total calls).

Call resolution corresponds to the satisfaction of the customer, reducing the need for the customer to call again. This reduces the customer's future service cost and increases the customer's future consumption. It is imperative for call center managers to not only focus on the efficiency of the call resolution, but also they quality of the agent-customer interaction. Call centers are the epicenter of Customer Relationship Management; opportunities to understand and create value with the customer is essential for long-term company development and business sustainability.

A move towards automated service centers. Service restructuring, with an emphasis on business processes and IT services, is becoming an increasingly a popular topic for many companies with regards to strategic improvement (Amti & Wei, 2005). The continuing growth of digital technology has impacted the service industry, as with the cause of Natura's call center, a move towards automated services. As relatively new concept, there is limited literature on the application of automation on service centers. However, caution should be taken that technologies that automate the communicative aspects of customer-agent interaction can have a negative impact on perceived service. As described by Schonauer (2008), scripted answers do not allow for further research or investigation or enable operators to give creative responses to customer's problems, impacting the quality standards of a service center. A future look at Natura's move towards the use of mobile technology and

automation is essential in determining continuous improvement.

3.2.3 Methodology for process improvement.

The methodology that will be applied for improvement of the defined problem of Natura and the implementation of a program for the continuous improvement of the management of the supplier will be Lean Six Sigma. This is a business improvement methodology that has as objective to maximize shareholder value by improving quality, speed, customer satisfaction and costs (George, 2003). Besides, this methodology has a quality approach that involves the following particularities: (a) use statistical and problem-solving tools in a systematic way, (b) have specific roles for each participant, (c) projects are managed, (d) emphasis on improvement throughout the entire process, and (e) emphasis on final profitability results. As a summary, while Lean is focused to create value for customers by minimizing waste, Six Sigma methodology is focused to reduce defects making processes more efficient and faster. This methodology follows five stages:

Define. This stage implies the definition of the boundaries of the project, the goals, the timetable, and the team members where all of this definition must be in accordance with the sponsors. According to George (2003), in this stage it should be accomplished the following: (a) Agree on the problem for which customers are affected or the process fails to meet the needs, (b) understand how the project is aligned with the corporate strategy, (c) define the expected contribution to ROIC, (d) agree on the project boundaries, (e) and define what indicators will be used to evaluate the success such as customer satisfaction, speed/lead time, sigma level, and financial outcomes. Besides, it must be defined the expectation of the sponsors for the project in which they also should provide previous information about its concerns about the problem or the identified opportunity of improvement.

Measure. This stage has the objective to identify the key metrics for the business or core processes and then to evaluate the results of main KPI's in order to have an overview of

the current situation. Likewise, this stage requires to research and identify the customer and business needs in order to establish an objective aligned with their requirements. According to Islam (2006) the main tools that can be applied are voice of customer, affinity diagram, quality function deployment, and CCR matrix structure tree. The voice of client could be considered as the most important tool because having the results consultants can understand what the evaluation of the service is, the client's expectation, the main weaknesses perceived, even clients give some advises to the business that can help consultants for the stage of *improve*.

Analyze. The objective of this stage is to identify the key variables of the process that generates more variability in order to identify the root causes of the problem. The steps are the mapping of the processes, identification of variables measuring the variability that each one generates, identify the root causes of the problem through the constant question of why it happens, then this causes must be validated with our sponsors and the owner of the processes, finally the team must conclude mapping the main findings. The main tools to apply are pareto charts, fishbone, non-value added analysis, and constraint identification, additionally for manufacturing processes there are more statistical tools such Anova, regression, analytical batch system.

Improve. The purpose of this stage is to develop solutions based on their impact and importance to customers and the process, taking into account the root cause detected. According to Carrol (2013), this stage will depend on the following factors: (a) Nature of the improvement project, (b) current level of processes knowledge, (c) availability and characteristics of the data, and (d) the projected cost and availability of people and resources needed to execute the proposal improvements. Some recommendation to reach a successful design of the improvement is that consultants must look for benchmark in similar and different industries in order to have more know-how for the design of the ideal process. After

that, they can start developing proposals where the solutions must have the impacts measured in different perspectives such as the quality, operational efficiency, and financial metrics. Consequently, the derivable are the proposal of solutions, map of process modified, plan of implementation, impact of improvements and the documents of the new work procedures that can help for the training of the implementation. Likewise, the final proposal must be feasible and must fulfill the expectations of the client, therefore after the design of the final proposal the document must be validated with the sponsor and communicated to the different levels of the organizations. Moreover, most times is necessary to launch pilots in order to adjust the proposal and develop a better implementation plan.



Figure 17. Lean Six Sigma DMAIC tools. Data are from Lean Six Sigma for Services (George, 2003)

Control. This is the final stage where it must be answered the question how the project could be sustainable and how the new processes should be controlled. Consequently, it implies to monitor the implemented improvements and control the behavior of the main process variables until they are guaranteed to be sustainable over time. Besides, if the consultant noticed regular performance of the improvement, then it will be necessary to design and implement additional solution in order to achieve the objectives. After that, an

important final step is the transference of the management of the implementation and control to the owners of the processes. Figure 17 show the different tools that can be applied in the different stages of this methodology:

According to McKinsey & Company (2011), Lean management has to take in consideration four dimensions which are (a) operating system, (b) performance management, (c) mentality and behavior, and (d) organization and skills. The first dimension implies the implementation of an operating systems that meet customer requirements but taking in consideration the reduction of unproductivity and variability. Besides, the new processes must have the enough flexibility to react rapidly to changes such as the launch of a new product.

Second, the performance management implies the alignment of KPI with operational activities to monitor and generate goal achievement. In order to complement this dimension, it is recommendable to develop a strategy for the capacity management in which the staff can plan it choreography of working setting priorities. One important concept is the introduction of visual performance transparency which means the use of boards that provides instant information about the tasks of each member of the team, status, some issues for problem solving, and it also allow to track the actual progress of the area (McKinsey & Company, 2011) (Figure 18).

This visual performance board also must be applied for the monitor of the KPI's of the team, in this case it could be used for the control of the performance of the supplier Atento. Third, mentality and behavior is about the involvement of the organization into the dynamic culture of continuous improvement in order the staff take a positive stand, be properly trained and adequately rewarded. Finally, the fourth dimension is about organization and skills which implies the assessment of the human resources in order to know if they are used at their maximum capacity and to assure that the roles are well assigned according their

profiles.

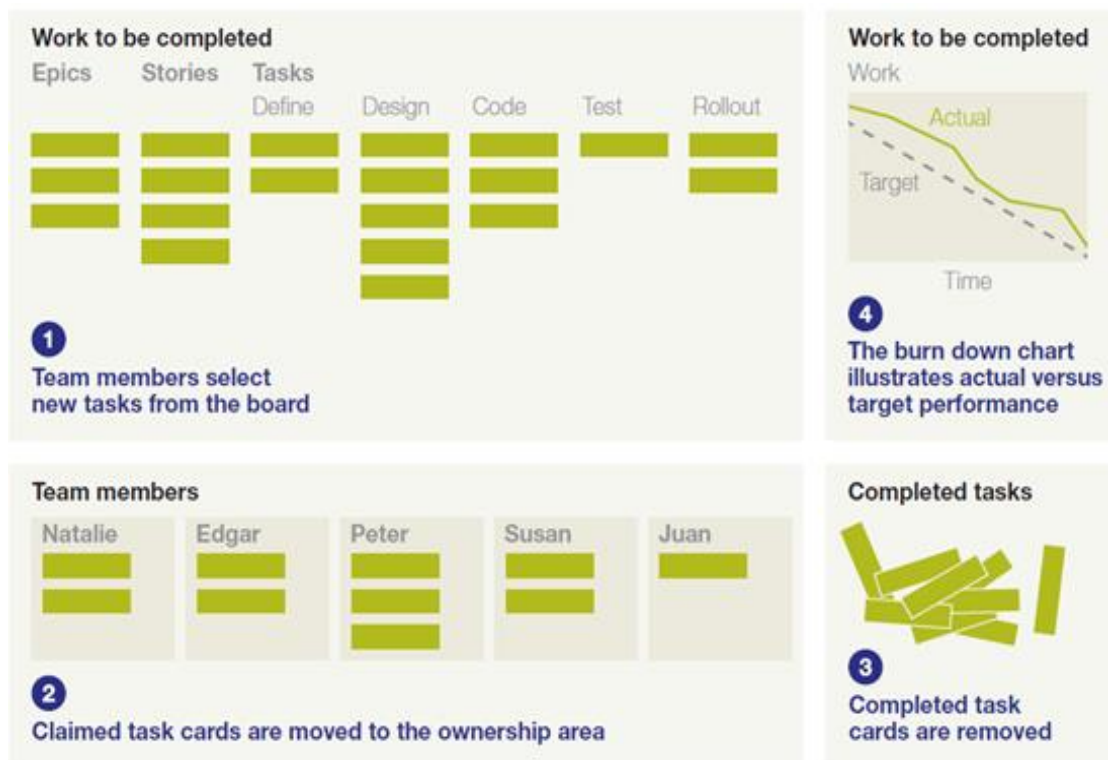


Figure 18. Visual performance board for software development.

3.2.4 Quality standards ISO 9000 and 31000

ISO 9000 quality standards. The role of quality for an organization is persistently evolving; in the recent decades, the meaning of quality has expanded beyond the notion of customer satisfaction to include the environmental, safety, financial, and social aspects of organizational performance. This shift in focus from solely the external customer to the internal organizational health, and overall business performance has led to the development of quality management programs and standardizations (Boys *et al.*, 2003). ISO 9000 is a series of quality systems standards developed by the International Organization for Standardization (ISO). These quality standards have been adopted by many countries as a major target for quality certification (Chou & Chou, 2009) It is widely understood that programs such as ISO 9001 or other quality programs promote a standard of quality, affecting the quality perception of an organization's offers of products or services. Previous research of

ISO 9000 and ISO 9001 influence on businesses showed positive results for production growth, financial performance, environmental management practices, efficiency, quality, and organization (Levine & Toffel, 2010; Pivka & Ursic, 2002). A meta-analysis by Levine & Toffel (2010) concluded that sales and employment grew substantially more rapidly at firms that adopted ISO 9001 certifications. Implementing a quality management system that conforms to ISO 9001 requires documenting operating procedures, training, internal auditing, and corrective action procedures. It also requires that procedures to improve existing procedures are to be implemented (Levine & Toffel, 2010).

Sampaio *et al.* (2009) described ISO 9001 motives are being internal and external; internal as related with the goal of achieving organizational improvement, while external motivations are mainly related to promotional and marketing issues, customer pressures, improvement of market share etc. When companies that aim to be certified based on internal motivations, the derived benefits are fulfilled on a more global dimension (Sampaio *et al.*, 2009). In other words, excellence is not defined as a simple conformance to the ISO 9000 standards; the success of a quality management program builds on the generic foundation of the ISO 9000 system with regards to the company's values, goals, and mission (Boys *et al.*, 2003). Therefore, the term "added-value" for Natura should reflect upon the organization's intrinsic goals and motivation of building customer relationships.

Additionally, addressing and managing risk is a key component of strategic management (Lalonde *et al.*, 2012). Effective risk management involves exploiting opportunities to improve system performance, as well as taking action to become more resilient in the event of an unplanned situation. There is strong belief that risk management provides the adequate tool for balancing the conflicts that arise from exploring opportunities from avoiding losses, accidents and disasters (Aven, 2010). ISO 31000 risk management systems can be built upon the foundation of quality management standards such as ISO 9001

(Pojasek, 2011). The ISO 31000 series of standards provides detailed guidance on implementing risk management programs. It is a framework for managing risk within an enterprise system that follows the PLAN-DO-CHECK-ACT process of the PDCA Cycle as mentioned in the literature review (Pojasek, 2011). ISO 31000 uses uncertainty as a main pillar of the risk definition. It is important to note that the ISO 31000 guidelines are generic and can be applied to any activity or domain in any organization; it is a voluntary application and not intended for certification (Dali & Lajtha, 2012). ISO 31000 consists of four components. 1) principle of risk management 2) risk management framework 3) risk management process 4) methods/techniques of risk assessment (Ernawati *et al.*, 2012). Figure 19 depicts the components of risk management for ISO 31000.

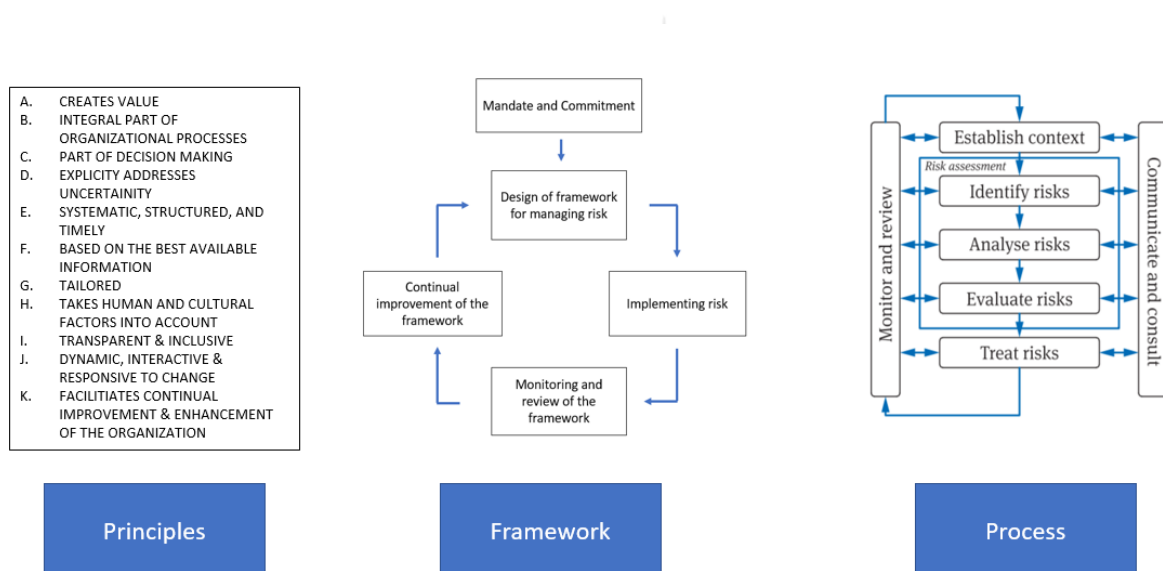


Figure 19. Components of risk management for ISO 31000. Adapted from Ernawati *et al.* (2012); Frigo & Anderson 2014; ISO (2012)

Ernawati *et al.* (2012), examined IT risk management framework based on ISO 31000, a study that can be applied with our proposal for Natura's call centre. It was concluded that IT risk management framework is designed covering the principles, process identification and risk analysis of IT processes. The principles of the proposed IT risk management are obtained by mapping the company's business ethics, IT objectives and strategic companies with risk management principles of ISO 31000. Therefore, it is important

to consider an organization's overall vision and mission when working with ISO 31000. Additionally, constant communication, monitoring and review are key in working with risk management (Luko, 2013).

Uncertainty and risk-taking are inherent in most policy decisions (Lalonde *et al.*, 2012). ISO risk management standards can be applied to the changes of policy in Natura's call centre in Atento. For Natura, risks and uncertainty may arise with changes to Atento's service level agreement. This may stem from a clash in business cultures with respect to the different short and long-term goals of each organization. As a result, it is integral for managers to assess not only the benefits of optimization measures, but the risks associated with them (Lalonde *et al.*, 2012).

However, it should be noted that the ISO standards on quality systems and risk management are generic in nature; a company's goals and values are important when in consideration of these standards (Frigo & Anderson, 2014). As intrinsic motivators generate the most benefits for a company when ISO standards are applied, Natura must consider their orientation when determining value-added interaction with their consultants. ISO standards may have positive benefits in terms of efficiency and financial gains for a company; however it is critical to consider the constraints of these standards (Aven, 2011; Naveh & Erez, 2006); Naveh & Erez (2006) deduced that ISO 9001 adoption enhanced worker productivity and workers' attention to detail, but impedes worker innovation.

3.2.5 KPI Metrics.

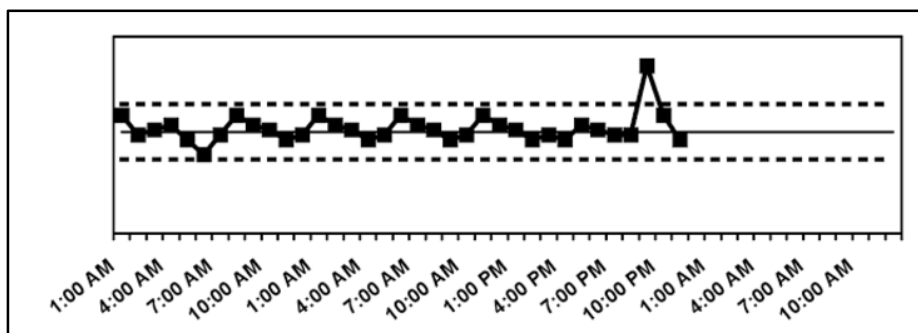


Figure 20. Tactical reporting.

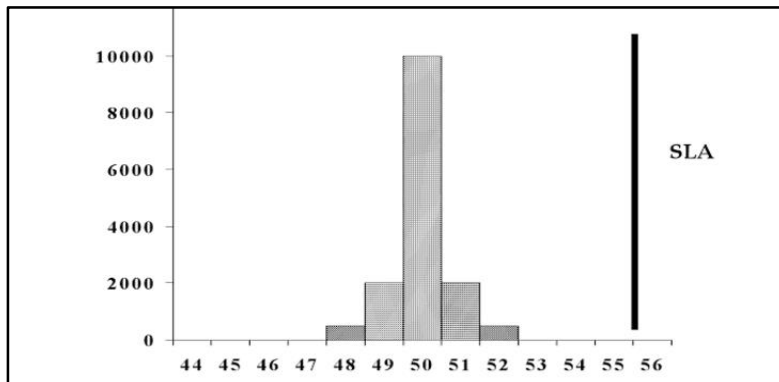


Figure 21. Strategic reporting.

James C. Abbott developed a theory in his book *The Executive Guide to Call Center Metrics* on ‘tactical report’ of call center metric, and pointed out the importance of having a benchmark that make sense. The theory from this book can help redefine the feasibility of the current metric of the call center KPI in Natura call center. Moreover, the author also recommended a method of measuring the KPI within two components, strategic components and tactical components. Tactical components measure correct problems, and help call center consistently running the facility, which is concentrated on long-term operation as it is shown in Figure 20. Strategic components, on the other hand, measure the capability study and it is represented in the form of a histogram as it is shown in Figure 21, it helps the strategist to access the impact of the change on the call center.

Convoso (2017) provided an in-depth review of the top 15 mostly used and effective KPI indicators in the call center business. This article can help us develop a general idea of what indicators are most common in the call center, knowing their limits and strengths, which can eventually help us potentially develop new KPIs in the Natura call center and reconstruct some weak and relatively less effective indicators. Moreover, different call centers have their different standard of measuring KPIs, this article can show us the newest approaches and indicators on setting up KPIs. The 15 indicators are the following:

Customer Satisfaction Score (CSAT). This indicator measures the level of satisfaction of consumers through the development of a survey in which they can rate how

satisfied are in relation with the service provided. The next figure shows the common equation used to measure this indicator:

$$\text{Customer Satisfaction Score (CSAT)} = \frac{\text{Number of Happy Customers}}{\text{Total Number of Customers Surveyed}}$$

Figure 22. Customer satisfaction score (CSAT) equation.

Customer Churn Rate. This indicator measures the improvement or deterioration of the loyalty of consumers. Consequently, it helps to measure if the service provided by the call center is helping to do more profits or not. The equation is calculated by the difference between number of customers beginning of month and Customers end of month, after that the result will be divided by the number of customers beginning of month.

First Call Resolution (FCR). It measures the effectiveness of the performance of the agents for solving problems during the initial point of interaction. It means the more customer issues the agents can resolve in the first call, the higher first call resolution rate. Besides, this indicator is directly correlated with the level of satisfaction of consumer, while higher the first call resolution rate then the higher customer satisfaction level (See Figure 23).

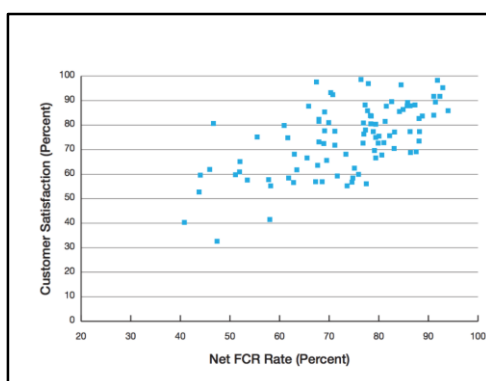


Figure 23. Correlation chart between first call resolution (FCR) and customer satisfaction.

Transfer Rate. This indicator measures how often a client needs to be transferred to another agent or supervisor due the first agent were not able to solve their problem. This

indicator helps to measure how well trained are the agents and how effective is being the contact center. In this sense if this rate is high it means more agents are trying to solve the problem of one customer, therefore more resources (expenses) involved and also it could increase waiting time for other customer deteriorating their satisfaction level.

Average Speed to Answer. It measures the waiting time per call, usually this indicator is measured by the number of clients who wait less than a defined number of seconds divided by the total calls. The idea is to maintain lower levels of waiting time otherwise is likely to have irate or frustrated clients.

Agent Idle Time (Agent Status). It measures how often the agent are on the call. As is most call center happens when agents feel tired, need time for end a request offline or need to solve internal request, they opt to put “not ready” as its status. The consequences of this action is that more clients will have to wait more because of the lack of availability of agents. The target with this indicator is maintain higher levels of agents able to attend calls.

Forecasting Accuracy. It allows to measure how well the contact center is planning the capacity according the fluctuation of the demands. The higher forecasting accuracy provide the better use of resources. In this sense, the analysis of data is indispensable, it is necessary to know the time in which clients use to call more, therefore the call center will be preparing to attend them, otherwise the other indicators can be deteriorated.

Average age of Query. This indicator measures how often clients are calling to request the solution of the same issue. This indicator requires more analysis of data in which it could shows the number of calls per client according a classification of issues, the frequency of call for a same client, disaggregation per region and other necessary views. The idea is to develop initiative to reduce this rate and increase the first call resolution rate.

Agent turnover rate. It is usual that call center has higher turnover rate, the disadvantage of this facts is that it implies more expenses in training and the deterioration of

employee's satisfaction. Therefore, it is important to measure this indicator in order to work in improving the attributes that influence in the retention of talents such as the work atmosphere, compensation system, facilities, and opportunities to grow professionally.

Self-service Accessibility. This concept helps to question if the business is providing the enough channel in which customer can self-serve, for example developing digital solutions as mobile apps. Besides, it is necessary to evaluate the configurations of call transfer, it must be simple and easy to follow. Finally, as initiative of improvement and to reduce calls the business should develop Frequently Asked Question(FAQ) that can help clients to solve their problems and avoid make calls.

Queue time. This metric measures the time spent by the client waiting for the response of an agent. The goal of this metric is maintain low time in queue because customer satisfaction is influenced by two main features which are quality of the service and speed.

Call Duration. It measures the average length of time that agents are in one call. This metric help to measure how well prepared are agents for solving customer issues. In cases when this metric is high it could indicate that there is not enough training, there is a lack of facilities, the scripts are complicated or there are high number of transfers. Most call center follow up this indicator because while higher is the call duration, then the call center will require more agents and as a consequence higher expenses.

Average Handle Time. This metric helps to measure the total length of time in which the client is on the phone. The total handle time is the result of the sum of the average of the talk time plus hold time plus the wrap time. Manager must determine in which part of the call clients are spending more time in order to improve the speed of the service.

Average after Call Work Time. This indicator measures the average time spent after the closing time of work. Due most agents want to leave the offices when is the closing times, sometimes they can still be attending a consumer, therefore they tend to have rushed

interactions deteriorating the service level. In cases where call center pays extra hour, this metric could help to have more visibility of the problem with expenses of extra hours.

Net Promoter Score (NPS). This metric measures the likelihood in which a customer is willing to recommend a company's product or services. The higher result in this indicator also shows that clients are really satisfied with the service provided by the agents.

3.2.6 Data analytics.

Karakus & Aydin article demonstrates the importance of extracting data from call center and analyze with the most advanced big data technology. From listening to the recorded calls, from pre-call analysis to post-call evaluation, this article shows us a detailed and considerable methods to deal with phone monitoring and data analysis. By using Hadoop MapReduce framework and utilize text similarity algorithms such as Cosine and n-gram, Karakus & Aydin suggests a feasible solution to our alternative, which will be discussed in chapter 7.

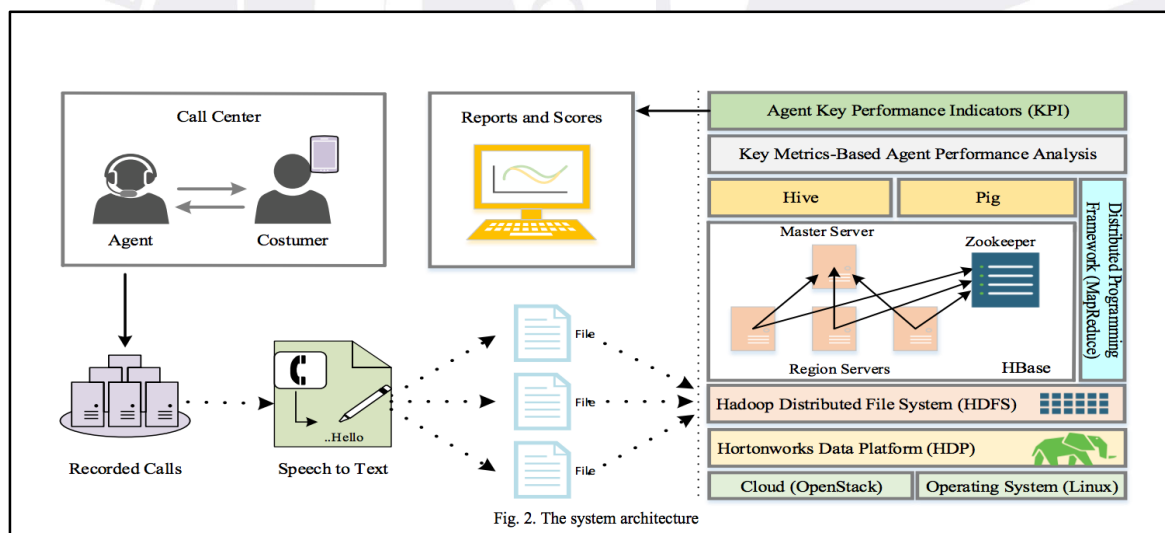


Figure 24. The system architecture. Adapted from Karaakus & Aydin, 2016.

The figure above appeals a new monitoring system of call center, which will be used to solve the root causes mentioned in the chapter 5 – low sampling size from management team. By using data categorization and Hadoop distributed file system (HDFS), it will not only increase the monitoring quality from Natura's management team but also increase the

average KPI of agents, which essentially increase customer satisfactions.

3.2.7 Basic forecasting methods.

Forecasting methods are worth to be reviewed considering that currently Atento, the outsourcing company forecasts the future income calls of Natura's contact center. According to Anderson, Sweeney, and Williams (2013), there are several forecasting techniques that ranges from the simplest average to others much more complex. Discarding the simplest (low accurate) and the most complex (difficult and cumbersome) forecasting techniques, there are a few that could be suitable for this consulting project. Those techniques are stated as following.

Moving average. It consists in taking the arithmetic average of the last 'n' periods. The value of 'n' is chosen according to the desired influence of the past data on the future values. A small 'n' value will cause the prognoses to follow more closely the last real values, while a larger 'n' value will result in a more damped curve but, for the same reason, a lower change. This method is used if there is no tendency of if it is scarce, it is usually used to smooth the curve, facilitating a general reading of the data. The moving average value would be calculated by dividing the demand from 'n' previous periods and 'n' value.

Weighted moving average. It is similar to the previous method but in this case every value has a relative importance. This method is used when a trend occurs, basically all the samples are weighted according to a relative importance. The previous data loses relative importance and weights are based on intuition. To major changes in demand, the response could be very slow. In conclusion, the weighted moving average is calculated by the formula:

$$\sum \text{weight for period 'n'} \times \text{demand in period 'n'} / \sum \text{weights}$$

Exponential smoothing. It is a special case of the previous weighted moving average forecast, where weighting factors decreases exponentially, giving more weight to the more recent periods. A smoothing constant ' α ' is required, which takes values between 0 and 1,

choosing it subjectively. The advantage of this forecasting method is that it only needs a reduce amount of historical data. In this case, the formula would be $F_t = F_{t-1} + \alpha(A_{t-1} - F_{t-1})$. Where F_t would be the forecast, A_t the real value, and α the smoothing constant.

Exponential smoothing with trend adjustment. This is also an adjustment done to the previous method. In this case, a trend also smoothed exponentially (T_t) is added to the exponentially smoothed forecast (F_t). In this case, the formula would be $FIT_t = F_t + T_t$. Where $F_t = \alpha(A_{t-1}) + (1 - \alpha)(F_{t-1} + T_{t-1})$, and $T_t = \beta(F_t - F_{t-1}) + (1 - \beta)(T_{t-1})$.

3.3 Conclusion

As our main problem pertains to the inefficient management of the outsourced call center that is deteriorating Natura's quality of service, we address this issue by exploring literature in three elements: quality management tools, quality and value-adding, and process improvement for our recommendation process. Quality management tools provide known and reputable methodologies that provide processes and framework for continuous improvement, quality management, risk management, as well as key-problem determination. Using these tools, we can determine the problem and devise solutions that accommodate Natura's goals. Quality and value-adding literature provide insights regarding customer expectations, quality dimensions, service level agreements and outsourcing. Theoretical and empirical research suggest on quality and value highlight reoccurring themes, providing insightful solutions that impact our final recommendation. Finally, process improvement literature provides tools that synthesize tangible and quantifiable information that can be analyzed. With these three key elements, we apply to the key problem within Natura's call center in providing the ultimate proposal in optimizing their management processes. This final proposal will be the best fit for both companies, taking into account of both Natura and Atento's long-term and short-term goals.

Chapter IV: Qualitative and Quantitative Analysis

4.1 Qualitative Analysis

In order to find out the root causes of Natura's main problems, qualitative analysis is used to demonstrate the following elements: responsibilities and accountabilities of the four managers in Natura call center, initial and continuous training on agents done by Natura, and consultant & agents profile based on first-hand surveys.

4.1.1 Responsibilities and accountabilities.



Figure 25. Natura call center management team.

Natura - The management team of Natura call center includes four positions, regional coordinator of Peru who is the general manager of the team and in charge of the communication between Atento and Natura; training and quality control position who is responsible for the continuous training on agents; operation indicators who is in charge of monitoring indicators and reports them; process and audit who standardize the process of calling and supervises the reactive audit. If a complaint on calling agent occur, Karina, the process and audit, is in charge of identifying the root causes of the problems and take actions on agents if necessary. Each of them is also in charge of one certain region. For example, Elizabeth, the regional coordinator of Peru, is in charge of the incoming calls in Colombia. If a complaint call requires the manager to draw attention on, the supervisor of Atento will communicate directly with Elizabeth. Also, if there is a marketing campaign takes place in Argentina, Elizabeth is mostly like to be the first one to be informed by Natura to communicate with Atento to increase the prediction of incoming calls.

Atento - Within our scope, Atento only has two tiers of team structure that ties with our consulting process, which are calling agents and supervisors. Calling agents are categorized into texted and calling group, separated into different regions. They are in charge of the direct customer service includes consultants' general inquiries like forgotten passwords; placing orders, and complaints from customers. They are trained initially by Atento. Afterwards, they need to specialize in a certain area and learned the products of the country. Supervisors are generally promoted from the agents with consistent good performance, in other words, star employees. They are responsible for coordinating agents and Natura managers, also help agents whenever clients ask questions that the agents cannot answer. Every morning, there is a meeting held between supervisors and Natura managers to identify key issues discovered at the last day. However, there is little communication between the Natura managers and the agents.

4.1.2 Quality management survey

As previously mentioned, one of the key identified problems pertains to the lack of emphasis on quality and management in Natura's portfolio of KPI's. Adequate agent training is an essential component of the effective management of a service centre; sufficient training positively correlates with the quality of services as provided by the agents, leading to greater call centre efficiency. In order to gain a greater understanding of the problem, a survey was conducted on the telephone agents of Atento. The objectives of the survey aimed to obtain a general understanding of the dynamics of the call centre:

- 1) To understand the level of coordination and communication between Natura and Atento.
- 2) To analyze Atento's effectiveness in handling Natura's service calls.
- 3) To understand the satisfaction level of the telephone agents; agent turnover.
- 4) To identify the main difficulties for the telephone agents.

The survey was effective as it allows the collection of qualitative data, allowing us to understand company dynamics from the perspective of the telephone agents. The survey also allows an analysis of the data and a preparation of the action plan. The survey was conducted among 43 Atento telephone agents in Natura's service centre. The number of surveys were randomly distributed within the country groups based on volume as follows.

Table 12
Number of Survey per Teams

Country	# of surveys
Argentina	13
Peru	10
Colombia	10
Mexico	5
Chile	5
Total	43

The survey contained a list of questions that would allow an understanding of agent satisfaction, stressors, and view on training. Based on 1 to 5 scales as well as open-ended comments, we have analyzed the results using the top-box score method.

Top-Box Score – Qualitative Data Analysis

The top-box score is a useful tool for the descriptive analysis of scaled questions. In our analysis, this score is the sum for the top two highest points on agent satisfaction as described in the survey. T2B is the highest magnitude—level 4 or 5 for satisfaction. Neutral describes a median magnitude of 3 for satisfaction, and B2B (bottom-box score) pertains to lowest magnitudes—level 2 and 1 for satisfaction. It is an alternative to the use of the mean score for the scale.

Figure 26. Top box description.

The questionnaire can be found in Appendix C and the results in Appendix D.

Proficiency of Atento. The first section of the survey focused on Atento's leadership and commitment. Based on the answers, it appeared that Atento's leadership and commitment had a positive impact on the satisfaction of the employees. T2B results for Atento's supervision showed a high at 51%. Additionally, there is a correlation between the results of

Work Environment & Atmosphere (52%) with Spearman rho 0.412, $p < 0.05$ using the Spearman's rank correlation. Atento leadership impact and sufficient feedback is also correlated with Spearman rho of 0.439, $p < 0.05$. Training from Atento was described by a majority of respondents as sufficient, with T2B and Regular consisting of 78% of the total.

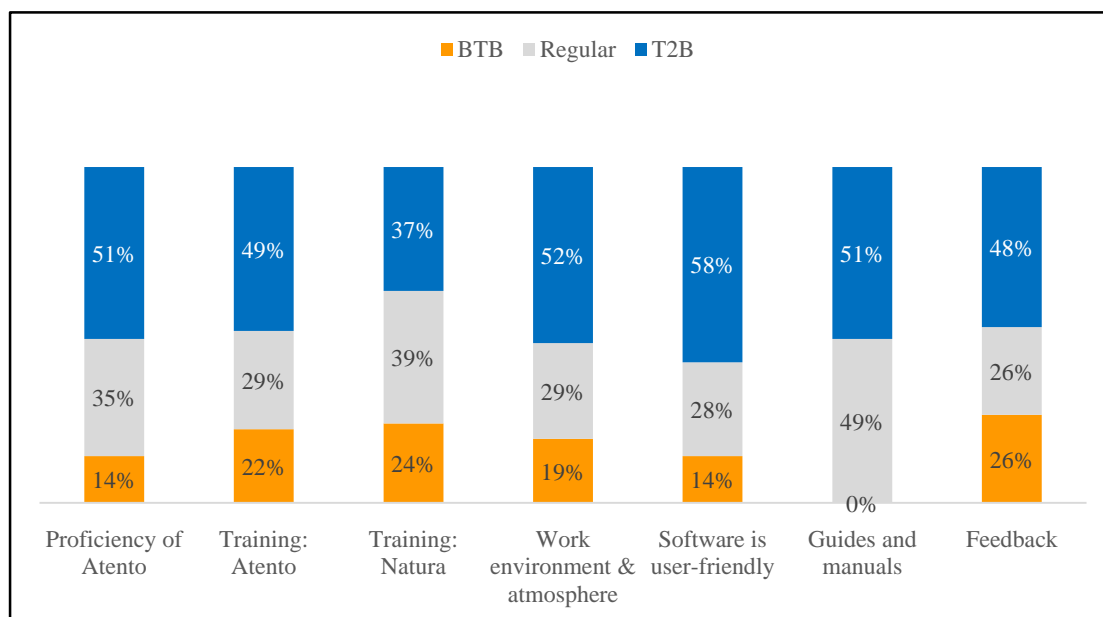


Figure 27. Survey results- satisfaction Atento's agents.

Adequate training. The second section of the survey focused on the adequacy of training as delivered by Atento or Natura. Results show that it is perceived that Atento delivered trainings that were of higher satisfaction than those delivered by Natura. T2B results of 49% was the majority for Atento, whereas T2B and Regular for Natura showed 37% and 39% respectively. It is important to note that only 6% of open-ended responses related to the lack of training.

Agent stress and satisfaction.

On the job satisfaction. This section of the survey focused on whether agents were satisfied with their work. According to the results of our survey, a majority of agents were satisfied with a T2B of 52%. Agents also feel that there is sufficient feedback given by supervisors to maintain performance with a T2B of 49%. Open-ended questions show factors

that suggest workplace stressors; 14% of respondents feel pressure to meet KPI's, 39% of stressors is related to insufficient processes such as the lack of information or needed resources. Open-ended responses describe workplace dynamics of the call centre.

Suggestions for improvement involved 17% of respondents suggesting more motivation and incentives. Teamwork and dynamics consists of 17% of suggestions.

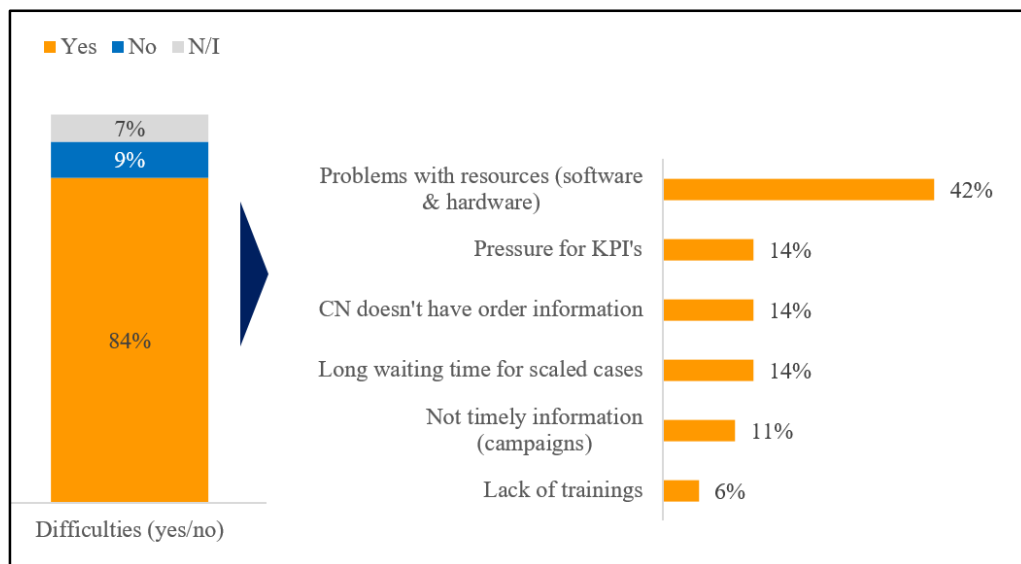


Figure 28. Results: main difficulties for the agents.

Work-life balance. Open-ended questions in our survey allowed for a free-flow, deeper understanding of agent well-being and job satisfaction. 84% of respondents admit to burdens related to work-life balance; this suggests that agents have external stressors that may have impact job satisfaction and performance. Responses were grouped into four categories of the difficulties for agents, affecting job satisfaction. The two highest-grouped category pertains to the burdens of the job in relation to commitments outside of work. 45% of respondents described that a balance between work, personal life and study constitute as reasons that affect job satisfaction. With work-life balance in mind, Atento's request for overtime work compromises the satisfaction levels of 9% of respondents. Other responses 9% describe the distance of workplace from home impacting the satisfaction levels of agents. Another factor for stress involves

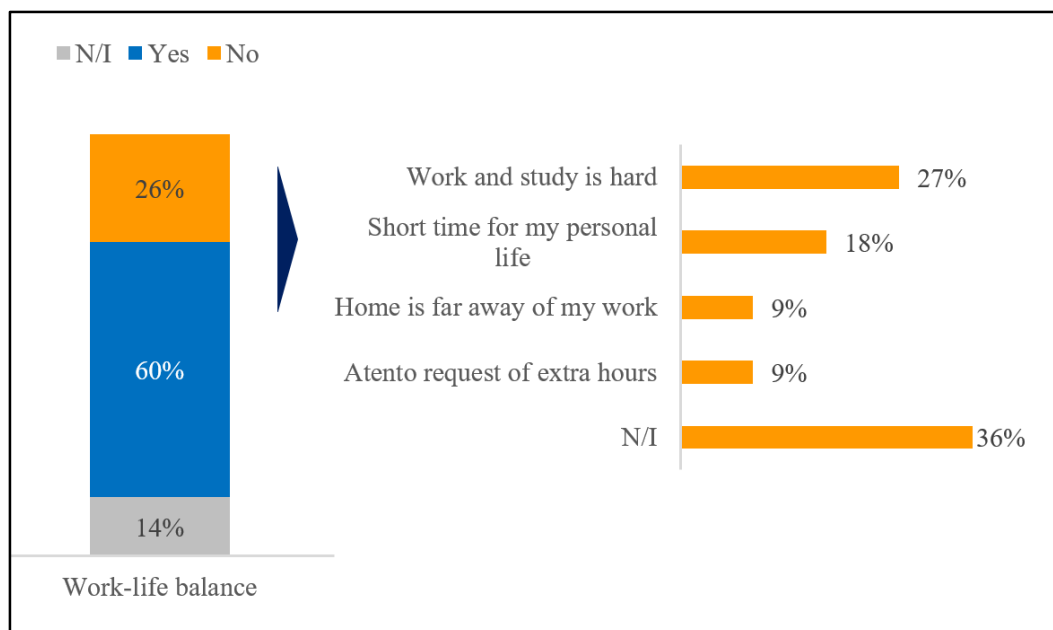


Figure 29. Results: work-life balance of agents.

Processes and resources. This section pertains to effectiveness of the resources as used by the agents. From the results, it appears that the provided guides and manuals are effective as T2B and Regular shows 51% and 49% respectively. It should be noted that there is 0% in the BTB portion, further confirming the effectiveness of these materials. Results also show a high T2B of 58% for the software as being user-friendly with a relative-low of 14% in the BTB portion. However, although 1 to 5 scale results show a positive response to the software, 42% of open-ended comments suggested problems with software and hardware. Additionally, 39% of stressors pertain to the lack of information and resources available to the agents.

Employee turnover. This section aimed to identify the length of time an agent stays working for Atento, thus determining the employee turnover period. From our survey, results determine that 65% of telephone agents have been employed at Atento for one year or less, suggesting a time-period for turnover.

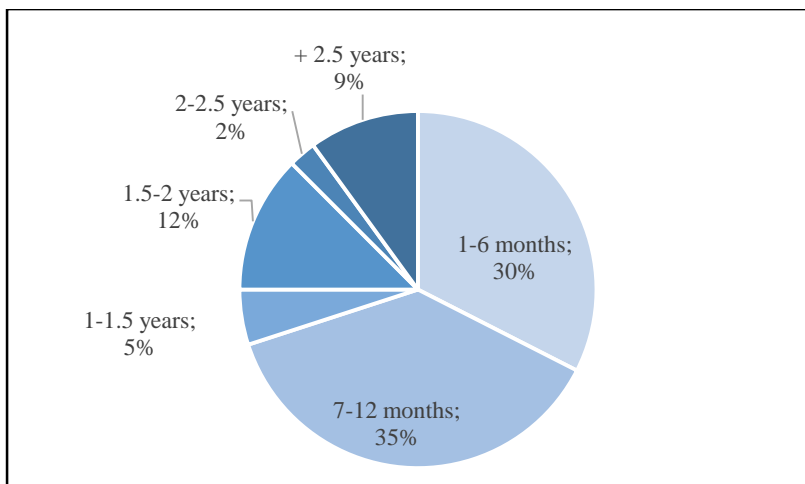


Figure 30. Length of time working in Atento.

4.1.3 Staff management

Employee turnover. According the trade agreement established in the contract, the turnover rate allowed is 6%, however according the results of last year any team has fulfilled this requirement, in average the turnover for the regional countries was 10% (See Figure 31). This issue is becoming bigger this year (June-2017), due countries such as Colombia, Argentina and Mexico are overpassing more than 10% of turnover. This increment reflects dissatisfaction of the labour force in relation with the labor conditions such as salary, work atmosphere, management, reward-punishment system, and others.

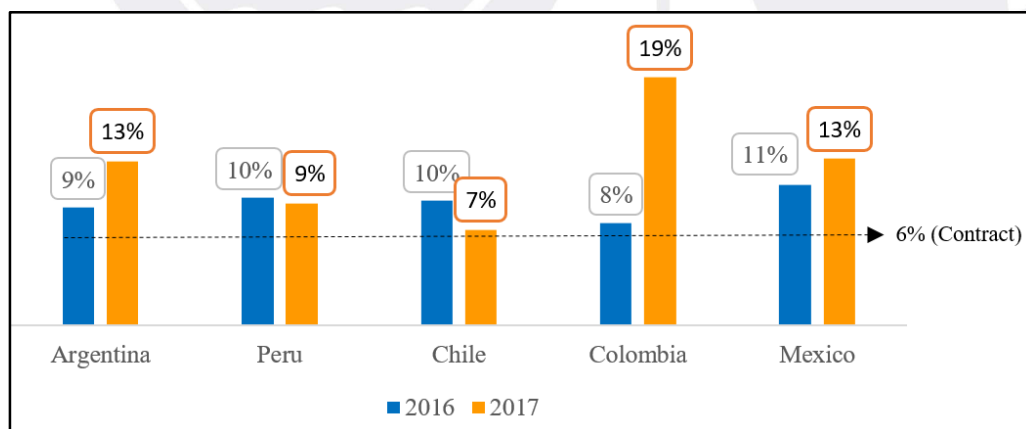


Figure 31. Employee’s turnover.

In this sense, after some interviews with the team of the Customer Service area, they explained that in general the turnover in contact center is high, but despite to require to

Atento to maintain lower level it has been a challenge. On the other side, the agents of the contact center explained that most of them are working and studying at the same time, therefore when they have more pressure in their professional life, then they have to leave the job. In other cases, they just finish their studies and then they have to look for a job more related to their professions.

Employee absences. The average of the absences in the contact center is around 6%, this is an acceptable rate, and however the countries as Mexico and Colombia have higher rates. Nowadays, Mexico is still in the process of stabilization due the recent migration of their operations, for that reason a higher rate of absences deteriorate the quality of the customer service due there will be more waiting queues. On the other side, Colombia is a country in which the consultant tends to complain more, therefore lack of labour force deteriorates the service level. As it is shown in Figure 32, Monday is the day in which there are more absences and according the analysis of the traffic of calls, unfortunately, also Mondays has the higher demand of calls. Therefore, due the lack of personal in some teams, Atento has to require to other agents to changes their team temporally even some time it is necessary to require extra hours. These actions also generate dissatisfaction of employees and also deteriorates the service level of the contact center.

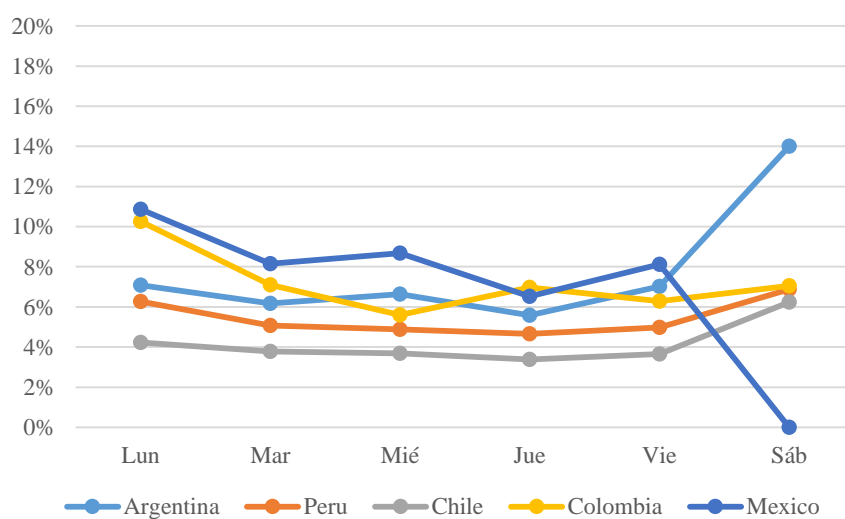


Figure 32. Employee's absences.

4.1.4 Implications of employee attitudes in relation to efforts in value-adding.

Employee attitudes affect customer satisfaction, which in turn, affects a firm's performance. Simon *et al* (2009) stated that service by an employee is the most direct factor that influenced customer satisfaction; this is influenced by an employee's service quality and effort. Their results suggested that employee attitudes may affect customer satisfaction by increasing employee effort and by enhancing customers' experience. Kiewitz (2004) suggested that a company's performance is a better predictor of employee satisfaction over time, as opposed to the other way around. This suggests the importance of Natura's role in maintaining its performance amidst a competitive cosmetics industry.

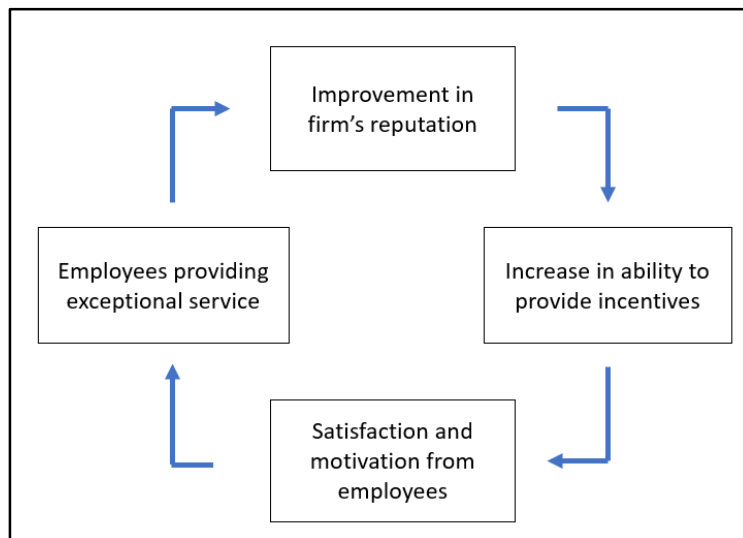


Figure 33. Service excellence cycle. Adapted from Kiewitz, 2004

A cycle of benefits can be established with service excellence, with returns for both employees and the company. An improvement to the firm's reputation is directly proportional to its ability to offer incentives such as benefits and commission. Consequently, this leads to higher employee morale and greater satisfaction with pay, job security and benefits. Pay satisfaction or other incentives may be an important component in motivating employees to "go the extra mile" for their companies. This cycle renews and reinforces itself as motivated employees are more compelled to offer better service, boosting firm performance (Kiewitz,

2004). Figure 33 depicts this cycle that can be applied to Natura's call center. The impact of employee attitudes in relation to satisfaction can be applied to Natura's call center in conjunction with our agent satisfaction survey.

Our findings in our agent satisfaction survey provide valuable insights regarding Atento's employee attitudes in Natura's call center.

- 1) Regarding training, Atento had a better grasp on this component than Natura; agents had a better perception of training delivered by Atento than of those by Natura. This suggested a discontinuity in quality from Atento's initial training to Natura's continuous training. Our literature review suggested the importance of effective training in developing competent employees, leading to better company performance. A review in this area is essential if Natura strives to improve its services sector and maintain competitive in the industry.
- 2) Although Atento's supervision and leadership had a positive impact on the satisfaction of the agents, problems associated with processes and resources provided by Atento compromises quality and effectiveness in the workplace.
- 3) The most critical finding in our survey revealed stress factors that impact agent's satisfaction levels in the workplace. On the job satisfaction revealed inadequacy in the lack of available resources and information provided. Another factor that may impact agent satisfaction involves issues with work-life balance. Although the call center does not have direct control over this issue, a closer review of devising solutions to alleviate this stress factor may contribute to better employee attitudes.

In the call center, implications may arise in efforts to motivate employees to "go the extra mile" in providing value-based interactions. It is essential to break into the value-added cycle as Kiewitz (2004) suggested. As a company's performance is a better predictor of

employee satisfaction over time, Natura will have to devise initiatives to foster employee motivation. Current workplace conditions indicate that the foundation for creating agent motivation is not present; satisfaction levels need to be higher and difficulties need to be addressed. Additionally, with the current organization structure, employees do not have a sense of empowerment to provide suggestions for improvement; this may compromise the satisfaction level of the agents and thus their attitude towards providing exceptional service.

4.1.5 Natura's relationship with Atento

Our qualitative analysis has determined a disconnect between Natura and Atento. A misalignment of the organizational structure, audits, trainings as well processes hinder effective communication between the two companies. On the surface, it appears that Atento is meeting all of Natura's KPI standards, trainings are satisfactory amongst agents, and guides, manuals and software are effective resources. However, a closer look at employee satisfaction has determined several difficulties that may affect job performance. A reason for this inconsistency stems from a difference of business strategies. While Natura strives to offer exceptional customer service for their consultants, Atento on the other hand, looks to meet the standards of the service-level agreement with the greatest efficiency as possible. If Natura strives to remain competitive in the cosmetics industry, a closer look at the relationship between Natura and Atento is critical. Mutual growth should be on the agenda for both companies. If Atento strives to increase service quality in their business processes along with Natura, they may gain knowledge and a reputation to service a new market—other high-ended companies with higher margins.

4.2 Quantitative Analysis

4.2.1 Contact.

Figure 34 shows the total calls done by the consultants (CANs) in whole Latam (Argentina, Colombia, Chile and Peru) from 2012 to 2016. As it can be seen, each year

Natura receives more than two million calls only from consultants and it increases slightly from year to year; an uptrend can be placed in the graph. Moreover, the number will increase in 2017 as Mexico's service center had just migrated to Peru. Considering the income calls is important because it is directly proportional to Natura's expenses, as they pay Atento proportionally the number of calls they deal with. As the regional Coordinator stated, Natura is only trying to improve the calls management, but currently they are not trying to reduce the amount of them.

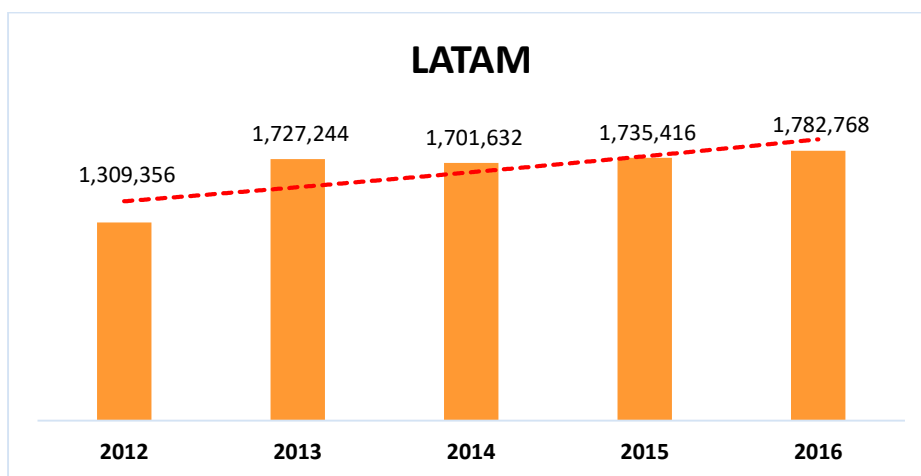


Figure 34. Number of calls received from consultants in Latam from 2012 to 2016.

One of the main reasons why the incoming calls presents an uptrend since 2012 is the lack of incentive that the consultants had to adopt the online site instead of using the call center. Natura had improved their web page, and also created mobile apps in order to turn their business more 'click and mortar'. However, this transition is not that simple considering the profile of the consultants and the lack of support of the outsourced company. Basically, is challenging to made middle-aged woman (45 years old average) to adopt online sites and to make things even more difficult, the call center has no interest on communicating or recommend the consultants to try other ways of contacting the service division. Trying to lower the incoming calls is an issue that not only competes to the service division, but to the whole company. Marketing area could help to communicate the alternatives that the consultants have and try to speed up the migrating process.

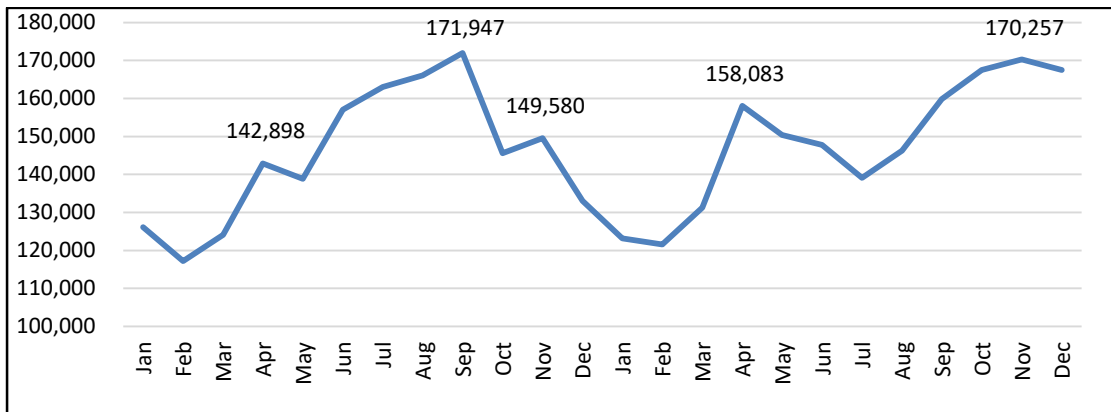


Figure 35. Seasonality in incoming calls from 2015 to 2016.

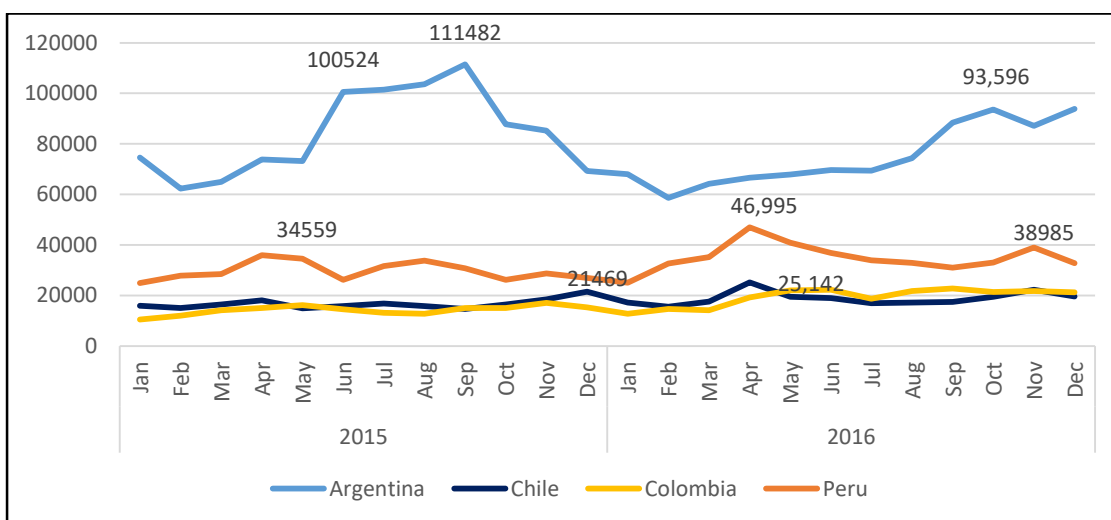


Figure 36. Income call amount by country from 2015 to 2016.

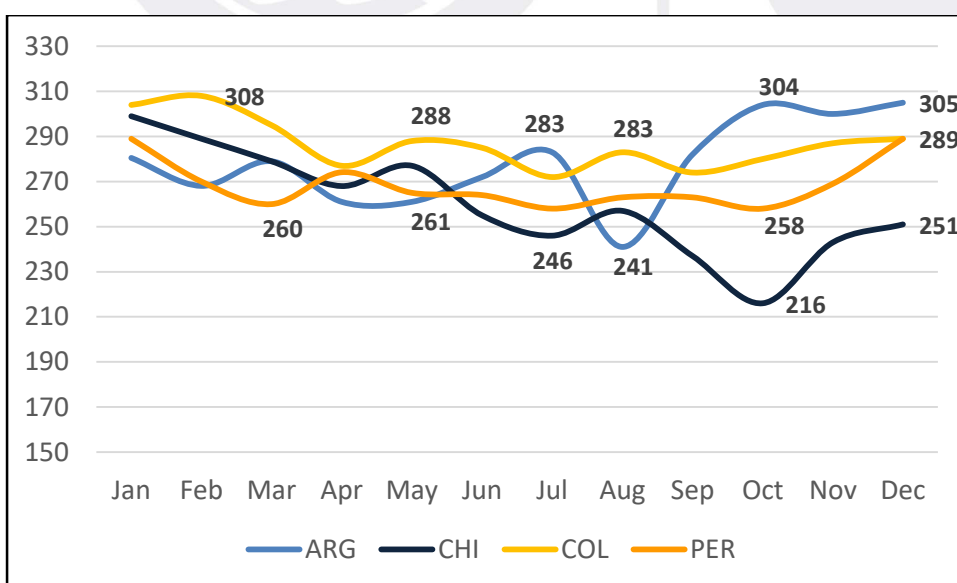


Figure 37. Average monthly TMO by country in 2016.

Another observation could be done if each country is analyzed separately. Figure 35 shows the same information stated previously, but disintegrated by countries. Two comments can be done from the presented figure. First, as stated in the internal analysis of the company, the most important marketing campaigns are 'Mother's Day' and Christmas. Except from Argentina, which its Mother's Day campaign is in October, all the Latin American countries celebrates Mother's Day in May. This seasonality can be seen in the first figure. A little peak can be differentiated in the same month or the month before the campaign, as usually sellers ask for stock in advance to the high seasonality.

Second, in Figure 36 it can be noticed that Argentina is the country that receives the biggest amount of calls each month, its graph is in another axis as its amount is too big in comparison to other countries. This could lead to put special focus on Argentina's management because an improvement in management in that country would significate the biggest upgrade to the company. This concept should be applied in every analysis that is done to the company. It is important to always seek for the smallest change that brings the biggest impact.

Figure 37 shows average TMO results of 2016 by each country. As it can be observed, every country manages a TMO slightly lower than 300 seconds (5 minutes). According to Natura and Atento contract, Natura would pay the outsourcing company an amount of money by call that is proportional with the time spent during the call. The more time that a call center staff spends with a client, the more money he/she would receive but with a limit of 300 seconds. From 300 seconds on, the amount of money received would not vary. That could be an explanation why every country manages its TMO under five minutes, it could be a time managed by the call center staff on purpose in order to receive the highest amount of money, or it could be the actual average time that a regular call takes for those purposes calculated by Natura.

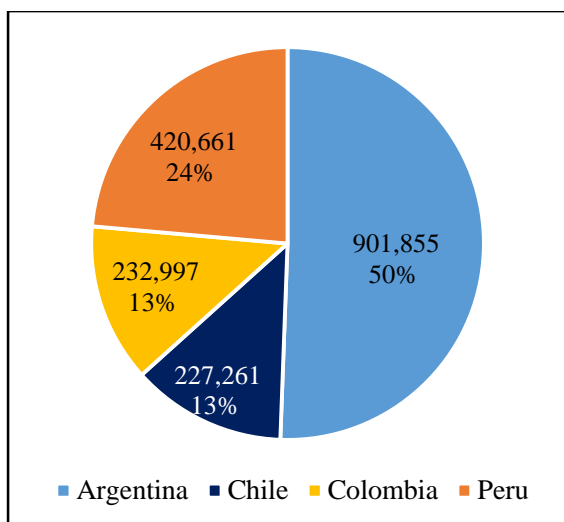


Figure 38. Income call portion by country in 2016.

It is possible to analyze this same information from the finance point of view. Table 13 shows the amount in PEN that Natura spend for this service. The amounts represent the payment to Atento for all the calls attended from 2011 to 2015. Again, Mexico's result is not shown in the table as its contact center migrated to Peru in 2016. As stated before, the reason why all Latin Americans country's Service division moved to Peru is because of the cheaper workforce. Looking at the numbers provided, the increasing trend of the expenses could also be noticed as it happened also in the amount of income calls, and it is also expected to increase in the following years. Natura's expenses increase as the incoming calls in the call center increases because it is proportional to the payment they disburse to Atento for their service provided. In other words, Natura saves approximately 600 thousand PEN yearly for centralizing their call center operations in Peru; however, they might end up spending more due to the increasing trend in the incoming calls.

Table 13
Yearly Spent Amount for Call Center by Natura

	2011	2012	2013	2014	2015
Argentina	2,513,776	2,496,847	3,987,399	3,838,437	4,170,795
Chile	1,949,227	1,675,669	1,921,684	1,392,245	1,202,675
Colombia	417,387	402,750	338,768	372,498	402,977
Peru	1,489,134	1,308,446	1,532,024	1,961,994	1,819,447

4.2.2 Calls analysis.

Natura's contact center can be reached through phone calls or through messages using the live chat service that is available in their web page. As stated before, consultants and end customers reaches the contact center in order to place orders (consultants), ask for information, or place a complain. Just to simplify the data display, this report will tie up the calls and the messages and show them just as 'calls'; in other words, 'calls' data will refer to contacts made by both calls and messages. As it is shown in Figure 39, until 2016 the Regional Call Center received approximately 1.8 million calls every year. Mexico is not displayed in the Figure because it was the last country to migrate the service to Peru.

It can be concluded that for any country, the consultants are the one who tries to communicate the most; which is logical as they are the only ones who place purchase orders, and the ones who are constantly asking for information related to their account. Natura has a special connotation for calls depending who they are coming from, and it is defined as following: (a) CAN, which are the calls done by consultants; (b) SNAC, which are the calls done by end customers; (c) ATO, which are calls done by senior consultants, the ones that also recruits more consultants; and (d) AFV, which are the calls made by Natura's employees.

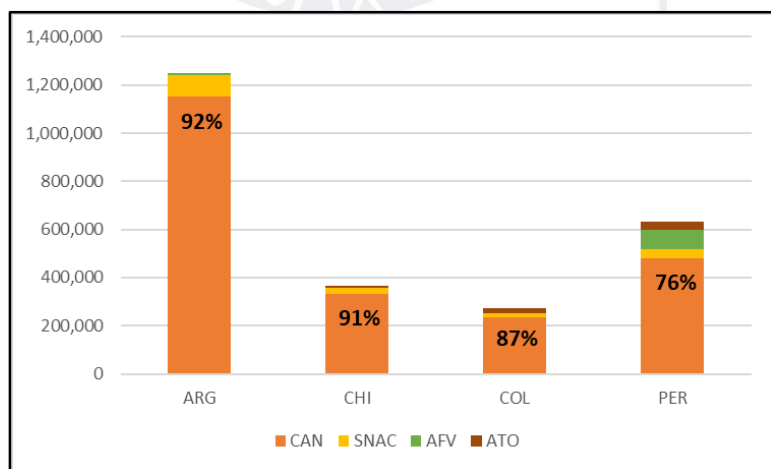


Figure 39. Number of calls received in the service center during the 2016.

When it comes to assessing a company in order to improve their business management, it is important to look for the most significant part of the system, or the one which is going to have the biggest impact. In this case, as the CAN (calls from the consultants) represents the highest percentage of calls, any improvement in their management will have the highest impact for the company. For that reason, this Consulting Project will focus on them; any change applied will be the most significant if it is applied to the CAN.

4.2.3 Reasons.

Figure 40 shows the ratio of the main reasons why consultants place a call. As deducted in the previous part, most of the calls are from consultants so analyzing them would lead to the best solutions. As it can be seen in the Figure, 39 percent of the calls are to place an order, which could be considered as a very positive fact for the company. However, the call center is not the only way to place an order, there are two other ways which are the Natura online site or through the Relationship Manager. Choosing mostly the call center to place orders could lead to a higher workforce demand for Atento. Within the current KPIs, there is one called “Contact Rate” which measures the relation between order placed and calls received. According to the KPIs target, that indicator should have a value near 0.32, which means that 30% of the orders must be placed by call. More than 30 percent could be considered as a high value if the idea is to decrease the amount of calls.

Inquiries also take a huge portion of the total calls, and after an interview with the call center staff of Atento, the most often inquiries were the following: (a) user name and password of the consultant to access the Natura’s private website, (b) consultant’s relationship manager contact, (c) personal account balance status, and (d) payment’s due date. Also according to the call center staff, most of the information could be found in their personal account; nevertheless, the consultants prefers to contact the call center as it is easier, which is understandable considering their profile (mostly women, around 45 years old in case

of Peru).

Order tracking could also be considered as an inquiry because it refers to the constant concern of the consultants while monitoring their product delivery. As stated before in the internal analysis, the delivery of the product usually takes two days when it is destined to Lima and three days when it is destined to other departments of Peru. Having constant calls for order tracking could mean that the delivery usually takes more time to be delivered than it is supposed to or the ignorance of the consultants regarding the product delivery time.

Another observation from the Figure 40 is that complains takes a considerable portion of the total calls. Around 200,000 calls in a year, which represents 11 percent of the total calls are made in order to place a complain, that is more than 16000 complains a month. This issue was also discussed with the regional call center staff of Atento, and according to them, the complains were basically for two reasons: (a) Unrequested product delivery, or (b) missing requested product. In other words, sometimes Natura delivers unrequested product to their consultants, which increases their debt to the company; and some other times the company miss delivering a requested product to their consultant, which ends up damaging the relation they have with their customers (Natura's end customers).

The last call group, which is shown with the name 'Others', refers to the other call purposes that consultants place. Among them there is the update of personal data, report an incident, and making suggestions. Approximately the last group of Others encompasses eight more reasons for contacting the call center. Again, it is important to consider which purposes are the most common in order to have the biggest outcome while designing an improvement. All the calls have been divided in two groups: wanted and unwanted. Calls that are done to place purchase orders or to track the delivery of the product are considered as wanted calls; and those that are done to put a complaint or inquiries are considered as unwanted calls. If Natura starts managing their income calls, and aims to reduce the total amount, they should

focus on those that belong to the second group.

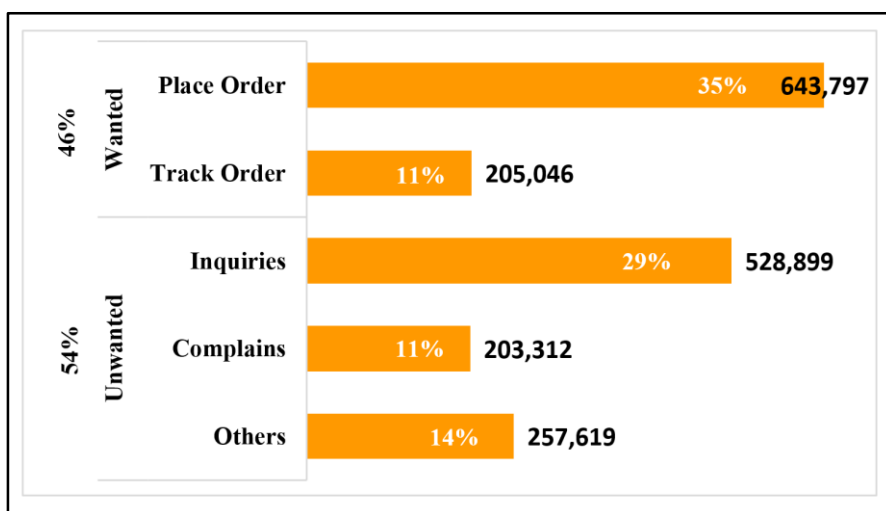


Figure 40. Ratio of call purpose from Natura consultants in 2016.

After meeting with Natura staff and showing this calls distribution, they agreed with the wanted and unwanted calls differentiation; however, they stated that they were aiming to decrease especially those that are done to place an order (Purchase Orders). As Natura staff mentioned, they were trying to motivate consultants to use other ways of order placement as through the web page. Having said this, for Natura there will be no calls that would be considered strictly as wanted, so in conclusion, only by themes of this report, the wanted and unwanted division will be maintained but both amounts will be aimed to decrease.

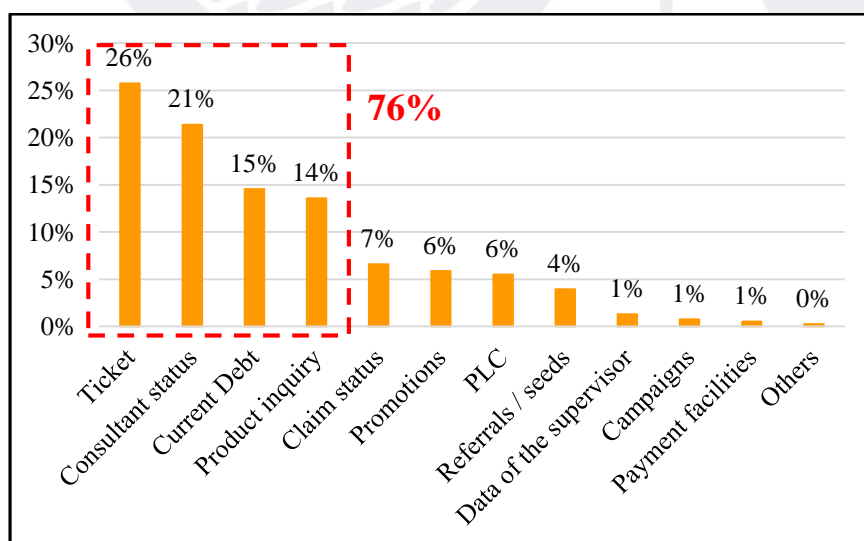


Figure 41. Pareto diagram of the inquiries placed to the call center by the Peruvian consultants.

Applying Pareto theory to the inquiries would involve identifying the 20 percent of

them that causes the 80% of the inquiries. Figure 41 shows the four most common inquiries that consultant places to the call center: (a) ticket, which is the inquiries done regarding the structure of the bill of sales; (b) consultant status, is when a consultant calls to ask for their current status that could be active, inactive, paused or blocked; (c) current debt, which is the total amount that a consultant owes to the company; and (d) product inquiry, that involves all the insights regarding a specific product. Calculating the frequency, those four of twelve aspects represents the 75% of the inquiries according to the data obtained in 2016. It can be demonstrated that Pareto diagram can actually be applied to any distribution.

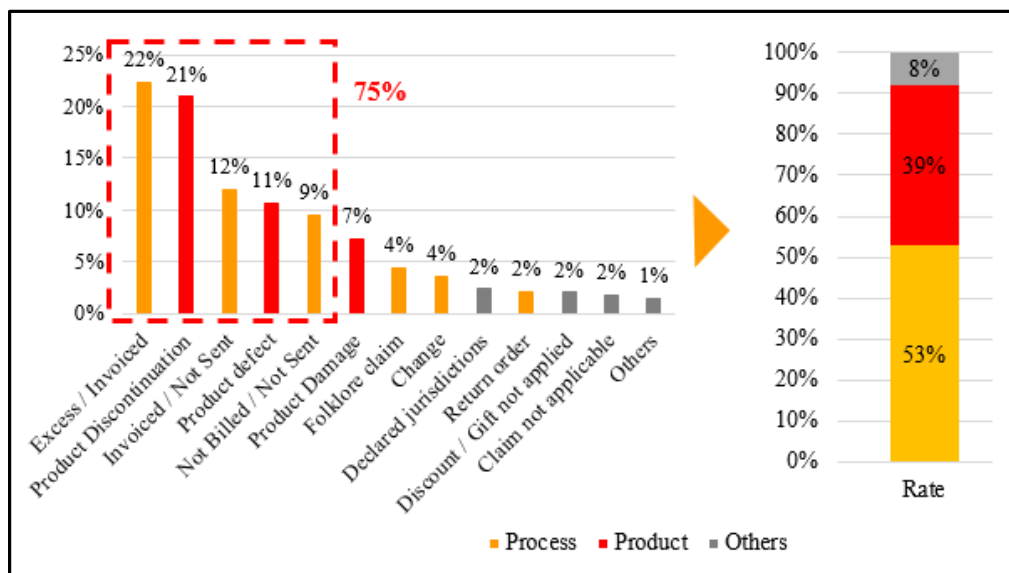


Figure 42. Pareto diagram of the complaints placed to the call center by the Peruvian consultants.

Likewise, the same theory could be applied to the complaint calls that the call center receives by the consultants. It is important to consider that the complaint calls group also belongs to the 'unwanted' group and the idea is to find alternatives to decrease the incoming amount. In this case also five out of 17 types of complains represents the 75% of the group (the last five reasons had been summarized as only one 'others' just to improve the graph). Specifically, the five most common complains are: (a) excess invoice, which refers to a mistake in the calculation of the bill; (b) product discontinuation, which involves changing the ordered product; (c) invoice not sent, happens when the invoice doesn't arrive with the

products; (d) product defect, or damage products; and (e) not billed/not sent, which is when a requested product doesn't arrive in the purchased pack or it wasn't billed in the invoice.

Unlike the previous data analysis, where any response of the inquiries could be found in one data base and therefore it could be done by one division; the complains are much more difficult to solve. The problems that they deal with involves other divisions such as logistics and supply chain. Trying to decrease the incoming calls for complains would require to work together with other operations divisions of Natura.

4.2.4 Key performance indicators.

As presented before in the internal analysis of the company, currently the Regional Call Center of Natura is managing seven KPIs that tries to maintain an optimal performance. Reaching the KPIs is one clause of the contract made between Natura and Atento. According to Natura's Regional Coordinator of the Customer Service division, those KPIs are one of the most important conditions currently managed for the outsourcing company. Basically, it could be said that the service that Atento provides is measured by the KPIs defined by Natura; if they reach them, they get paid. Table 14 shows the results obtained in 2016 for each KPI as the whole region, Latam.

Table 14
Latam Contact Center KPI Achievement in 2016

Indicator	Achievement	Target	A/R
Service Level	86	86.5	99%
Abandonment Level	1.97	2.8	142%
IAPA	98	96	102%
PISC	96	92	104%
FCR	94	93	101%
Contact Rate	0.35	0.32	92%
TMO	298	300	101%

According to the KPI results of Latam in 2016, the performance of the Regional Call Center was outstanding, they reached almost all targets or were very close if not. However,

Elizabeth, the Regional Coordinator of the Service division, didn't share the same positive opinion regarding the call center performance. According to Natura staff, there are still many aspects that could be improved in the Call Center that not necessarily was related to the currently defined KPIs. In fact, one of the Natura's requirement was to define additional indicators that could actually show the division status and that also they could provide an alert for upcoming issues in the area. As stated in the qualitative analysis, Natura is aiming to establish a system that could provide them an alert when a management issue could happen; similar to a red flag alert. Sometimes the customer service quality was damaged due to the unnoticed 'red flag'. Finally, Elizabeth stated that as a customer contact center, they were dealing with issues every day, and it could be really helpful if something could alert them in advance so they can prevent bigger issues.

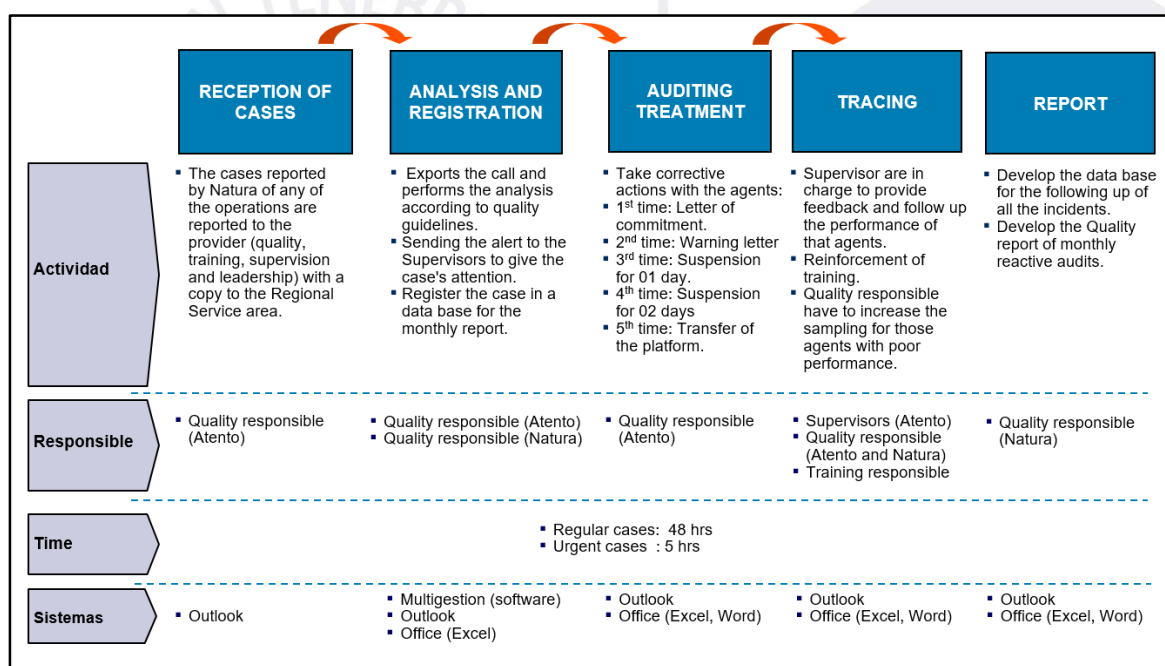


Figure 43. Current process of the reactive audits.

4.2.5 Increment of reactive audits (complains)

The Regional Customer Service area manages two types of audits proactive and reactive audits. While proactive audits are developed with the objective to control the quality level of customer service through the audit of random calls, on the other side the reactive

audits are developed just when consultants request it as a way to complain about bad service received. The reactive audits imply to receive a mail of the client, listen the recorded call, analyze the case and provide a corrective action if it is necessary. Currently, one of the three analyst of the Customer Service team is in charge to develop this procedure and follow up the cases daily. Figure 43 shows the processes followed through the reactive audits where the participants are mainly the quality responsible of Natura and Atento.

The concern is that along the last month there were an increment in the number of audits, it grown in 55% in comparison with the last year, therefore there is required to spend more time for the audits and also its management is becoming more complex. According the report of the last year, the average of requests for audits is around 90 per month, reaching around 1085 audits annually (See Figure N° 44). The increment of audits shows that the quality service in the contact center is deteriorating, as there are more complains then there is more dissatisfaction of the customer service. Therefore, in order to analyze the root causes of this increment, it's necessary a deep analysis of the casualties.

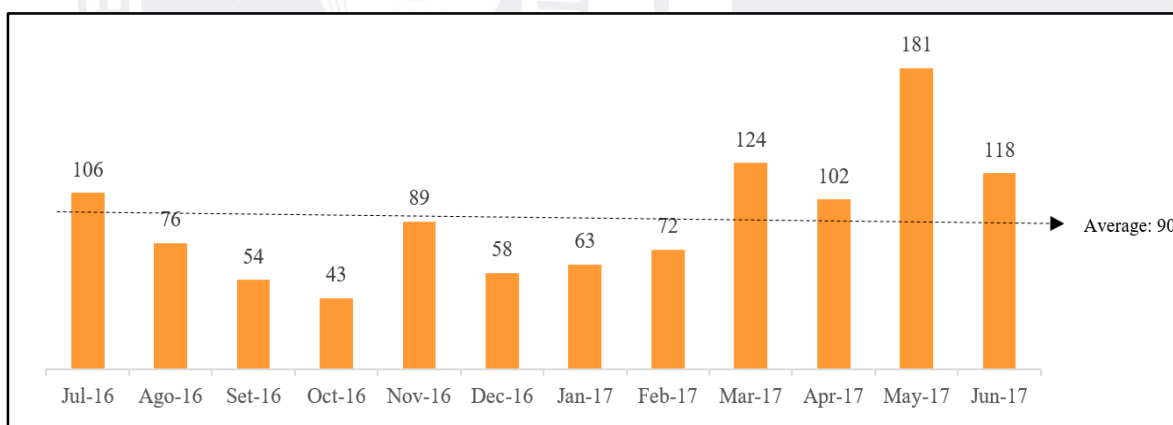


Figure 44. Number of reactive audits developed along the last year.

About the distribution of the reactive audits, CAN (attention to consultants) is the channel that concentrates most of the audits represents, 64% of the total audits (Figure N° 45), in this case it is proportional to the number of total calls which are made mainly by consultants. On the other side, although Argentina is the country that manages more quantity of inbound calls, Peru is the one who registered more audits 60% of the total (See Figure 46).

According the interviews with the responsible analyst, it happens due to the closeness communication that the team manages with the Peruvian consultants that allows them to have more confidence to claim each time they perceived a bad service in the call center.

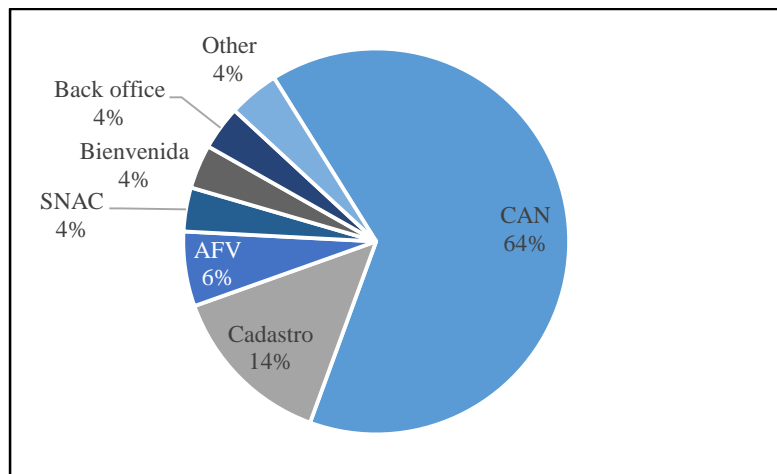


Figure 45. Percentage of reactive audits per channel.

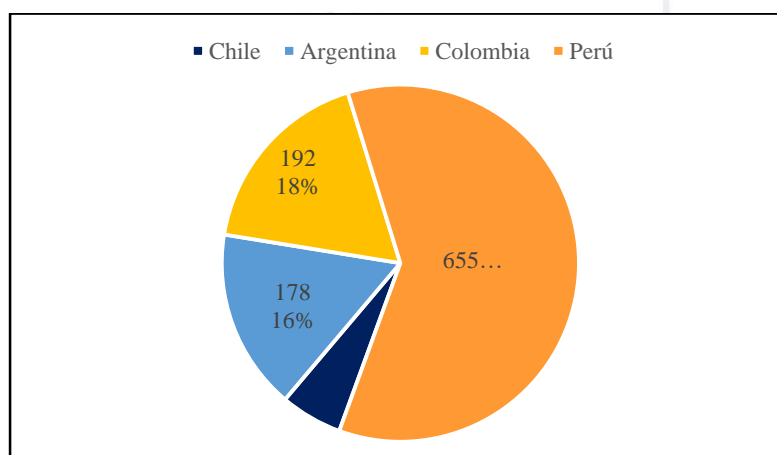


Figure 46. Number of reactive audits per country per year.

After analyze the results of the audits, it was found that 14% of them should not been required because actually the attention followed the correct procedure, therefore it means that there is an opportunity to develop a filter before to start the audits. On the other side, about the applicable audits, it was found that the main problem was that the agents had mistaken during the registration in the system, followed by the problematic that they provided incorrect or incomplete information to the consultant. After some interviews with the agents, they explained us that they have inconveniences during the registration because the system sometimes works slowly, the pressure to not exceed the TMO (average time) makes them to

write fast, and in other cases they just forget to ask all the questions to the client. The second type of result shows that 29% of them provide incorrect or incomplete information such as the number of points in the account of the consultant, information of the gifts for certain campaign, the process for devolution of items, etc.

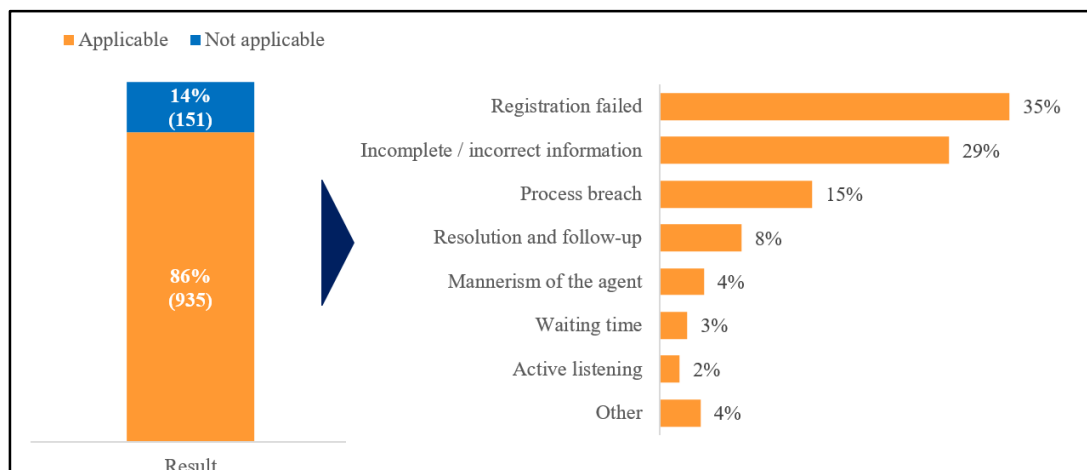


Figure 47. Results of reactive audits along one year.

Table 15
Description of Result's types

Type of result	Description
Registration failed	The agent registered in the system wrong or incomplete information of the order, CN profile, complains, etc.
Incomplete/incorrect information	The agent did not provide the correct information to the consultant (in the call) about promotions, gifts, devolution, service period, procedure for payment, etc.
Process breach	The complaint is not registered despite the consultant called before, wrong process of segmentation, do not follow the script/speech, or wrong locks and unlocks.
Resolutions and follow up	Agent does not scale cases that need to be scaled, don't solve the problem of the consultant or confuse them.
Mannerism of the agent	Improper treatment to the consultants.
Waiting time	Excessive waiting time during the call.
Active listening	Agent does not pay attention to the client and / or does not understand the query
Others	Service duration, spelling mistakes, etc.

Despite the process of reactive audits allow to identify main quality problems along the management of the contact center, actually this process shows just the “tip of the iceberg” because most of the audits happens just due the complain of some consultants. The method for auditing, the sampling is delimited by the perception of consultants whom according its mood could claim or not. Therefore, due after the results of the audits there is an implemented system of penalties which involves letter of warning and work suspensions, then for the telephone agent it is an unfair method to measure their performance. On the other side, the Regional Customer Service team is spending a representative part of the time of its resources in a process that could be showing isolated cases or insignificant casualties.

4.2.6 Staff Management

As it was explained before, the organizational structure of the call center is according countries between Peru, Chile, Argentina, and Colombia and also additionally this year (2017) Mexico is migrating its operations to Peru. After to review the time per call (TMO) it was noticed that despite they attend similar services, the TMO between the countries is different (see Table 16). The main reason is explained due the cross cultural differences and the different campaigns developed in each country. After to have some interviews with the agents, they explained us that consultants have different profile among countries, for instance the Colombian ones used to complain more, therefore they have to be careful giving an appropriate speech.

Another issue in the Colombia team was that the internal process constantly is changing, then sometimes they do not have the updated information so then they have mistaken responses to the clients; that decreases the overall satisfaction level of the customers with Natura. On the other side, countries like Chile are well performing and the processes are almost the same in comparison with countries like Peru or Argentina. It is important also to consider the consultant profile of each country. As the regional coordinator stated, Colombia

and Argentina's consultants are more demanding than in other countries.

Table 16
Average Time per Call by Countries

Country	TMO (seconds)
Argentina	278
Peru	269
Chile	260
Colombia	287

Currently, about the management among countries there is a concern about the shifting of workforce that could increment the TMO and deteriorate the quality of the call. The sample of the calls made on June shows that all the countries were shifting labor force at least in 13% of them, and the most critical case is about Colombia who had labor force of other teams in 73% (Figure 47). The problem is that these changes are not allowed by Natura because it affect in the quality of the customer service in which consultants has to deal with employees that are not trained to attend a certain country.

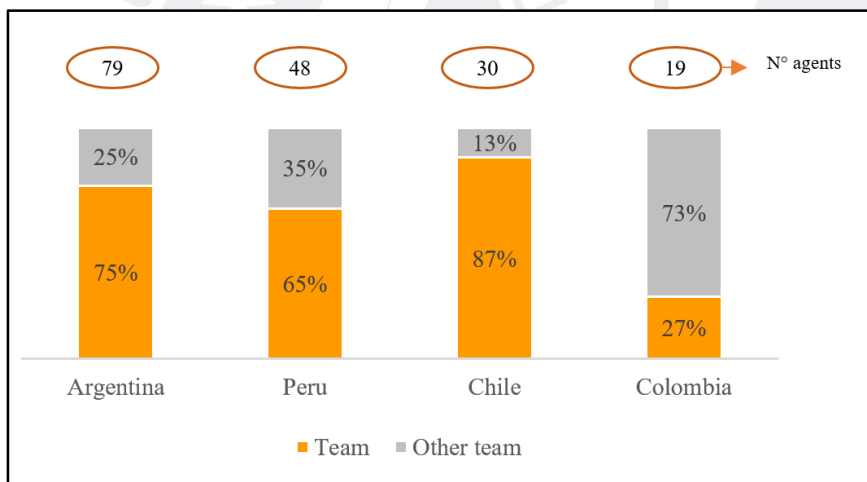


Figure 48. Percentage of shifting labor force among teams (June 2017).

The impact of these changes are showed in the Figure 49, when people shift among teams the TMO could increase even in 56%, this fact represents more cost for the company and also deteriorate the level of satisfaction of the customer. The reason why Atento started to shift employees among teams was because they wanted to cover gaps between the planned and real capacity. In addition, another problem along the staff management is the increment

of tardiness and absences that causes the increment of calls abandonment and service level (waiting time) within that day. Some agents explained that their absences and tardiness are because they have to study and work, their houses are far away of the company and also because the previous day they did overtime.

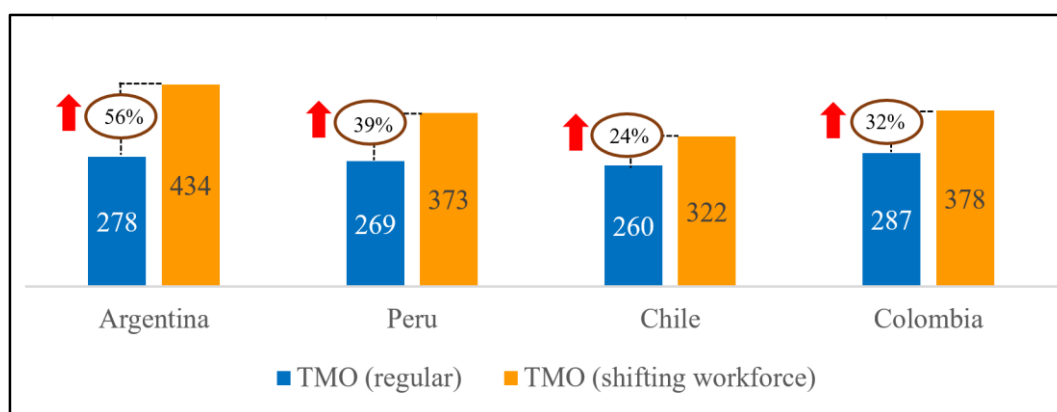


Figure 49. Impact in TMO (in seconds) for shifting workforce (June 2017).

Variance in the forecast of the demand. As the forecasting for number of calls is the start point for contracting telephone agents then if it is wrong calculated then it creates gaps in number of operators available. As it was mentioned currently this is the cause of several problems such as shifting of employees among countries, requirement of extra hours and consequently it also causes the deterioration of KPI's such as the increment of TMO, abandonment level and service level. The root causes of this problems are that the forecasting of the number of call developed by Atento does not have the enough accuracy, the variance is 14% per month. The method applied for the forecasting is based in historical data, the variation among the last months and the input of new campaigns. Due there is cases in which they need to shift laborforce, there is an opportunity to improve the method of forecasting in order to optimize the use of its workforce.

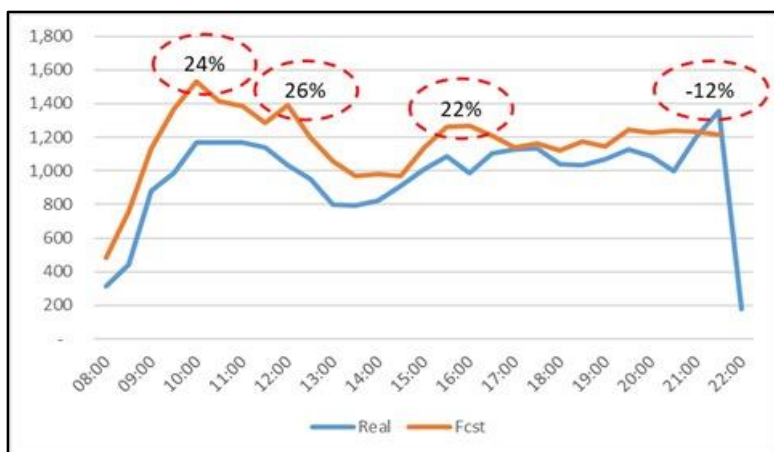


Figure 50. Forecasted capacity vs. real demand of incoming calls

4.3 Conclusions

Calls and messages that the contact center receives daily are the most important quantitative data to be analyzed for this project. One important detail to consider is the importance weight of each data. It is necessary to select the information that are more relevant to the company, those that with the less effort could have the biggest impact in the business management. For that reason, in the quantitative analysis first the most frequent calls are analyzed. After looking for the raw data, it was possible to infer that Natura's consultants were the ones who reaches the contact center the most, and although most of the times were to place an order, the inquiries also were taking too much workload to the Atento staff. If the inquiries could be avoided, or reduced, a lot of time and effort could be saved for the company.

Another important observation was the overall KPI results that the company achieved in 2016. Only with few exceptions all performance indicator's target was achieved by the region. However, it can be concluded that perhaps the currently managing KPIs are not the best to measure the business performance, as Natura keeps having issues everyday such as lack of personnel for the contact center, low satisfaction level from the end customers, wrong information delivered to the consultants, among others. All those problems difficult the workflow of the Service area and adds extra work for all their staff.

On the other side, when an operational component of a company is outsourced, there is a probability that will be issues regarding coordination and communication between the company and the outsourced component. In Natura's case, there appears to be a disconnect in the organizational structure in terms of roles and responsibilities. For example, in addition to managing Columbia, Elizabeth plays the role as Peru's regional coordinator and is also the key contact with both Natura and Atento. The current organizational structure allows little communication between Atento's agents and Natura's management. This poses as a source of disconnect as agents are on the front-line, directly engaging with Natura's consultants. The agents have first-handed knowledge of critical issues and information that may be of value to management.

Our Agent Satisfaction survey revealed that Atento is proficient in handling Natura's call center in terms of adequate training, resources, management, and work atmosphere. Natura, on the other hand, received only a satisfaction rating in training. Moreover, open-ended questions on the survey revealed that agents are working with a large source of external stress. Work-life balance was determined as the top source of stress. In the workplace, the lack of information, problems with software and hardware pose as stress factors for the agents. Lastly, employee turnover is high amongst call center agents; for Atento, 65% of telephone agents have been employed for one year or less, suggesting a time-period for turnover. Our qualitative analysis will provide the key problems needed for our recommendations.

Chapter V: Root-Cause Analysis of the Problem

5.1 Identified Causes

Having shown soft and hard data from the company, it is time for analyzing what are the root causes of the main problems that Natura has. In order to do that, the tools stated before in the chapter three. The most effective one to identify the root cause of the problem is the Ishikawa diagram, also known as the Fishbone or the cause-effect diagram. It is important to do not confuse the causes with the symptoms, one of the most common mistakes general managers commit. The list of causes identified through the analysis are presented below.

- Inadequate forecasting of the capacity
- Inefficient flow for share information with call center
- Poor sampling of the reactive audits
- Lack of data analytics and limited development of initiatives
- Compliance towards value-based service.
- Agent stress, motivation and conduct
- Disconnect in the organization of management.
- Incongruence in Base Staff Requirement
- Incongruence between Atento and Natura data
- Out-of-dated KPIs
- Lack of communications between Atento agents and Natura management team
- Lack of communication between other departments and call center.

5.2 Main Causes of the Problem

There are five main causes that can be identified in this project: (a) measurement, that is related to KPIs and forecasting results of the incoming calls; (b) people, which involves the high turnover rate of Atento staff; (c) methods, which is related to operations of the business; (d) Machine, that refers to the equipment that the Call Center uses; and (e) communication,

which is usually one key issue among companies. Figure 51 shows the Fishbone diagram with all the identified causes and the problems that they involve. In the following part, each cause is explained in detail.

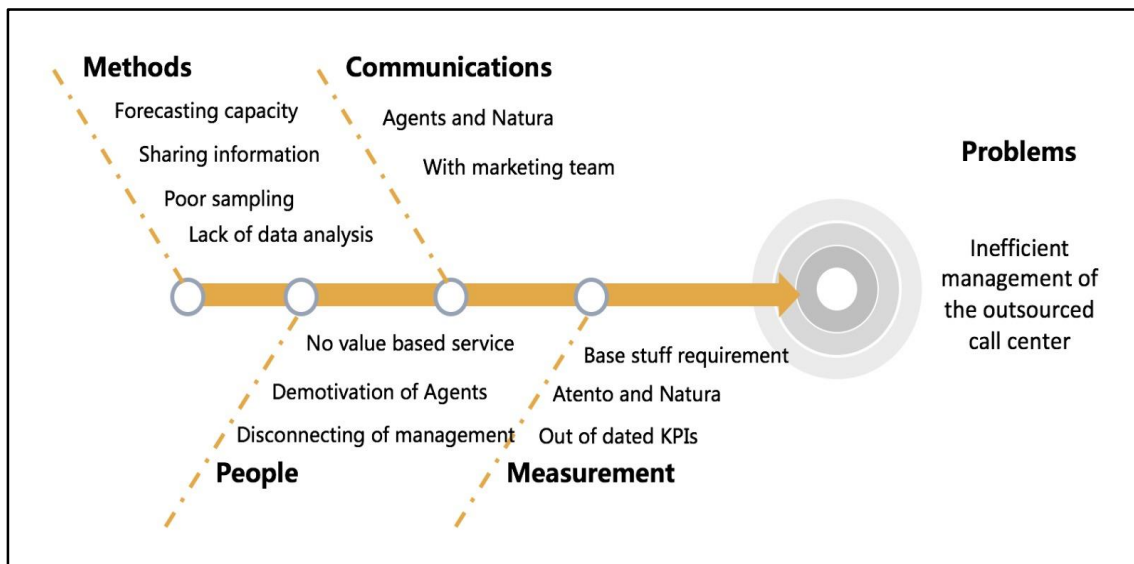


Figure 51. Fishbone diagram analysis.

5.1.1 Methods.

The current process in which the contact center operates is not effective for the current methods for the forecasting of the capacity, the flow for sharing information, reactive audits and the lack of initiatives for managing the number of calls.

Inadequate forecasting of the capacity. As the forecasting for number of calls is the start point for contracting telephone agents then if it is wrong calculated then it creates gaps in number of operators available. Currently, this is the cause of several problems such as shifting of employees among countries, requirement of extra hours and consequently it also causes the deterioration of KPI's such as the increment of TMO, abandonment level and service level. The root causes of this problems are that the forecasting of the number of call developed by Atento does not have the enough accuracy, even if it was validated with the Natura team. The method applied for the forecasting is based in historical data, the variation among the last months and the input of new campaigns. Due there is cases in which they need

to shift laborforce, there is an opportunity to improve the method of forecasting in order to optimize the use of its workforce.

Inefficient flow for share information with call center. Due the telephone agents are receiving the information of campaign after the launch of them, the agents are not able to provide an appropriate response to the clients. The root cause is that the internal areas of Natura do not provide this information in advance, and the Regional service area in charge to follow up the main campaigns but if there are some particular initiatives or changes in the process for some countries it is likely that they also do not have that information. This fact became more critical when the contact center is outsourced because the relationship is weaker, they need an intermediary who centralize all the requirements of the contact center. Otherwise, the individual requirement of information is not enough strong to pressure Natura to become more proactive with them, therefore, there is a need to refine the flow for sharing information with the contact center in which the Regional Customer Service must take the intermediary role.

Poor sampling of the reactive audits. The method applied for the sampling is based on the request of some consultants which allow evaluate some of the agents and if the audit proceeds even they can have a punishment. The consequences are that agents are not satisfied with this process because it is considered unfair because it could depend of the mood of consultant and not everybody is evaluated. Another consequence for the Regional team is that they are focusing in the results of these data thinking that it represents the real situation of all the contact center. This in turn could be causing them to be focusing their efforts on issues that are not representative or transcendental to the company, while the real ones are not attended.

Lack of data analytics and limited development of initiatives. After to know that the regional are is mainly focused in follow up the results of the KPI's, there was identified that

Natura is limiting its vision of the current performance of the supplier. The root causes is that there is the lack of analytical data inside the management of Natura that is causing to follow up just the results that the supplier is interested in show, while quality is less prioritized. Besides, the limited development of initiatives causes that the number of call, complains, inquires and others are not managed for any department of Natura, therefore nowadays they are facing an uncontrolled increment of them. Consequently, the Regional Area has the opportunity to become a proactive area that could share information with other areas in order to control the increment of non-wanted calls.

5.1.2 People.

Lack of compliance towards value-based service. Currently, the goals of the call centre revolve around the notion of reducing costs by the means of increasing efficiency. The goals of the call center are centered on achieving KPI goals, which are time and cost based. Furthermore, management continue to monitor the call center based on existing KPI's without reviewing for continuous improvement. Training deliverables, both general and continuous, also place an emphasis on KPI's without much of consideration for generating value in agent-consultant interaction. Therefore, as a peripheral component of operations, there lies a disconnect between call centre management and employees with Natura's core emphasis on customer relations. In regard to our Agent Satisfaction Survey, 14% of the open-ended responses revealed that a stress factor involved pressures to meet KPI's. A review of the call script revealed a lack opportunity for an agent to add value to the interaction between the agent and the consultant. Moreover, the call centre's policy for strict script conformance further hindered any value-added interaction. As a result, the notion of efficiency is regarded as the overarching goal amongst the agents as opposed to more of a value-based goal.

Agent stress, motivation and conduct. With regards the restrictive nature of script conformance and the lack of opportunity for value-added interaction, motivation amongst the

agents can be compromised. According to Maslow's Hierarchy of Needs, a motivation theory, people are motivated to achieve certain needs and that some needs take precedence over others (McLeod, 2007). A restrictive script is likely to also compromise the full potential for motivation, as the top-tiered 'Self-Actualization' component of the Maslow's pyramid is not met. Furthermore, our Agent Satisfaction Survey showed work-life balance (45%) as a major stress factor amongst agents. This affects the bottom-tiered 'Safety' component of Maslow's Hierarchy of Needs, compromising an agent's motivation for achievement. Employee motivation affects morale; consequently, this can affect employee conduct and overall performance. Absences, tardiness and lack of drive can influence the call centre as a whole; employees that arrive late or do not show up require management to restructure the day's workforce to meet demands. This may include the temporary transfer of an agent from one country-department to another. Temporary substitution of agents in different country-department can induce a source of stress for the agents, affecting overall performance.

5.1.3 Communications.

Lack of communications between Atento agents and Natura management team.

According to the survey took for the call center staff in the qualitative analysis, one of the most common complaints of them was the equipment that they were using. Having problems with the equipment also lowers the quality of the service provided in the call center. Among all the difficulties stated in the survey, the most common comments were the broken earphones and the lagging system that they were using. This is mainly due to the inefficient communication between Atento agents and Natura management team who is not in charge of the renewal of the equipment's yet accountable to maintain the quality of customer services. Although the system change is not an option that can be implemented right away, renewing the earphones periodically could be a simple and fast solution that could improve the service level. This could be a clear example of small things that makes big changes. However,

according to the surveys from the agents, a broken earphone is normally not replaced until it is totally broken.

Apart from the insight of the call center staff, Elizabeth, the regional coordinator also provided information regarding the equipment that they were using. According to Elizabeth, the system was prone to virus or cyberattack. The troubles happened very rarely but it always had huge repercussions on their work as all the operations forced to stop. It was not an usual problem but the risk that they were taking was very significant.

Lack of communication between other departments and call center. From the conversation with the management team in call center, we realize that Elizabeth seldom communicates directly to marketing team, neither does the marketing team is likely to have a heads up to Elizabeth prior to a marketing campaign. The forecasting accuracy of Atento is, therefore, lower than the industry average (variance of 2.2%) (Klenke, 2015). Also, the call center management does not have a “what if plan” on (1) A new multimedia channel becomes available to customers, which is very likely to happen in the following years since there has already been a discussion on the shifting of direct strategy and online platform for consultants. (2) what if a key product line is offered at a discount, which is easiest to predict since the discount seasons are often fixed in a year, yet there is no prediction on how many calls will be generated from a discount or a key product.

5.1.4 Measurement.

Incongruence in Base Staff Requirement. The forecasts on the next month’s required workforce are various from the two cooperators. For example, if Atento makes a forecast on the workforce of next month is 25, with a variance of 14%, which means the incoming calls of next month may require from 20 - 30 agents to provide full-experienced services. Natura will always have expected to have 30 base staffs requirement so that there is no necessity to shift any agents from other countries as if required, because Natura prioritize consultants’

services. On the other hand, since the margin of the call center is low (16.7% of adjusted margin in fourth quarter of 2016) (Chor, 2016) and the salary of the calling agents are fixed no matter how many calls they received, Atento will almost always dispatch the smallest amount of workforces for Natura.

Incongruence between Atento and Natura data. Regarding the forecasting process of the income calls, there are a clear incongruence between the information that Atento provides and the process that is finally executed for the Service division. To specify the process that is followed in order to forecasting the amount of calls, both Natura and Atento's planning division forecasts the following month's income calls number before it is sent to the operational division of Atento. The operation division of Atento is the responsible of hiring workforce and meeting the KPI targets as set in the contract with Natura. However, the numbers provided by the planning division of Atento, that is agreed with Natura, always differs with the numbers that the execution team of Atento provides. Discrepancies in the forecasting income calls numbers leads to an increment of abandon rate (number of calls not attended). Basically, the operation division of Atento always decreases the forecasted amount of income calls and hires less people, which ends up having a deficit in workforce and decreasing the contact rate of calls. It is logical that this service providing company always seek for their own benefits, in this case, reducing expenses. This is one of the root causes regarding the poor management of the contact center. Moreover, there is a conflict between two companies caused by different business mode. As for Natura, with high gross margin and expanding strategy, customer service is what the company value the most because it provides a good brand image and subsequently generates revenue. While Atento, as the nature of call center, has to control the cost to as low as possible. The conflict reflects on the contracts on workforce shifts and holding time, which will be discussed in later.

Out-of-dated KPIs. There are six KPI in total, as it mentioned before, they are service level, abandon level, PISC, TMO, FCR. All of the indicators are statistics based, which means there is no “value” that generates from phone calling is measured. Either does failure on attempt to add “value”. For example, statistics on “average call value”, which measures revenue produced per call, can have a huge impact on sales and marketing decision impacts, more importantly, increase customer services because their potential demands are satisfied. Incoming call center is not just a place to solve consultants’ problems and placing orders. It can be a place to have the right number of skilled people and supporting resources in place at the right times to handle an accurately forecasted workload, at a specified service level and with quality (Sharp, 2003). It is important not to confuse service level with quality of service, especially when every indicator is green, it doesn’t means the quality of service are good enough to create value to the company. As for the manager who only pick up three to four phone calls a day, is very likely to miss valuable feedback from customers.

5.3 Conclusions

In this chapter, root causes of the problems discussed in chapter II are categorized in four pillars: (a) methods, (b) people, (c) communications, and (d) measurements. Methods pillar measures the inadequate forecast of the incoming calls which results in the workforce flow between different country groups. Delayed share of necessary data to agents which results in many failures of solving consultant’s’ problem. Poor sampling size of incoming calls and lack of adding value to the data results in poor monitoring quality and losing value from calls. As for people, one of the root causes, which is also the nature of the call center, is that agents are demotivated and stressful which leads to a low level of customer service. Compliance towards value-based service, furthermore, which states that Natura’s call center is paying few attentions to the most direct method of communicating with their customers. Communication measures the disconnection between management team and agents, which is

mainly caused by no communication ways or methods that management team can hear from the Atento's agents whom has a lot of valuable feedbacks on how to improve the system and customer service level. Finally, Measurement, last but not least, is consisted of incongruence in base staff requirement between Atento and Natura, which is a conflict between saving cost and maintaining service level; and out-of-dated KPIs gives false consumption that KPIs indicates quality of services instead of service level.



Chapter VI: Assessed Solution Alternatives

6.1 Alternatives to Solve the Problem

There are three possible alternatives that could be implemented in order to overcome the main problem of Natura of inefficient management of its outsourced call center by Atento. The first alternative consider change the trade agreements of the contract, as its known the current contract considers a defined organizational structure, KPI's mainly focused on operational performance and the ownership of the forecasting method. Therefore, in order to tackle the root causes, this alternative consider to change the redefinition of these parts in which the supplier Atento must be committed to fulfill these agreements. The second alternative is to implement Business Intelligence, which implies the continuous analysis of data in order to develop initiatives and strategies to improve the efficiency and the customer satisfaction according the changing behavior of the clients. Currently, Natura does not develop any report analysis of the causes of calls, they focus their effort measuring KPI's, therefore there is an opportunity to use the information that they receive from the 2.5 million (1.8 million without considering Mexico) of calls, which is clearly valuable information. Finally, the third alternative is value adding service that could be included in the call center in order to improve the quality in service and customer satisfaction. This was also very requested by Natura because they focus on service quality as it is embedded in the company's culture. In the following section each alternative will be explained in detail.

6.1.1 Changing the contract of the contact center.

The benefits to have an outsourced call center is the high power of bargaining of the contractor that allow him to define and request the accomplishment of certain policies. In this sense, Natura is able to redefine the contract with the supplier each three year and even if there is a need just to modify a non-transcendental agreement it could be develop in the same year of operation. Therefore, this proposal of solution is based in change some agreements

about the labor force and its organizational structure. Based on the problematic that shifting workforce causes deterioration of the service level, then the proposal is to develop an especial workforce that will be able to change teams due they will receive a sophisticated training to be able to be the “joker” employee. This idea will allow to Natura and Atento to optimize the use of their resources without impacting in the quality of the customer service.

Countries Grouping Strategy. This strategy is about to change the organizational structure of the call center in which the labor force of some countries can share some employees in order to cover peaks of demand during the daily operations. After interviews with the team of the Regional Customer Service, it was identified that Argentina and Chile have similarities in products, processes and the profile of the consultants. Argentinian and Chilean consultants tend to demand faster calls and their calls are mainly to place orders. Besides, the time difference between these countries is just one hour, both countries are located on the south of South America. On the other side, the other group of countries is Peru, Colombia and Mexico, because they have similarities in processes, products, profile of consultants and even they manage a similar volume of calls. Besides, between Peru and Colombia there is no time difference which means that the schedule of the agents are the same, consequently they are able to share people during all the day.

The consideration for implementing this strategy is that each country team will be able to share maximum 10% of their labor force, otherwise the service level could be deteriorated in the original country. Besides, it will be necessary an analyst in charge of monitoring online the fluctuations of the demand of calls, and calculate the number of agents that could be shared. Another characteristic to take in consideration is that Argentina is the country that has more traffic of calls, almost 50% of all the services are made by them, so in order to not impact negatively the KPI's, the recommendation is that this country must have better accuracy in the planning of the capacity in order to require lower level of lending

people.

Then the peculiarity of Colombia is that they managed more complex cases, processes are continuously changed and consultants tend to complain more, then in these sense, the sharing labor force must be well trained to have a good performance. Finally, in order to assess the likelihood of success, it is recommendable to start the country grouping limiting the proposal for calls related to place order because is the most standardized process among countries. The following figure shows the countries, its group and the services offered.


Services	Group 1		Group 2		
					
CAN	✓	✓	✓	✓	✓
SNAC	✓	✓	✓	✓	✓
AFV	✓		✓	✓	✓
ATO	✓		✓	✓	
CARRS					✓
SUPPORT					✓
CADASTRO			✓		✓
BACK OFFICE	✓	✓	✓	✓	✓
ELECTRONIC M.	✓	✓	✓		✓

Figure 52. Structure of country grouping strategy.

As it was explained the advantages of this strategy is the optimization in the use of resources through sharing of workforce. As a simulation of the new traffic of calls per group, it was found that Argentina and Chile will have around five thousands of calls per day, in which Monday and Tuesday are the days with higher demand (See figure 53). Besides, looking the demand per hour, the main peaks in the morning is between 8:00 and 10:00 am, and in the afternoon from 4:00 to 6:30pm (See figure 54). This trend could predict at what time Argentina could require more labor force from Chile, country that does not show prominent peaks during the day.

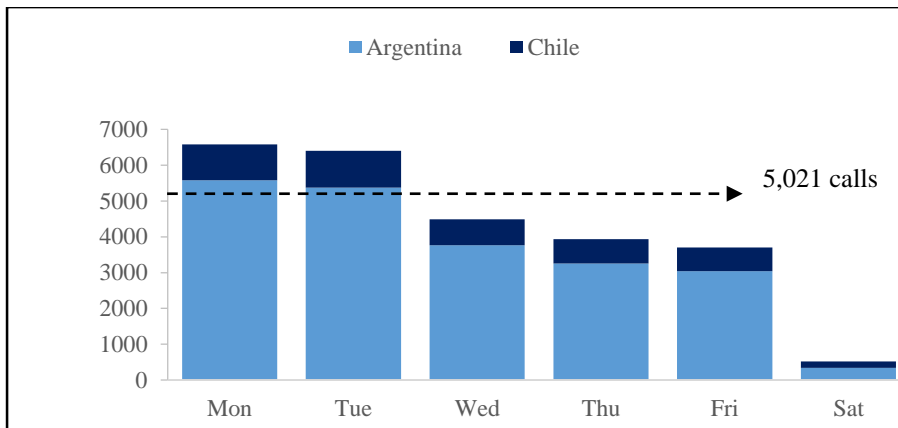


Figure 53. Number of calls per day –group 1

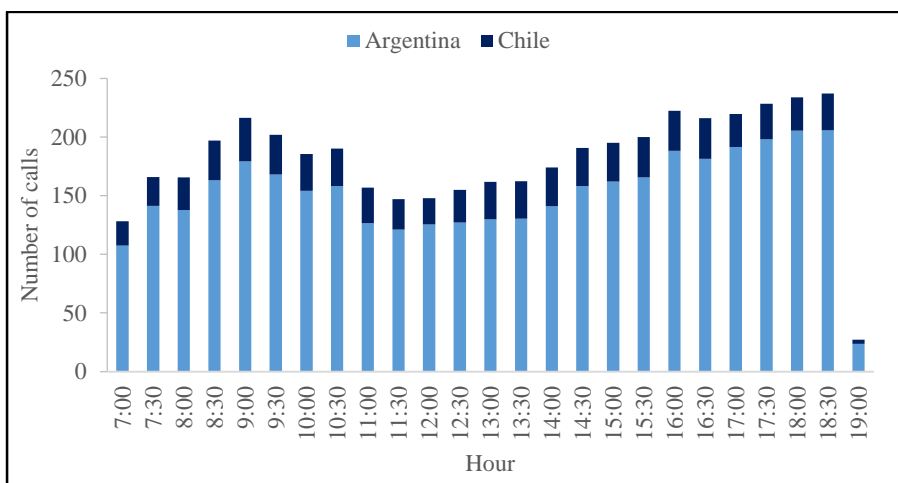


Figure 54. Number of calls per hour –group 1

The aggregation of demand of the group 2 shows that Peru, Colombia and Chile have around 3,8 thousands of calls per day, in which Monday and Tuesday also are the days with higher demand (See Figure 55). Besides, looking the demand per hour, the main peaks in the morning is between 10:00 and 11:30 am, and in the afternoon from 5:00 to 7:30pm (See Figure 56). This trend could predict at what time they will require more people in their teams, however it does not assure that every day the other countries will be able to share people. In conclusion, this method allows to optimize the use of resources, but it is necessary constant analysis of the fluctuation of the demand and also more training for the labor force.

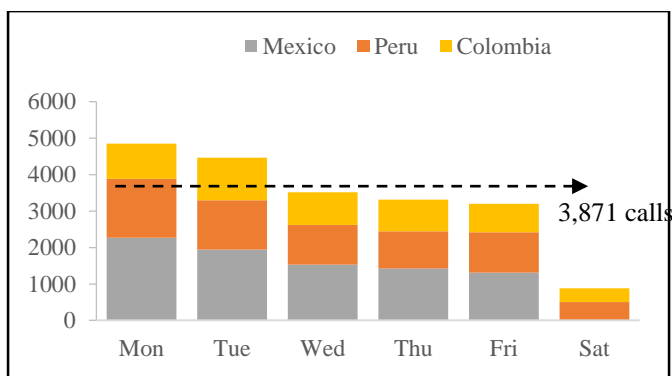


Figure 55. Number of calls per day –group 2

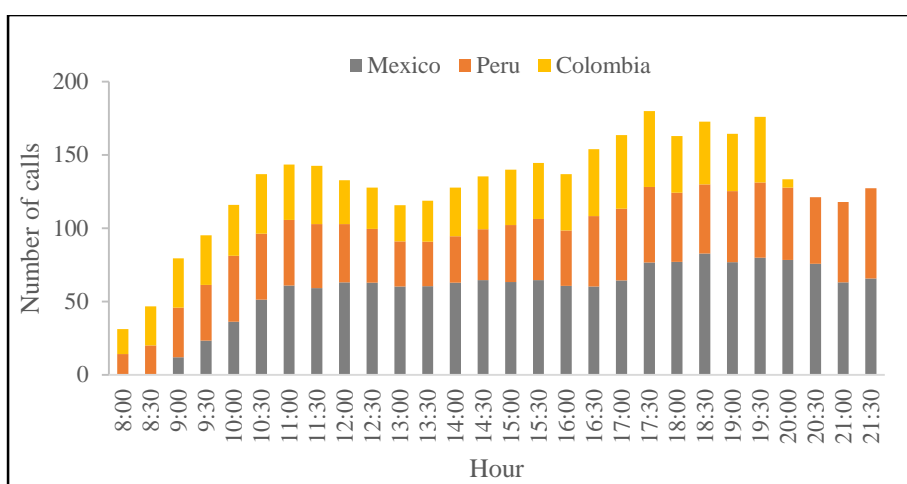


Figure 56. Number of calls per hour –group 2

Switching workforce strategy. As it was reviewed in the qualitative analysis, the monthly demand of calls has seasonality in each country, and despite the adjustment of the forecast during the daily work there are discrepancies between the real and planned capacity. Therefore, in order to cover the gaps of labor force during the peaks, the strategy of shifting workforce will help to reduce the impact in abandonment level and service level. The switching team is a group of employees trained in the services provided by the channel CAN (Consultants service) of the five countries of LATAM. This team will be able to replace any agent or to help the team during peaks of demand, just in cases where there is no need, the member of the team will be distributed proportional to the number of employees of each team. As a policy, this team must represent maximum 8% of the total labor force, they could receive better salary than the regular team and there will be necessary to hire one supervisor

for them. The salary will be higher because the agents have to learn about all the Latin American cultures, the different product of services, and the different processes applied among countries. Additionally, Natura has to invest more in continuous training, but the additional expenses could be compensated by the development of initiatives to reduce number of calls. The benefits of this model is that Atento could have better facilities to reach optimal operation efficiency without deteriorating the quality of service for the customers. On the other side, these team also will be able to train new agents whether their team is the regular or the switching team. Finally, the main role of supervisor is the monitoring of the well performance of the switching team and the data analytics of the gaps of the demand, in order to know how distribute the team daily.

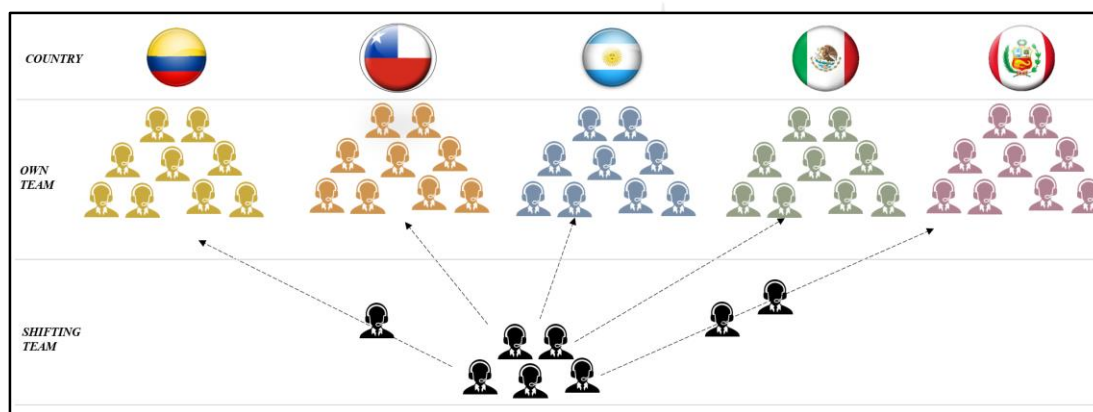


Figure 57. Model of switching team strategy.

Accuracy of forecasting and KPIs. As showed in the quantitative analysis, all the KPIs that had been defined in the contract between Atento and Natura are reached by Atento every month. KPIs results should reflect the actual performance of the company, but it is not the case of the Service division. For that reason, apart from the indicators that have been used until now, there must be new ones. In relation with the incoming calls forecasting issue previously stated, three new KPIs could be added to the contract. This is a contract level issue as fulfilling the KPIs are defined on it; the monthly payment of Atento depends on the indicator's result.

The three indicators that could be added are the following: (a) Atento's forecast

accuracy, (b) Natura's forecast accuracy, and (c) consensus rate.

As stated before, the workforce amount of the call center is calculated based on the forecasted calls quantity by Atento. The current process only involves Atento to plan the future calls amount, so the idea is to involve also Natura. If both plans together the future calls amount, the required number of employees could be proven logically in order to actually implement the optimal plan. The three indicators aim to improve both Natura's and Atento's forecast accuracy.

First, the forecast accuracy indicator would compare the forecasted amount of calls from one month before with the actual result. The accuracy target would be defined according to the accumulated data of forecasting; so if normally the forecast accuracy that any of the two companies reached was 80 percent, a minimum target could be set at 85 percent and be adjusted according to the performance reached. So for example, if Natura forecast 5000 income calls for August, and the actual number happens to be 4800, the forecast accuracy indicator would be 96 percent ($1 - ABS(4800 - 5000) \div 4800$); and they would have reached the target of 85 percent. Same would be done for Atento, if they forecast 4500 calls, their forecast accuracy would be 93 percent ($1 - ABS(4800 - 4500) \div 4800$). This indicator would prove how close they predict the values and high scores could be showed to ensure the right amount of people hired for the call center.

The second indicator would be Consensus rate. Basically it shows how close the predictions between the two companies are. Improving their forecast accuracy and having the right amount of people for the operation must be a common interest for both of them, as it will improve the service quality in case of Natura and the employees of the contact center will receive better rewards. The purpose of the consensus rate indicator is to narrow down the gap between both company's numbers, in order to avoid discrepancies for deciding the number of employees necessary for the contact center by month. The calculation of the

Consensus rate indicator would be similar to the Forecast Accuracy rate; if the forecast of each company are 5000 and 4500, the consensus rate would be 90 percent ($1 - ABS(5000 - 4500)$). All these three indicators will improve the people management for Atento and therefore, the service quality of Natura, as it will avoid having lack of personnel for receiving calls.

Forecasting methods for future income calls amount. Considering the poor considerations that Atento takes in order to predict the future incoming calls, Natura could take part in that task, adopt it, or at least suggest a better method to increase accuracy of the predictions. As presented in the Literature Review in Chapter three, there are some methods that are not complicated but could improve considerably the current forecasting results. For this project, the ‘Exponential Smoothing with Trend Adjustment’ method would be the most suitable one among the presented options as it considers the trends but smooths the occasional peaks of income calls. The suggestion is for Atento because the capacity planned is higher than the demand in around 14%, it means that there is an opportunity for Atento to reduce the number of available agents. Besides, in order to deteriorate the service level, the new forecast method should be developed even per hour in which there can manage different number of agents according the trend of the demand.

6.1.2 Efficient use data.

Contact center has a large amount of data. In the most advanced call centers in the world, data from the call center are not just for evaluating agents’ KPI, instead, data are used in the most efficient way in order to analyze customers’ behaviours, have a better prediction on incoming calls, and improve marketing in the global scope. According to the Atento’s data from the quantitative analysis in chapter 4, Natura and Atento are both tend to focus on quantitative analysis instead of qualitative analysis. It is common that the call center management team is focus on average call handling time rather than widen the aspects such

as detailed customer feedback. For example, if the total incoming calls increase dramatically, the average holding time increases, customer's satisfaction decreases, and in a manager's perspective, it is either because there's a new product line are introduced into the market and the agents do not have a clue. This situation should be reported immediately to the general management team and a deep communication with marketing team is required. However, in the data management and analysis of Natura, only indicator of holding time will alarm and possibly TMO as well, no action will be taken.

Bundle Data. Therefore, data should be integrated as bundles to give the management team an extensive understanding on the qualitative analysis. An example below appeals the most common relationship between unusual indicators and possible activities associate with marketing.

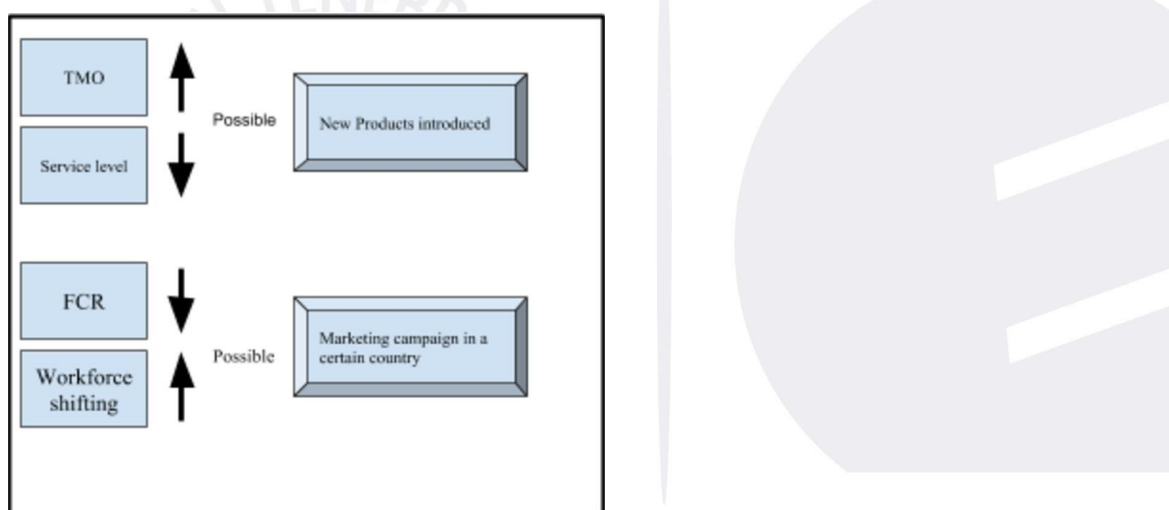


Figure 58. Predicted activities on suspicious data.

Data share with marketing department. Call center is the perfect resource for analyzing customers' behaviour. Real personalization based on communication style, not online behavior: Advanced marketers are able to reference a variety of consultant profile to personalize their marketing efforts (Wesecher, 2015). They can use demographic data, transactional data, such as an abandoned rate of their calls, even whether a customer prefers to communicate with agents by text or calling to analyze the buying preference of a certain

customer.

Considering that inquiries represent almost the 30% of the incoming calls in the contact center, alternatives to decrease customer's doubts would be highly appreciated by Natura. As stated in the quantitative analysis, most of the consultant's inquiries were regarding their personal data information, bill balance and contact information. According to Natura's staff, the company is currently trying to persuade the consultants to use more the online resources to place orders. This initiative could also be applied to reduce the incoming amount of calls for inquiries; what the company could do is to provide the desired information through the internet. For example, every consultant has their own user and password for the company's web portal; if they could reach all the answers to their most common concerns in their web profile, a significant number of calls would be reduced. In order to decrease even more the number of calls, Natura could also use push notifications in order to provide relevant information to their consultants from time to time.

Implementing IVR. We suggest implementing Iterative Voice Response (IVR) to the calling process. IVR is not just a tool that guides the customers into a certain field of experts or regions. It can also help create a streamlined customer experience that in turn drives revenue: if the agent knows who you are and why you're calling, they are more likely to convert the call to a sale (Schierberl, n.d.)

Using Google Speech API and OpenStack cloud service. Google speech API is a newly innovative artificial intelligence technology that transfers voice record into text files. Import of the technology can build a strong analytical fundament to the data analysis process because the cost of monitoring text is much lower and more efficient than picking up phones one by one. Moreover, since Natura call center does not have a file storage center, a cloud service for corporations is essential for further use of the Google Speech API. Within a wide range of selections, OpenStack, a cloud service that specialize in call center and big data

analysis, fits the needs of the company. Afterwards, every incoming will transfer into text file then store in the OpenStack, shared not only in the call center but also, marketing team or other departments need the data for customer buying behaviors, feedback of a certain products, etc.

Improvement of Reactive Audits. The proposal for reactive audits is the improvement mainly in the sampling and the implementation of a system that allow measure the performance per agent. The sampling will involve business intelligence in which the quality responsible has to analyze all the data base of the calls and determine a sample size of 100 calls for audit. The sample will be selected according alerts of deterioration of the service level, these are (a) high TMO, the calls of more 300s must be reviewed; (b) low PISC, level of satisfaction of customer less than 90%; and (c) high rate of absences and tardiness. Then according the recording of the call, the quality responsible must grade the performance of the call according the quality guidelines developed by Natura. In cases where there are impacts with the customer satisfaction, the next action will be to send a letter of apologizes to the consultant and in compensation of the bad service receive, that case must be prioritized.

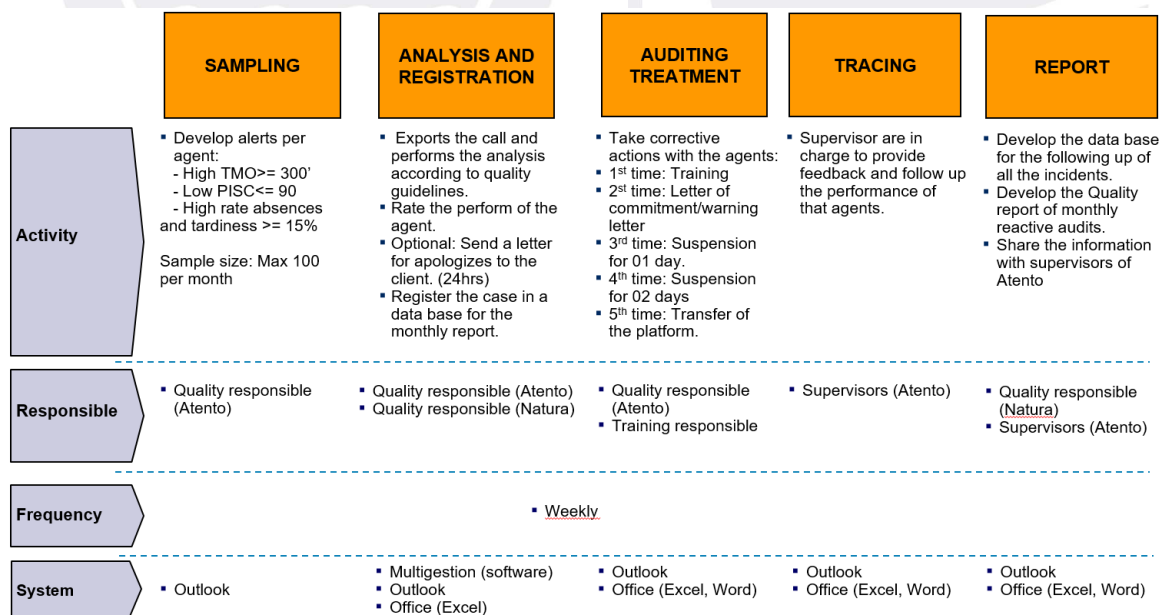


Figure 59. New process for the reactive audits.

On the other side, according the results, the telephone agents with lower grades will be invited a meeting for reinforce them the training of Natura. In case, the same agent is rated with a low grade there will be another actions to take in consideration such as the commitment letter, suspension, or change of platform. Then, in order to sustain the improvement, there will be a report that will help following up the performance of the operators, besides, this information will be shared with the supervisor of team for the improvement of the staff management. Finally, the impact of this improvement could be measured through the improvement in the next KPI's: (a) TMO (average time per call) and (b) PISC (Satisfaction level of customer).

6.1.3 Creating value-added interactions.

Framework for customer-value. Customers are central in the development of value by means of co-creation; this is developed through interaction and dialogue (Payne *et al.*, 2008). The call center, as a prime contact between a firm and a customer, is a vital source of this co-creation. This theory is applied in Natura's call center to determine methods in encouraging consultant participation for co-creation. Ultimately, our goal is to increase the quality in agent-consultant interaction in Natura's call center for continuous mutual value generation. The literature review in chapter three emphasizes the need for service quality in call centers.

The customer is an integral source of information in the services sector as they are not only a customer (payer), they are also a consumer, a competence provider, a controller of quality, a co-producer and a co-marketer (Srorbaka & Lehtinen, 2001). Payne *et al.*, (2008) emphasizes the importance of relationships in generating value. The concept of value is embedded in a customer's practices; there lies an opportunity for firms to obtain this knowledge and further development it for continuous improvement and growth. The framework by Payne *et al.* (2008) consists of three main components in which we apply in

Natura's context:

Consultant value-creating processes. This corresponds to the process, resources and practices which a consultant manages their businesses and their relationship with the end-user.

Natura's value-creating processes. The processes and practices which Natura uses to manage its businesses and its relationships with consultants. This involves the use of the online consultant portal, contact center, online website, General Relations Manager, webchat, and Natura APP.

Encounter processes. The processes and practices of interaction and exchange that takes place within consultant and Natura's relationships and which need to be managed in order to develop successful co-creation opportunities. For our report, we will focus on telephone encounters.

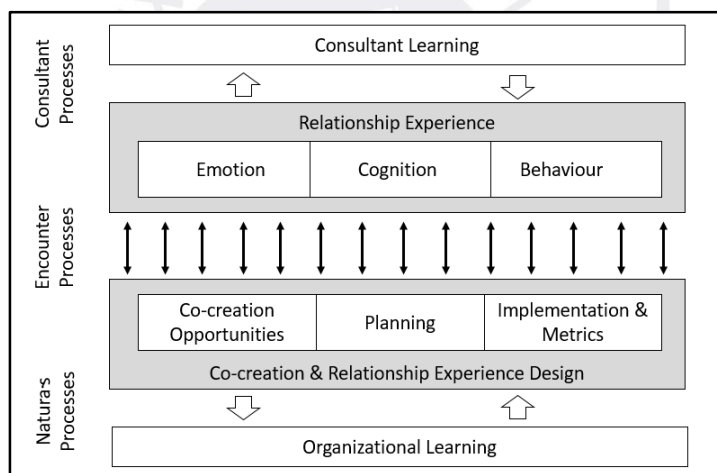


Figure 60. A conceptual framework for value co-creation. Adapted from Payne et al. (2008).

Consultant value-creating processes. Planning for co-creation is *outside-in*—meaning that it starts from the understanding of the customer's value-creating processes (Payne *et al.*, 2008).

Figure 60 denotes an interconnected set of processes in a circular system. The arrows in the middle of Figure 60 illustrate represent encounters between the agent and the consultant as a means of their value-creating processes. These arrows point in both directions, highlighting the interactive nature of encounters. The arrows between the consultant processes and

consultant learning indicate that the consultant engages in a learning process based on the experience that the consultant has during the encounter. This consultant learning has an impact on how the customer will engage in future value co-creation activities with Natura. Similarly, the arrows between Natura's processes.

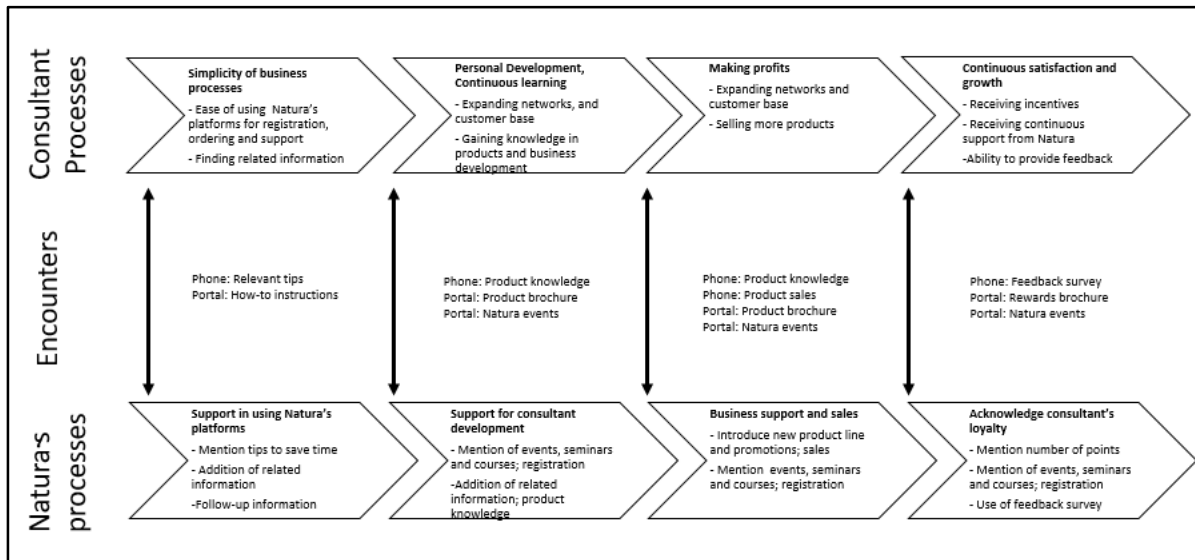


Figure 61. Conceptual framework by Payne et al. as adapted for Natura's call centre. Adapted from Payne et al. (2008).

Consultant Processes. Natura's consultants direct sell products to their customers, and their business activities lead to *experiences* over time. The consultant's experience comprises of psychological components—emotion, cognition, and behaviour (Figure 61) that impact their relationship with Natura. If Natura wants to improve its competitiveness, there is a need for the company to recognize where the company's offerings fits within the consultant's overall activities. Knowledge obtained from the consultants are valuable sources of information; there is potential in turning this information into something of value for both Natura and consultants.

Natura's value-creating processes. Creating value for the consultants begins with the understanding of the consultants' needs and expectations; incorporating these values into Natura's service offerings is essential for continuous improvement. Figure 61 shows Natura's processes that assist in co-creation through the design and delivery of relevant consumer

experiences and the use of organizational learning. This involves the planning and testing of co-creation opportunities with customers, implementing customer solutions and managing customer encounters, and developing metrics to assess whether the implemented value propositions are effective for the organization (Payne *et al.*, 2008).

Encounter processes. The encounter process for this report will be solely based on telephone-calls and the use of the consultant portal for follow-up.

The recommendations are based on this value co-creation framework on improving Natura's call centre processes. Incorporation of this framework would yield greater value for the company, as it will increase sales, decrease unnecessary 'simple' calls, build upon Natura's relationship with their consultant, and foster continuous improvement.

Reduce strict level of conformance to call script. As mentioned in the literature review in chapter three, scripted answers hinder the opportunity for an agent to conduct further research or provide additional information, hindering an opportunity to create value within the interaction. As co-creation of value depends on the quality of interaction, it is essential to reduce the strict level of conformance to a call script. In addition to the call script, the ability to move into a more liberal conversation will allow an agent to converse with the consultant, and ask questions that may reveal essential information regarding a consultant's experiences, expectations and values. As a result, Natura will be able to use this information to generate value that would benefit both the company and the consultants in the long-term. Figure 61 shows value-added interactions that would generate additional value to both Natura and the consultant. For example, if a customer asks about product information, an agent may be able to tell them about upcoming workshops and seminars. Additionally, agents may be able to resolve additional problems, reducing a consultant's future service cost.

Actions to be taken include:

- Redesign the call script to allow space for questions and free-flow conversing.

- Create a flowchart as a guideline that would yield solutions to uncovered problems.
- Create materials that can be sent to consultants as a follow-up to inquiry.

Perform diagnostics of consultant profile. In addition to resolving a customer's query, an agent can also perform diagnostics of a consultant's profile for each call to determine additional needs and expectations. A consultant's profile is a vital source of information for the call center. It can provide information such as frequent problems, sales level and preferences; information that can be analyzed and quickly resolved by the agents to reduce future service costs. Figure 61 shows solutions to problems that can be detected through a consultant's profile. For example, if a customer is shown to frequently inquire about passwords, an agent can mention a quicker and easier way to resolve password issues and follow up with an informational guide on the portal. The concept of co-creation can be used when a consultant's information is recorded on the profile; future determination of needs and values can be determined as pieces of information are recurrently collated into a consultant's profile.

Actions to be taken include:

- Incorporate consultant profile diagnostics and potential solutions in general and continuous training
- Create a flowchart as a guideline that would yield solutions to uncovered problems

Incorporate the concept of value in call center culture. A review of the current training materials has determined that there is a need for Natura to incorporate the concept of value into call center culture. General training materials briefly touch base on Natura's commitment to customer relations, yet does not emphasize its importance in a call center context. Continuous training classes are concentrated on product knowledge, product damage, conflict resolution, and TMO. Daily briefing newsletters also do not convey the importance of the concept of value and relationship building. In order to infuse the concept of

value into call center culture, the importance of value and relationship building must consistently be incorporated into trainings and daily briefings. At least 30 minute out of the 12 hours per month of continuous training should cover the importance of value, and the daily briefing newsletter must have value-based components. In addition, visual representations of the importance of value-based interactions should be displayed in the call center as a reminder.

A vector for quality service involves employee motivation, and a closer look at the Employee Value Proposition model would be essential in motivating agents to provide value-added service. As mentioned in the literature review in chapter 3, it was determined that providing incentives for high-performing employees proved to be efficient in maintain service quality. Actions to be taken are stated as following:

- At least 30 minute out of the 12 hours per month of continuous training should cover the importance of value
- Daily briefing newsletter must have value-based components.
- Share “wow” stories of employees offering exceptional customer service in the daily huddle.
- Visual representations, such as a score board, should be displayed in the call centre as a reminder importance of value-based interactions
- Reconsideration of incentives for employees for excellent value-based service

Creation of value-based survey for post-call satisfaction. Effectiveness of implementation can be quantifiable through a value-based survey. Components of the value-based survey should be based on a Likert scale to determine consultant satisfaction with the interaction. This survey aims to ask consultants to provide a perception of their experience, including whether it was exceptional and if it influenced their future business intentions with Natura. The results of the survey should be communicated with employees on a daily basis

for service improvement. This survey will provide continuous feedback and allow Natura to perpetually raise the bar in terms of exceptional experience delivery.

Actions to be taken:

- Construction of an effective survey consisting of 10 questions with room for open-ended feedback. Survey should last approximately 10 minutes, and be conducted on random intervals of calls.
- Devise a KPI and target for the results.

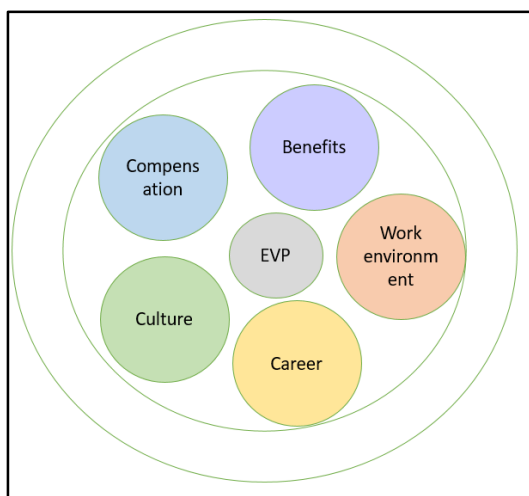


Figure 62. Employee value proposition framework.

The new consultant satisfaction survey will help Natura determine the effectiveness of value-adding in agent-consultant interactions. Based on the SERVQUAL model as mentioned in the literature review, the survey can provide results to replace the current PISC KPI indicator to determine effectiveness; consequently it can be used as a tool for continuous improvement. Our goal for this survey is to determine the consultant's perception of the performance of the call centre. Our survey aims to ask consultant to rate Natura's call centre performance in a number of areas:

- Showing we value our customers
- Listening carefully to understand our customer's concerns and questions
- Providing prompt responses to requests

- Showing genuine interest in helping our customers

This consultant survey is based on two components: A) measures *exceptional service* (agree/disagree questions) and B) measures *business metric* (increase/decrease questions).

Exceptional service questions help determine if the service level of the agent and if value was added in the interaction. *Business metric* determine if the customer service at the call center affects the organization of Natura as a whole. The proposal of the new survey developed for Natura is showed in Appendix E.

Results can be calculated based on a Net Promoter Score, which is calculated based on the response to a question. Exceptional service and Business metric will account for 80% and 20% of individual PISC, respectively. Only averaged “strongly agree” and “very likely to increase” responses (excluding question 4.b— which would be used for informational purposes) will be accounted in PISC calculations.

Table 17
Example of PISC Calculation Using Exceptional Service and Increase Business as Factors.

Exceptional service (80% of individual PISC)

Rating	(# of responses per question) x(call)	% of Total calls
Strongly Agree	56	58.3 %
Somewhat Agree	16	16.7 %
Neither Agree or Disagree	16	16.7 %
Somewhat Disagree	0	0.0 %
Strongly Disagree	8	8.3 %
Total	96	100 %

Increase Business (20% of individual PISC)

Rating	# of Calls	% of Total calls
Very likely to increase	6	58.3 %
Somewhat likely to increase	2	16.7 %
Keep the same amount	4	16.7 %
Somewhat likely to decrease	0	0.0 %
Very likely to decrease	0	8.3 %
Total	12	100 %

$$58.3 \text{ EE} \times 80\% = 46.7$$

+

$$50.0 \text{ IB} \times 20\% = 10.0$$

$$= 56.7 \text{ PISC}$$

6.2 Assessment of Alternatives

In order to determine the best proposal of solution, each alternative will be evaluated according the following criteria: (a) feasibility, (b) added value, (c) risk, (d) sustainability, (e) innovation, (f) cost of implementation, and (g) importance for the company. First, the feasibility measures the likelihood that the project can be implemented successfully taking in consideration the cost of implementation. Second, added value will measure how appealing is becoming the service of the contact center with the consultants. Third, the risk will measure the exposure for failure or for losing of resources (investment). Fourth, the sustainability will measure if the proposal solution is aligned with the future trends of the industry and if its implementation could be managed and controlled through the years successfully. Then, innovation measures the differentiation of the proposal in comparison with common suggestions which could be predictable easily. After that, cost of implementation will measure how much investment and return each alternative will provide. Finally, importance for the company will measure the feedback provided by the team of the Regional Customer Service area in relation to each alternative proposed. The following chart shows the result of the assessment of alternatives:

Table 18
Assessment of The Proposed Alternatives

Criteria	Weight (%)	Possible Solutions		
		Alternative 1: Redefining the Contract	Alternative 2: Applying Data Analytics	Alternative 3: Creating value-added interactions
a) Feasibility	20%	5	9	8
b) Added value	15%	5	8	9
c) Risk	10%	4	8	8
d) Sustainability	20%	6	8	7
e) Innovation	10%	8	7	8
f) Cost of implementation	10%	6	7	8
f) Importance for Natura	15%	6	9	7
Total Score	100%	5.65	8.15	7.80

Note: The rating goes from 1 to 10 in which 10 is the best rate.

The advantages to implement Alternative 1, redefining the contract, is that the contact center will achieve operational efficiency because they will have the optimal quantity of resources according the seasonality of the demand. Besides, there will be available a well-trained team able to work in any country team providing high quality service. On the other side, the improvement in accuracy of the planning of the demand will allow to optimize the use of resources and to maintain good levels of customer satisfaction. In addition, the incorporation of KPI's related to the quality will allow to commit the supplier to also focus its effort to improve their value proposal to meet the consultant's needs. However, the disadvantages of this proposal is that Natura has to invest more in training and hiring a different profile of agents with higher salaries. Another disadvantages is that this model does have big challenges to become sustainable because as it is know the turnover of a contact center is high, therefore the knowledge for the switching team will disappear easily and then there will be necessary to develop better ways to incentive employees to not leave the job. The other challenge for this proposal is that exits bureaucracy for changing several parts of the contract, currently the contract has more than 200 pages, so it could be a hard task.

On the other side, the alternative 2 is based in the implementation of data analytics. This proposal suggests to implement business intelligent to improve the monitoring of the outsourced contact center, in which the Regional Service team will have a proactive role. The main activities are to analyze database in order to improve the reactive audits, training, forecasting and proactive management of number of calls. The advantages of these alternative is that it allows to have alerts when the service level is decreasing, so then Natura or Atento could take action in order to improve the performance through proactive initiatives. Additionally, these proposals suggest that through the analysis of data the company can develop strategies according the changing trends of the customer behavior. Finally, this alternative will allow to the Regional Service area to have a proactive role in relation with

internal areas such as Marketing, Logistics, R & D, or Operations because they will be able to share information for the development of initiatives to improve the product, add value to the services, fix the mistakes in processes and therefore improve the customer experience.

The Alternative 3, creating value-added interactions, as its known one pillar of Natura is to strength the relationship with their clients and employees, so in this sense this proposal is aligned with the adding value to the services for them. The proposal suggests to develop a more proactive role in the contact center where the consultants must be interested to find the best way to help customers and not only answering inquires according the script but also giving personalized speeches according the changing profile of the consultants. The advantages is that in long term this initiative provides benefits for strength the loyalty of consultants and clients and strategically it will become a competitive advantage for Natura. However, due the Regional Service area is concerned about the efficiency and well performance of the contact center, they are prioritizing to implement an alternative that will show results in short term and then implement this proposal.

Finally, according the evaluation of the alternatives showed in the table 18, the alternative with better rated was the alternative 2, which is Data Analytics. However, after presenting the alternatives to the Regional Customer Service of Natura, they showed interest in both 2nd and 3rd alternatives. The reasons was that nowadays they are requiring more analysis of the current available data in order to improve the efficiency of the call center but also they want to complement this idea implementing the alternative 3 Adding Value. This allow them to improve the quality of the customer service and also differentiate their attention. As main pillar of Natura, they also are looking for strength their relationship with consultants through high quality in the service provided by the contact center. Therefore, the agreement for the implementation of the solutions was to develop two phases, the first phase will be the implementation of Alternative 2 and then the alternative 3 after few periods.

6.2 Conclusions

After to identify the root causes of the inefficient management of the contact center of Natura it was developed three possible solutions. The first solution is to tackle the problem changing some agreements of the contract such as the organizational structure, the redefinition of KPI's for the payment, and the requirement to change in the method of demand forecasting. The second alternative is about data analytics, in which Natura can take advantage of the information of 2.5 million of calls in order to know about customer behavior, performance of calls, and quality of the service. After that they will be able to reduce number of calls and create value added through sharing information with internal areas and developing initiatives to improve the quality of the service. The third alternative is the adding value strategy which has as basement the analysis of data, then each interaction with customer can be modified through more personalized service. This last alternative is focused to improve the customer satisfaction.

The assessment of the alternatives considered factors of cost, feasibility, innovation, adding value, feedback of the client among others. After the evaluation it was concluded with the client that two alternatives will be implemented considering two phases. The first phase will consider the implementation of data analytics and then after to measure short term result, the alternative of adding value will be implemented as well. This proposal was agreed with the customer because there are interested in improve their efficiency in controlling the call center but also after that the want to improve the quality of the service to reach higher customer satisfaction. As it was explained there would not be difficulties for following to alternatives because they are complementary solutions.

Chapter VII: Proposed Solution

As the previous chapter revealed the most important alternatives, we propose an integrated solution as suggested below considering the feasibility of each alternative and the scope of the management team in Natura. There are in total three phases of solutions, which are phase (1) optimizing the usage of data, which includes the bundling of data using indicators to increase the efficiency of the alarming system of underperformance of agents and advanced big data analysis using Karakus & Aydin (2016) systematic model; (2) adding value to calls, which involve emphasizing the importance of value into call center culture – EVP and value based questionnaire (see Figure 63).

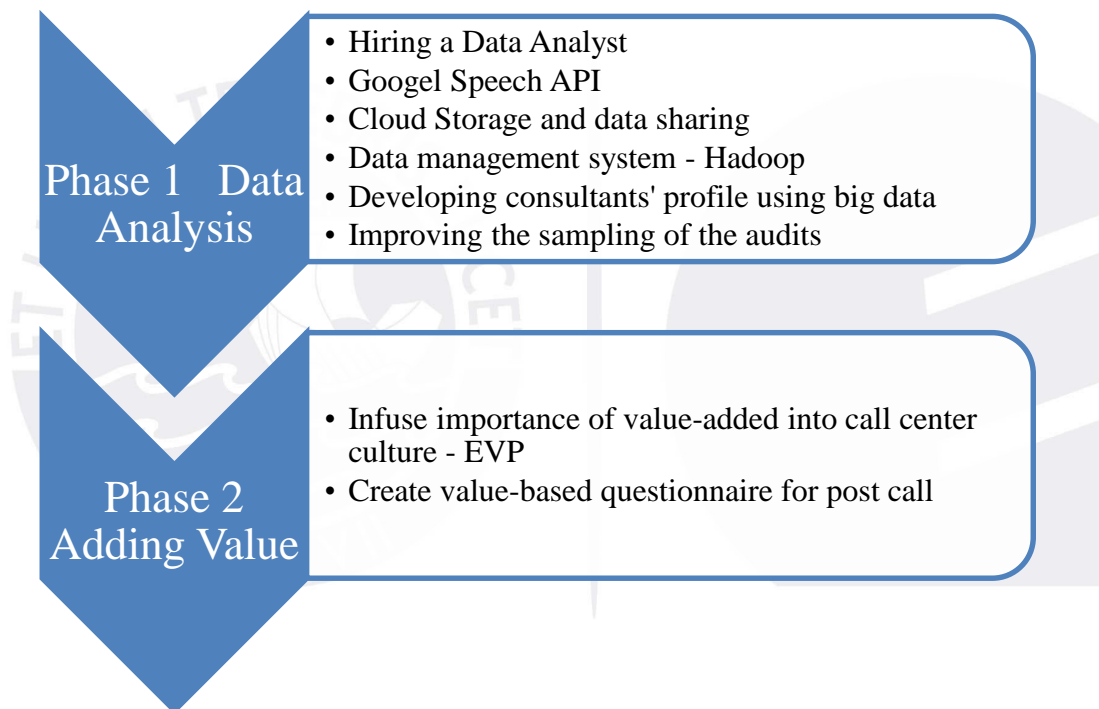


Figure 63. Proposed solution diagram.

7.1 Proposal of Data Analytics

The first phase is the basic of the following solutions. The bundled data can help the management team have a deeper and analytical perspective on the indicator of calls, which will eventually increase customers' satisfaction. By knowing the causes of the suspicious indicators changing can also help to prevent the unnecessary incoming calls, which

eventually reduced the total number of calls. Natura must develop more details in the consultants' profile, including but not limited to the purpose of the last call, how and when was the last order, did he/she asked about the same inquirers again and again. This should be an ongoing process because each call agent can get information from consultants for not just placing orders, complaining and general inquiries. Questions like “how was the sales of this month?” and “how is your family doing” can have enormous effect on the following phase. Second, data sharing is crucial to the marketing analytical department. By paying more attention to qualitative data, it can help Natura have a better idea of the outcomes of marketing campaign, also in return, optimizing the next marketing activities. For example, the management in Natura can hire a data analyst since none of the team members has a strong engineering background.

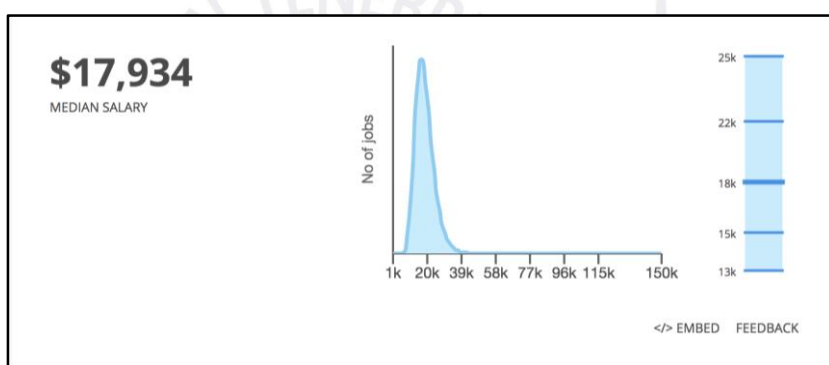


Figure 64. Median salary of data analyst. Retrieved from Teleport.

According to Teleport (2016), an international career building website, the cost of hiring of data analyst in Peru is about \$17,934. In this sense, considering the wages managed by Natura they could pay a salary of S/. 36,000 a year which is the average of the market, while the value that can be created by the analyst will definitely worth the payroll. The data analyst will work on the system architecture (Figure 64), a call center system that provides an effective automatic analysis for all call center conversations and monitoring interface for agents, including but not limited to the following activities:

1. Collecting data from automatic voice recognition system;

2. Transferring the data from excel to OpenStack (a cloud storage service specialized in call center data);
3. Recorded calls are converted to text files using Google Speech API and converted data is stored on distributed;
4. Report the analytical outcomes to the Natura management team using tools like Mahout (scalable machine learning and data mining library), Pig (high leveled data flow language and implementation library for parallel calculations), ZooKeeper (high leveled coordination application for distributed implementations) technologies.

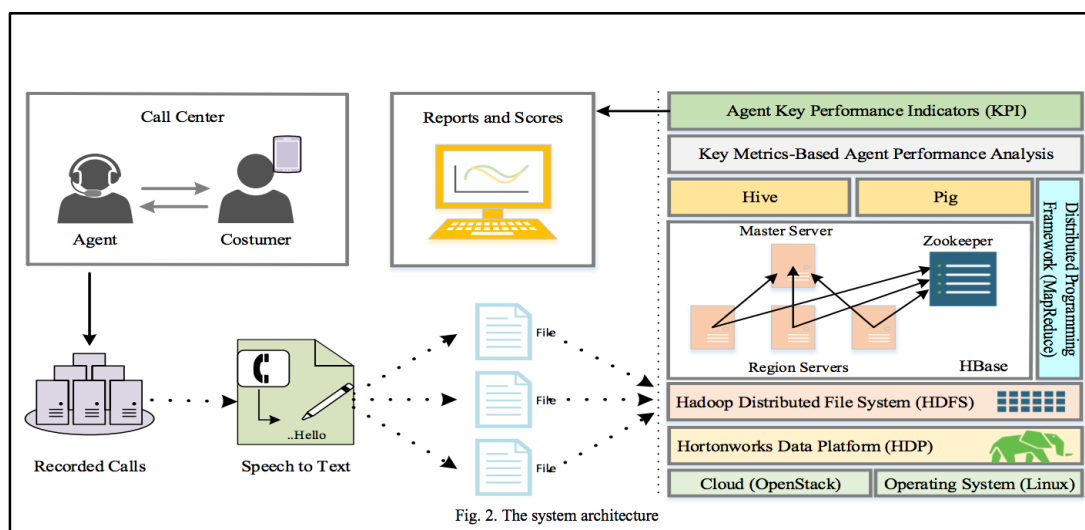


Figure 65. The system architecture. Adapted from Karaakus & Aydin, 2016.

As it was pointed out in Chapters II and XI, one of the main problems facing the call center is poor sampling size. Within a total number of daily incoming calls of 8,000 for five countries, only 4-5 are picked by managers. The data analytical platform (Figure 65) shows a feasible alternative to solve the problem. Firstly, all calls are recorded using open resourced cloud storage (OpenStack), the voice files will then transfer into text file using Google Speech API, which will be eventually transferred into Hadoop MapReduce for detailed categorizations and measurements of KPI. The reports will finally be made by the data analyst and be reported to the regional managers, which will then be distributed into

marketing, sales, and business development department upon requests.

Last but not least, the data that categorized from the Hadoop platform will be used to develop consultants' profile including the reasons of recent callings, buying behaviors, and willingness of ordering. By acknowledging further information of consultants, further training of agents is required, which will be discussed in the next subchapter.

7.2 Proposal of Adding Value Strategy

The second phase of our proposal involves the integration of value into Atento's call center processes. A review of training materials, call scripts and work environment has determined the lack of value-creation in the processes. This second phase will consist of three sub phases for implementation.

Reduction of level of conformance to call script. Atento will have to revise their call script to allow room for value-creation. This will include space in the script to ask questions that would allow the agent to obtain useful information such as the consultant's expectations, habits and perception as allow opportunities to detect any additional needs. This will foster value co-creation as data can be obtained to develop a consultant's profile.

Usage of consultant's data to create value. A consultant's profile contains valuable information about their habits, relationship with the company and expectations. This information can be used in three ways by Natura to increase the relationship between the company and its consultants.

1. Consultant's profiles can be quickly scanned upon a call to determine underlying issues or diagnose problems. For example, if a consultant constantly calls for password issues, a description of call history can alert the consultant to mention a way to find information about passwords on the online platform, saving future service costs.
2. Information about a consultant's purchasing habits and expectations can be

collated into a profile; agents will be able to provide service accordingly, fostering better relationships between Natura and the consultants. For example, some agents may be less capable of using technologically than others, and the agent can refer the consultant to the GR as opposed to using an online option.

3. Data collected from value co-creation can be collated and analyzed to foster a better understanding of consultant's needs and expectations. In turn, Natura can use this information to develop better service, fostering better relationships. Information can be shared with other departments within Natura to create an integrated solution.

Incorporation of value into company culture. Efforts to foster value in agent-consultant interactions is based on an agent's motivation and understanding of value. Therefore, it is essential to infuse this concept of value into initial training as well as in continuous training and daily meetings. Instead of emphasizing the need to reduce TMO, there is a need to accentuate the importance of value co-creation. Each week can focus on a single theme of value-adding to stress the importance of this concept and to create motivation. Incentives are also essential in generating motivation for agents.

A value-based questionnaire. In order to obtain data that can measure the success of these value-adding tactics, a value-based questionnaire should be delivered instead of the current survey. This survey should be conducted at random intervals, consisting of 10 questions in a Likert scale regarding the consultant's experience in the interaction. Opportunities to provide open-ended answers for each question should also be included.

7.3 Conclusion

In conclusion, considering the barriers of the call center management, cost and time limitation, we eventually reach a two-phases of alternatives. The first phase is to establish a well-structured big data analysis system, including recruitment of a data analyst and data

analysis platform establishment. The data analysis platform consists of three significant components, which are 1) cloud service using OpenStack 2) Voice to text switch technology using Google Speech API, and 3) data flow management system using Hadoop MapReduce framework. The second phase is the value adding process, which is aimed at adding value to the calls by 1) Atento&Natura cooperative training and 2) decrease the restrictions in transcripts, requires a highly developed data analysis platform. Introduction of online platform exemplifies the use of consultants' profile created by data analysis to achieve the reduction of total incoming calls. The key success factors of the two implementations will be discussed in the next chapter



Chapter VIII: Implementation Plan & Key Success Factors

8.1 Activities

In order to implement the alternatives chosen by Natura, there are several steps that the company must follow as a process. As they were interested to apply two of the three alternatives, the required activities for both of them will be stated in this section. The two alternatives were Data Analysis, also known as Business Intelligence; and Value Added Service. The Business Intelligence alternative must be implemented first before applying the Value Added Service because it is necessary to collect first all the data available and analyze it in order to plan the most suitable Value Added Service to the customer. Recognizing trends and patterns will provide the necessary information in order to take the best decision regarding business direction. Each step of the alternatives is described as following.

8.1.1 Business intelligence process.

This alternative involves the whole Natura company, not only the Regional Service division; for that reason, the first step would be to call an internal meeting with all the division involved in order to communicate and explain the new process. The idea is that the whole company can benefit from the incoming data that will be gathered every day. Information such as consultant's profile and order placement trends can be used to plan a marketing campaign and improve sales, for example.

Considering the current organizational chart and the roles and responsibilities that each member of the service division has, it is extremely difficult that the data analysis workload could be divided within current members. For that reason, the best option would be to hire a new employee to be in charge of the Business Intelligence. Therefore, the next step would be to define well the roles and responsibilities of the new member and start the hiring process. After finding the most suitable person, it would receive approximately two weeks of training in order to catch up with the company and its processes.

From this part on, the BI analyst would perform routine activities that will involve basically data gathering from the call center, Data analysis, preparing reports to share with the company, and designing new initiatives that could be implemented in order to improve the business management. Those initiatives would be evaluated by the Regional coordinator and sales managers in order to define its feasibility. If any new initiative is implemented, periodical meeting would be necessary among the people involved in order to review the status and results obtained.

8.1.2 Value added service.

After getting use with the big data analysis process that involves the previous alternative, the following step would be use the information obtained to improve the business and benefit the company. Natura were very concerned regarding the service level provided to their customers; this has its roots in the company's culture as they value most people relationships. In order to implement a Value Added Service, which currently they do not have, Natura must appeal the Denim Cycle stated in the literature review part. Adding value is a constant routine activity, as it involves changing or adjusting the current process in order to be more suitable for their customers, to generate a bigger and positive impact. It could be considered as a desire of continuous improvement by the company. The disaggregated routine processes are composed as following.

First, the company need to review their current situation, consider from where they are starting their strategy. It is important to involve even the regional manager in this first step because it is important to be aware of the current situation of the company in order to take future decisions of the business. The information shared in this case would be strictly regarding service level of the contact center. With the collected information it is also important to update the database of the company such as the consultant's profile.

After that, the company should set a new performance target and that could be

achieved considering the new tool that they have. Monthly targets, measure methods, processes and also call center scripts must be updated as a part of a new strategy. This new strategy must be communicated to the outsourcing company as it takes part of the development. Natura's duty is to share and train Atento being sure that they could perform the desired task properly. Before applying the new process, it is recommendable to have a little test before with the outsourcing company. If it results to be positive the outcome, they would be ready for the formal implementation of the strategy.

As a third step, the remaining two processes of the Denim Cycle would be applied: process measurement and process adjustment. Even considering the testing period before the implementation, outcomes not always are the most desirable ones; for that reason, adjustments in the system will always be required. Finally, the company must start the whole process again and repeat it routinely. They must collect data every week in order to make the necessary adjustments at least once by month.

8.2 Implementation Gantt Chart

Figure 66 shows the Gantt Chart for the implementation of the proposal taking in consideration the two phases already explained. Business Intelligence plan will require preliminary activities for the hiring process of the new analyst and its training. After that, routine activities will be developed for the continuous analysis of data, preparation of reports, meetings and development of initiatives for the reduction of quantity of call and improvement of the service in overall. On the other side, the phase of Value Added consider routine activities for the constant updating of consumer profile and the alignment of scripts according their needs and preferences. Finally, this plan also considers a total investment cost of 68,300 soles, in which Natura has to invest in hiring one analyst and the fee of of Google speech API and Open Stack Cloud Service.

Activities	Responsible	Weeks																				Annual Cost (PEN)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Business Intelligence																						
Preliminary Activities																						
Define New R&R for other divisions	Regional Manager, Regional Coordinator	█																				S/ 53,900
Define R&R for BI Analyst	Regional Coordinator																					
General meeting to share new strategy	Regional Manager, Regional Coordinator, Marketing and Sales Manager		█																			
Hiring process for BI Analyst	HR division		█																			
BI Analyst training	Training and Quality Control			█																		
Routine Activities																						
Data gathering (Google API)	Call center staff, BI Analyst				█																	
Prepare Reports	BI Analyst					█																
Share Reports	BI Analyst						█															
Design new initiatives	BI Analyst							█														
Internal meeting process for status review	Regional Service Division, Regional Manager, Marketing and Sales Manager								█													
Value Added																						
Routine Activities																						
Review current situation	Regional Service Division, Regional Manager, Marketing Manager, Sales Manager									█												
Update consultants profile	BI Analyst										█											
Update monthly target	Regional Service Division, Sales Manager, Marketing Manager											█				█				█		
Update result measure methods	BI Analyst												█									
Update scripts	BI Analyst, Training and Quality Control													█							█	
Share new scripts with Atento staff	BI Analyst, Training and Quality Control														█							
Training for Atento Staff	Training and Quality Control															█						
Process testing	Training and Quality Control																█					
Process implementation	Training and Quality Control, Atento supervisor																	█			█	
Progress measurement	BI Analyst, Training and Quality Control																		█			
Total Yearly Implementation Cost																						S/ 68,300

Figure 66. Gantt chart of implementation plan.

8.3 Implementation Cost

The implementation cost of our proposed solution is mainly caused by the establishment of the big data analysis platform. It consists of three phases of platform building which are (a) hiring data analyst, (b) usage of Google speech API, and (c) OpenStack cloud service. Hiring a data analyst who will be working cooperatively with the current management team, which can be varied dependent on the experience and actual requirement of the job position. The usage of voice to text technology Google Speech API which the price can be variance considering the percentage of sampling required by the company. Last but not least, the OpenStack cloud service, which allows a constant trend tracking of calling center performance and sharing information between departments, can also be decreased considering the amount of data needed to be stored.

Table 19
Implementation Cost

Concept	Cost per year (S/.)
Recruitment of a data analyst	S/. 36,000
Google Speech API	S/. 25,500
OpenStack cloud service	S/. 6,800
Total	S/.68,300

At the first year of implementation, the cost of the alternative can be cut to about \$34,000 by decrease the amount of sampling to 10% instead of 100% in order to test the ROI of the Google Speech API. While at the same time, the long-term benefits that brought by the whole process of data analysis will create as much value as if the company can come up with a balanced percentage to ensure the efficiency of call sampling and saving the cost. The ROI of the implementation can be measured using the following factors: (a) achieve a significant cost saving, (b) increase the cooperative effectiveness between departments, (c) better decision

making due to new insight brought by big data, (d) a more sensitive alarming system for monitoring calls

8.4 Key Success Factors

The level of impact the proposal would have on the organization is directly influenced by the proper implementation of our recommendations. Therefore, it is integral to understand the key elements for the successful implementation of the proposal. Prior to implementation it is critical to understand the factors that can enhance or diminish the capabilities of the organization in carrying out the activities of our recommendation. The following are enablers that determine the success of the project; as they are factors for success, it is critical for the continuous review and strengthening of these factors during the implementation. This is to ensure that the results are in constant alignment with Natura's goals and values. Table 20 represents the main enablers for the project and the key actions required to ensure its success.

Table 20
Key Enablers for Implementation

Enabler	Key actions to ensure it
1. High interest from Natura to improve the service quality in call center	Natura's customer service department has an interest in improving the service quality of its outsourced service call center. To ensure and maintain their interest, tangible measures of improvement from implementation should be communicated. Effective communication of positive forecasted outcomes are key actions.
2. Interest by Atento to increase service quality	There is a conflict of interest between the business models of Natura and Atento; while Natura focuses on high service levels, Atento's focuses on volume and cost-efficient service. Key actions would involve convincing Atento to develop mutually with Natura in striving for quality service—enabling Atento to develop, enter and service a high-end, higher margin, segmentation of the market. Thus, a win-win concept should be emphasized.
3. Decrease overall volume of incoming calls	There is a need to implement more accurate predictions on incoming calls. Customer satisfaction levels should be monitored with call volume to ensure success.
4. Efficient usage of data	This involves hiring a data analyst and promoting big data analysis. Additionally, a reconstruct of the system architecture should facilitate efficient data harvesting.
5. Acceptance of value-adding concept by managers, supervisors and agents	Constant reinforcement of new concepts is key, especially in the initial stages. Key actions to ensure successful implementation involve: stating a common goal of value added interactions, creating encouragement and motivation, revision of initial and continuous training, knowledge sharing, team-building activities, continuous reinforcement of the concept of value

Additionally, it is critical to assess the risks that may be associated with the project. Risk assessment is critical for creating resiliency within policy changes within an organization, and to devise strategies to mitigate against the risks. Understanding the strengths and weaknesses of an organization is essential and the accommodation of these factors is essential with any proposed recommendation. As mentioned in the literature review, the use of ISO 31000 risk management guidelines is a standardized methodology in mitigating risks amongst corporations. Usage of these guidelines are essential for risk assessment when accounting for any changes in the processes of a workplace. Adaptation to a company's vision, mission and goals is also critical in using ISO 31000 framework. Table 21 represents the critical risks that could hinder the success in the implementation process and the key actions to mitigate against these risks; these identified key problem are in consideration of both Natura and Atento's business strategies.

Table 21
Risks Involved and Avoidance

Risk	Key actions to avoid it
1. No implementation due to increase on budget	Emphasize that value-adding and data analytics would allow for cost savings. Returns from the reduction of calls could balance the investment in training and hiring a data analyst.
2. Culture clash between Atento and Natura	Ensure that there is mutual benefit from the service-level agreement; changing processes tailored for a low-cost, low quality service call centre to that of a high-quality service call centre will reap benefits to both parties. Atento will be able to grow with Natura and open its market to service high-ended niche market with high margins.
3. Resistance in change of contract	Currently, Atento is managing standard policies for their contract, they could be able to not accept the changes. In this case, Natura should use its power of bargaining as a client and insist on the changes explaining them that this improvement in their processes could be applied for their other contracts with other companies (win-win strategy).
4. Lack of flexibility using third-party CRM system	Natura's CRM system (SAP, GERA) are not developed in-house; adopting critical changes in the system can take time—up to a year. To avoid this lack of control, our proposal will not involve many changes to the current system.
5. Constraints with increased workload with limited labour resources	As our proposal strives to increase control over the outsourced company's activities, concentrating on activities such as training, analysis, reports, and contracts, there is a risk that there may be work overload. Clear responsibilities and tasks are critical, and a detailed plan describing gradual steps towards the goal is essential for work load balance.

8.5 Conclusion

In summary, it is important to always keep in mind the project's enablers and risk through the whole consulting process. In this case, the first enabler would be the willingness or the desire of Natura to improve their management. If the company doesn't show their desire of development it is almost impossible to apply any improvement suggestion. Luckily, both Atento and Natura were interested in upgrading their service level. Among the main risks, Natura showed a very rigid third party management system that could delay considerably any implementation if it involves any change in their system. Also it is important to take a close view of the implementation cost of any alternative as budget is always a restraining.

Another important consideration is keeping in mind that this Project deals with the outsourcing business model for the service division of Natura. The most important learning for this chapter is the understanding of the win-win business model for both companies. By applying the presented suggestions or alternatives, there are positive outcomes for each business. For Natura, improving the efficiency of their outsourcing company management and adding value to their service will improve their business performance, which is the most remarkable outcome of the project. Those outcomes will turn into increasing Natura's profit as it means decreasing costs and expenses (decreasing the amount of incoming calls means less money Natura pays to Atento).

On the other hand, Atento is also benefited with the upgraded management for two reasons: increasing their service efficiency will reduce their administrative expenses as it could lower the amount of employees; and the possibility of offering a new premium service. Atento and Natura's interests are currently different: while Natura focuses on high service levels, Atento's business model focuses on volume, cheap service. If the project achieves to change the

outsourced company's mindset and convince them to enter to the premium segment by presenting all the benefits of the suggested alternatives, it would have a positive outcome in their business too. While doing business, the best case scenario is always to achieve a win-win situation even when it comes to buyer and seller relationship. This would be the perfect situation in which both companies benefit together.



Chapter IX: Expected Outcomes

The expected outcomes of the projects will have impact in the reduction of expenses, improvement of customer satisfaction, employee satisfaction, and improvement of the current KPI's performance of the contact center. In order to measure the impacts, the following paragraphs will show the main impacts of two initiatives chosen by the client: (a) Data Analytics and (b) Adding Value Strategy, in which Data Analytics will be the first initiative to implement, then Adding Value Strategy will be implemented after to show short term results of the first initiative. Besides, each of proposal has a table summarizing their specific initiatives, current performance and the goal expected.

9.1 Benefits of implementing Data Analytics

The benefits to implement the strategy Data Analytics are defined in three perspectives: (a) financial, (b) operational, and (c) cultural approach. First, the benefits in financial terms is associated to the management of the growth of calls, as it is known the payment of the supplier is based on the quantity of calls and the time spent per call. Therefore, the initiative of sharing information's and developing initiatives for reduction of unnecessary calls will allow to reduce 15% of the total number of calls, then if Natura reach this goal then the saving will be around S/. 625,000 soles during the first year. Second, the operational benefits are associated with the improvement of the scope of the audit system and the accuracy forecasting of the demand. Currently, the general audit system is based on sampling some calls because the effort necessary to listen each call do not allow to assess bigger samples, however with the initiative of voice to text transfer using Google Speech now they could asses 100% of the calls. In this sense, this initiative will increment the scope of the audits which will allow to evaluate the overall performance of the call center, besides it will create more data base to analysis new insights of

the customers and its relationship with the agents of the contact center. On the other side, using data analytics also the Customer Service Area can improve the accuracy of the forecasting of demand of calls through sharing information with the Marketing department and the better analysis of the trend of the demand. The goal for this initiative is to improve the prediction accuracy from a variance of 14% to 5%. Finally, considering the cultural perspective, the benefits for Natura is that the Regional Customer Service area will change its mentality to work from reactive to proactive role. They will have better interactions with internal areas such as Marketing, Logistics, Product development, and others because they will share valuable information for the improvement of products and processes, then finally they will be able to find synergies working together. The following table shows the list of initiatives, the expected outcomes and the goals of the initiative of data analytics.

Table 22.
Expected Outcomes of Data Analytics

Initiatives	Expected Outcomes (Description)	Indicator	Current performance	Goal	Timeframe
1. Hiring a data analyst	Data value maximization - Establish C5 own database of all consultants Improve the synergy of all departments` Decrease the 10% of unnecessary calls	total expenses for incoming calls	S/ 7,500,000	S/ 6,750,000	1 year
2. Voice to text transfer using Google Speech API	Increase the effectiveness of monitoring	Total calls monitored	0.02%	10%	2 months
3. Data Analysis using the text analysis tool - Hadoop MapReduce	Increase accuracy of incoming calls prediction Create a trackable performance and increase the accuracy of sales and marketing prediction	Prediction accuracy of incoming calls	variance 14%	variance 5%	1 year
4. Upgrade Cloud service and allow information share between departments	Synergy between departments Development of initiatives of improvement	successful initiatives rate	n.a.	80%	6 month
5. Using data to constant upgrade the service level of contact center, includes but not limited to change scripts and targeted training	Increase the alarm system effectiveness Decrease the 10% of unnecessary calls	total incoming calls	2.5 million per year	2.25 million per year	1 year

9.2 Benefits of Implementing Adding Value Strategy

As it was explained in chapter 8, the implementation of the Adding Value Strategy will be programmed after look short term results of data analytics. It is established in this way because adding value is a strategy that requires the intelligence of data analytics as basement. The initiatives to improve the scripts according the need of the customers requires the input of customer behavior, the causes of the call and also updated insights of customers. On the other side this strategy also requires investment in training due agents must interiorize the importance of adding value during the customer service. After implemented these activities the results expected are the increment of customer satisfaction level, this KPI is measured through a survey of three questions in which the consultants rate the general satisfaction, the agent performance and they indicate if they will recommend that channel. The goal is to increment the customer satisfaction in 2% along a period of 6 months. On the other side, another expected outcome is to improve the general perception of employees in relation with the training given by Natura, currently the T2B is 37%, and the goal is to increase this rate to 44%. The improvement of this indicator is mainly based in the strengthening of relationship between the Atento agents and Natura. Additionally, after to improve their satisfaction level another consequence is that agents will be more committed to attend better to consultants providing higher quality in the customer service. Finally, in order to measure the effectiveness of this proposal, a new survey will be developed, the goal is to reach 95% of people satisfied with the new method of service in the call center. The following table shows the initiatives, the expected outcomes, and the goals of the improvement.

Table 23
Expected Outcomes of Adding Value Strategy

Initiatives	Expected Outcomes (Description)	Indicator	Current performance	Goal	Timeframe
1. Revise script to allow space for value-creation	Increase customer satisfaction level, obtain information for database	PISC (customer satisfaction)	Dec 2016 levels		Based on current survey
			Peru	95%	97%
			Mexico	96%	98%
			Colombia	97%	99%
			Chile	93%	95%
			Argentina	94%	96%
			Latin America	95%	97%
2. Incorporate and reinforce value into training	Improved the relationship between Atento's employees and Natura by 20% of increment	T2B (employees satisfaction)	Dec 2016 levels		Based on current survey
			Peru	57%	68%
			Mexico	80%	96%
			Columbia	11%	13%
			Chile	60%	72%
			Argentina	17%	20%
			Latin America	37%	44%
3. Deliver satisfaction survey	Determine effectiveness of value-added interactions	new PISC (customer satisfaction)			Based on new survey
			Peru	n/a	95%
			Mexico	n/a	95%
			Columbia	n/a	95%
			Chile	n/a	95%
			Argentina	n/a	95%
			Latin America	n/a	95%

9.3 Conclusions

This chapter showed the main outcomes expected for the implementation of two proposals which are Data Analytics and Adding Value Strategy. The first proposal has impacts in the financial, operational and also in cultural terms, while adding value is more focused to improve customer and employee's satisfaction. The expected outcomes of Data analytics involve the reduction in 10% of the total calls reaching a saving of S/. 625,000 soles during the first year. Additionally, improving the audit system will allow to assess the performance of 10% of the calls, while currently the sampling just is reaching lower levels than 0.2% of the calls. Finally, another expected outcome is improving the accuracy of the forecasting of the demand to

maintain lower level than 5% in variation, it will allow to avoid shifting employees among country teams that nowadays is causing an increment in the time spent per hour. On the other side, the main outcome of implementing Adding Value Strategy is the improvement of customer satisfaction in 2% and employee's satisfaction by 20% through the development of flexible scripts, better trainings and development of new surveys to know the customer's insights.



Chapter X: Conclusions and Recommendations

10.1 Conclusions

The present report reveals the result of the consulting process managed in the Service Area of Natura Peru, which includes a solution proposal and establishment of an implementation plan for their outsourced contact center. The solution alternatives were based on a broad analysis of the organization and their current situation, considering both qualitative and quantitative data analysis. As a result of this process, some conclusions can be drawn from the overall experience:

First, regarding Natura as a company, the most important aspect to mention is the culture of the organization and their values. It is important to know and understand the company's culture as a first step because all the work done and final proposed solutions must have the same orientation of the company; if not, it won't be feasible no matter how great are the expected outcomes. Natura is a company that values a lot the relationship that they establish with their people and all their employees are well identified with that culture. The company put special effort in their working environment, they concern about how they employees feel, and establish several incentives that lead them to achieve the third place of Great Place to Work and the highest company loyalty in Peru in 2016. That focus on building relationships also applies with their customers; Natura concerns about building long term relationships with their clients. To start with, the company salesforce, who are also their clients, are not called 'salesmen' or 'salespeople'; they are *consultants*. Consultants provides a special treatment to their customers, personalized sales; they visit their clients and offers image advice service instead of just selling their products. Strong and long lasting relations are what Natura focuses on.

Second, regarding the consulting project, there are several recommendations or considerations that a consultant must take in order to succeed. Apart from the ethics and

professionalism that should be embedded in every consultant, in this particular case, working together with the client through the whole process was probably the most important consideration to take away. A project always has a established period of time to be concluded, and it is highly recommendable to review each step with the client in order to confirm that the process is taking the right orientation. Luckily Natura were very involved with each step of the process so the project could be developed smoothly.

Third, it is possible to state that the cosmetics and personal care products industry is becoming more competitive, considering the online market and new competitors such as Mary Kay that had just entered to the Peruvian market. Considering this, from the marketing point of view, it is important for a company to always aim to improve their business. It is said that a company should worry about their business especially when things goes right, because that is when the competitors starts to plan a countermeasure. In case of Natura, they had shown their desire to improve in this consulting project because they didn't have a problem or an issue to solve, but an aspiration to develop as they were looking for better management for their outsourced company and business model upgrades.

Fourth, even the most complex solution alternatives start from the data collection of the company. There isn't a universal procedure or techniques that could be applied to any company in order to improve their business management. Every alternative of solution must be tailored to the company considering their unique data that they provide. In Natura case, an extensive analysis of qualitative and quantitative data was done in order to identify the root causes of their weaknesses and stablish ideas that could improve their performance. In this particular case, lack of data analysis, poor outsourced company management, and lack of process innovation initiatives were some of the root causes that could be found through the analysis of all the data

provided by the company.

Fifth, as agreed with the company, data analysis, also known as Business Intelligence, provides a strong tool that can be used to improve the business management. Analyzing the incoming data helps the business take the right decisions as those are the samplings of the previous one. Considering the Deming Cycle stated in the Literature Review, it states that every process should be readjusted according to the results or outcomes that they provide. Analyzing the data obtained through the customers would let Natura to adjust quickly their actions and improve the customer satisfaction level which is one of their main concerns. For example, analyzing in income calls trend of every country, Natura could advice Atento to shift the allocation of their call center staff according to the different peak hours of every country. Doing that the abandonment level (unanswered calls) decreased and customer's satisfaction level increase, so it provided a positive outcome to the company as expected.

10.2 Recommendations

The report presents two main alternatives for the problems in call center includes poor sampling size, no value added into the calls, inattention to the value of big data, and the conflict between saving cost and increase customer satisfaction. First of all, the Regional Customer Service area of Natura needs to establish an advanced data analysis storage and analysis system by, firstly, hiring a data analyst who can contribute to the data extraction and data visualization which will be eventually shared with marketing department and the board. Then, Natura needs to import the Google Speech API, which is a technology that can transfer voice into text file, in order to boost the percentage of the total calls monitored (from 0.02% to 10% upon request). Afterwards, a system that manages the flow of the data as well as an online cloud service can help the company form trackable records of the data and ensure a better decision making.

After the data platform has been successfully established, a value adding process can be introduced to our alternatives portfolio. Creating value, as defined in our strategy, is to increase sales, customer satisfactions and loyalties, and decrease the overall turnover rate of the calling agents and the amount of incoming calls by simply changing agents' script. By doing so, detailed consultant profiles needed to be created by the data analysis system mentioned in the first phase. Before an agent picking up the phone, there should be a profile shown on his screen that shows the calling consultants' reasons of last calling (as if not the first time calling), potential buying behavior, incorporate value-added questionnaire, and give agents more autonomies by decreasing the restrictions of scripts. It is essential to establish the data analysis platform as the fundament of the later value creating alternative but also, the value creating process can provide a lot of valuable feedbacks to boost the efficiency of data analysis.

The recruitment of the data analyst will cost the company about S/. 36,000 per year while the ROI is so massive that can easily cover the cost and provide long-term benefits to the company. The data analyst is the 'story teller' of the data who transfers raw data into analytical chart and reports. The analyzed data can provide strong quantitative evidence to the decision making of the board, including but not limited to increase the accuracy of sales forecasting, adjusting marketing strategy accordingly. The value that expected to be created by a single data analyst is about S/ 625,000 saving in decision making process and more effective communication between departments.

Google Speech API, which is an artificial intelligence technology that transfer voice into text files with an affordable prize. As it was stated in the chapter VII, it is crucial to increase the amount of sampling and monitoring quality to ensure the service level of agents and gained more control from Atento. The usage of technology cost \$0.0006/15 sec, about S/. 25,500/year to

monitor 10% of the total incoming calls. However, the first year is the experimental period that may only need to transfer 10% of the calls to test the efficiency of the software, which should eventually reach a decision of how many calls should be monitored to maximize monitoring and save cost. The ROI is much greater than the actual cost as well, by transferring voice into text, it enables deep analysis of customers' buying behaviors and the marketing investigations can partly be done with the data. Natura has the most R&D expenditure rate in the global cosmetic industry, (Natura annual report 2015) but now an affordable software can save at least \$200,000 in market investigation, more importantly, extracting the maximum value from customers for further value adding process.

Cloud storage use OpenStack can ensure a mutual information share between call center and the marketing team. Moreover, the OpenStack's huge storage size can help company build a massive database for all the past performance, which supposed to be deleted due to limited storage in the desktop, aiming to develop a better trend prediction in everything from customers' satisfactory level, average holding time etc. Therefore, the managers can easily define root causes of a problem based on past trend. Sharing data includes calling record in text with marketing team can provide the perfect feedbacks from consultants about the recent marketing campaign and the team can adjust the strategy base on that, which can eventually cut up to \$500,000 unnecessary cost in the marketing portfolio.

Adding value, which is mainly done by changing script of agents, can potentially increase sales by associating with the data analysis that enrich every consultants' profile. For example, before an agent picks up the phone, it appeals on the screen that the consultant has not been placed any order for a while and she has been very inactive in the sales for two months, it is very likely that the reason of the calling is to ask for his password. Thus, agent, as they have already

had decent autonomy, he can boldly assume that it is very likely that this calling consultant will place order today, he can introduce the most products that fits this agent according to his buying behavior appeals on the screen. This alternative certainly requires a long time of training, yet the expected outcomes are obviously huge. What is more important, consultants will feel more relaxed and comfortable by calling Natura, according to Press (2013), happy customers tend to buy more during shopping. The adding value is expected to increase the sales by 5-10% depends on training outcomes.



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Appendix A: Natura's Balance Sheet

The following balance sheet is from Natura Cosméticos S.A. as of December 31, 2016 and December 31, 2015. The amounts shown are expressed in thousands of Brazilian Reais (R\$).

<u>ASSETS</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS					
Cash and cash equivalents	5	61,431	53,127	1,091,470	1,591,843
Short-term investments	6	1,169,909	1,808,328	1,207,459	1,191,836
Trade receivables	7	828,221	677,117	1,051,901	909,013
Inventories	8	203,358	208,113	835,922	963,675
Recoverable taxes	9	71,845	124,953	329,409	320,392
Related parties	28.1.	7,972	9,026	-	-
Derivatives	4.2.	-	697,761	-	734,497
Other receivables	12	228,629	202,780	286,739	307,450
Total current assets		<u>2,571,365</u>	<u>3,781,205</u>	<u>4,802,900</u>	<u>6,018,706</u>
NON CURRENT ASSETS					
Recoverable taxes	9	32,252	31,055	280,634	289,437
Deferred income tax and social contribution	10.a)	278,300	48,525	492,996	212,608
Escrow deposits	11	249,889	238,498	303,074	287,795
Other noncurrent assets	12	15,760	7,500	23,033	17,604
Investments	13	2,104,217	2,001,232	-	-
Property, plant and equipment	14	576,494	558,105	1,734,688	1,752,350
Intangible assets	14	508,549	500,491	784,254	816,481
Total noncurrent assets		<u>3,765,461</u>	<u>3,385,406</u>	<u>3,618,679</u>	<u>3,376,275</u>
TOTAL ASSETS		<u>6,336,826</u>	<u>7,166,611</u>	<u>8,421,579</u>	<u>9,394,981</u>

Figure 67. Balance sheet of Natura 2015-2016- assets.

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES					
Borrowings and financing	15	1,437,203	1,624,686	1,764,488	2,161,383
Trade and other payables	16	268,080	230,100	814,939	802,887
Suppliers - related parties	28.1.	242,083	149,393	-	-
Payroll, profit sharing and related taxes		103,250	95,580	208,114	201,200
Taxes payable	17	687,223	629,374	1,075,431	1,047,961
Dividends and interest on capital payables	20.b)	79,739	-	79,739	-
Provision for acquisition of non-controlling interest	19.a)	-	190,658	-	190,658
Derivatives	4.2.	69,864	-	73,502	-
Other payables		94,298	94,230	161,686	168,831
Total current liabilities		2,981,740	3,014,021	4,177,899	4,572,920
NON CURRENT LIABILITIES					
Borrowings and financing	15	2,025,484	2,922,983	2,625,683	3,374,497
Taxes payable	17	180,490	78,501	237,513	87,744
Deferred income tax and social contribution	10.a)	-	-	23,775	34,073
Provision for loss on investments in subsidiaries	13	-	21,519	-	-
Provision for tax, civil and labor risks	18	64,561	51,035	93,624	77,858
Other non current liabilities	19.b)	88,166	50,366	266,700	170,122
Total non current liabilities		2,358,701	3,124,404	3,247,295	3,744,294
SHAREHOLDERS' EQUITY					
Capital	20.a)	427,073	427,073	427,073	427,073
Treasury shares	20.c)	(37,149)	(37,851)	(37,149)	(37,851)
Capital reserves		142,786	134,706	142,786	134,706
Earnings reserves		666,815	488,796	666,815	488,796
Proposed additional dividend	20.b)	29,670	123,133	29,670	123,133
Reserve for acquisition of non-controlling interest	20.b)	-	(79,324)	-	(79,324)
Goodwill/ Bargain Purchase on capital transactions	20.b)	(92,066)	(65,159)	(92,066)	(65,159)
Adjustment of equity evaluation		(140,744)	36,812	(140,744)	36,812
Total equity attributable to owners of the Company		996,385	1,028,186	996,385	1,028,186
Non controlling interests		-	-	-	49,581
Total shareholders' equity		996,385	1,028,186	996,385	1,077,767
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,336,826	7,166,611	8,421,579	9,394,981

Figure 68. Balance sheet of Natura 2015-2016- liabilities and equity.

Appendix B: Natura's Statements of Income

The following statement of income is from Natura Cosméticos S.A. as of December 31, 2016 and December 31, 2015. The amounts are expressed in thousands of Brazilian Reals – R\$, except the amounts of earnings per share, which are expressed in units of Brazilian Reals.

	Note	Company		Consolidated	
		2016	2015	2016	2015
NET REVENUE	22	5,616,985	5,929,000	7,912,664	7,899,002
Cost of sales	23	(2,188,578)	(2,294,896)	(2,446,959)	(2,415,990)
GROSS PROFIT		3,428,407	3,634,104	5,465,705	5,483,012
OPERATING (EXPENSES) INCOME					
Selling, Marketing and Logistics expenses	23	(2,143,235)	(2,081,047)	(3,110,169)	(3,020,500)
Administrative, P&D, IT and Project Expenses	23	(673,343)	(732,241)	(1,327,093)	(1,271,533)
Equity in subsidiaries	13	216,182	235,603	-	-
Other operating (expenses) income, net	26	(9,285)	6,594	54,425	65,790
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		818,726	1,063,013	1,082,868	1,256,769
Financial income	25	952,447	1,692,298	1,073,288	1,927,228
Financial expenses	25	(1,458,877)	(2,065,692)	(1,729,297)	(2,308,627)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		312,296	689,619	426,859	875,370
Income tax and social contribution	10.b)	(15,597)	(176,106)	(118,621)	(352,638)
NET INCOME		296,699	513,513	308,238	522,732
ATTRIBUTABLE TO					
Owners of the Company		296,699	513,513	296,699	513,513
Non controlling		-	-	11,539	9,219
		296,699	513,513	308,238	522,732
EARNINGS PER SHARE - R\$					
Basic	27.1.	0.6895	1.1934	0.6895	1.1934
Diluted	27.2.	0.6875	1.1928	0.6875	1.1928

Figure 69. Income Statement of Natura 2015-2016.

Appendix C: Survey for Atento's agents

Team: Peru () Argentina () Colombia () Chile () Mexico () Other.....
Total time in the company (years/months):

Instructions: In the following questions, mark with an X your level of satisfaction with each question:

Description	Does not apply	(-) Unsatisfied (+) Satisfied				
		1	2	3	4	5
1. What is your general perception about Atento's supervision?	0	1	2	3	4	5
Comments and / or suggestions:						
2. Atento's trainings are frequent and effective.	0	1	2	3	4	5
3. Natura's trainings are frequent and effective.	0	1	2	3	4	5
Comments and / or suggestions:						
4. The work environment is very positive, team-oriented and supportive, contributing to the low level of employee turnover.	0	1	2	3	4	5
5. The software or applications for the attention of calls are easy to use.	0	1	2	3	4	5
6. There are clear guidelines and procedures that facilitate the attention of calls.	0	1	2	3	4	5
7. There are regular feedback meetings where my performance are rated.	0	1	2	3	4	5
Comments and / or suggestions:						

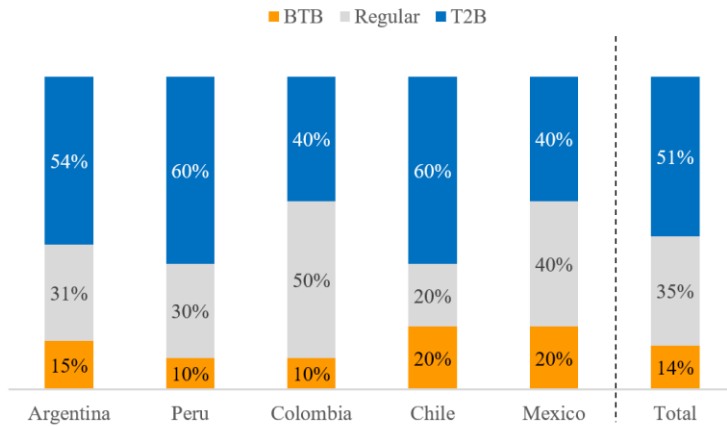
8. What are the main difficulties you have when resolving a call?

9. Do you consider that there is balance between your personal and professional life? Yes/No why?

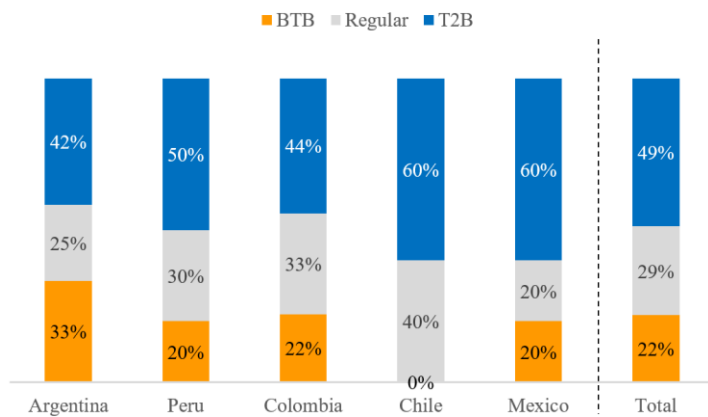
10. What suggestions do you recommend for improving the care in the call center?

Appendix D: Results of the Survey for Atento's agents

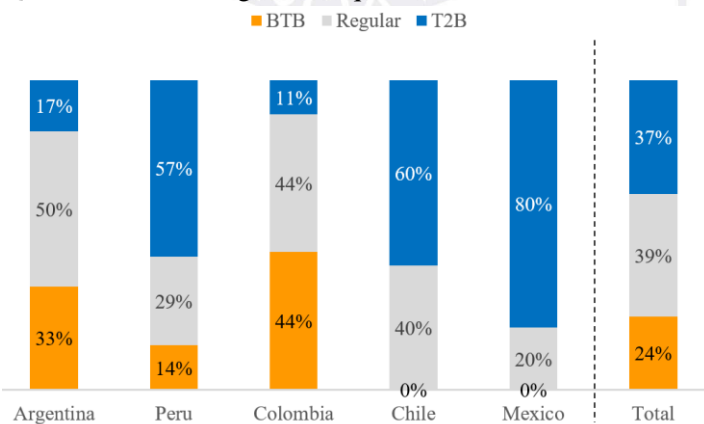
Q1. What is your general perception about Atento's supervision? Rank it from 1 to 5.



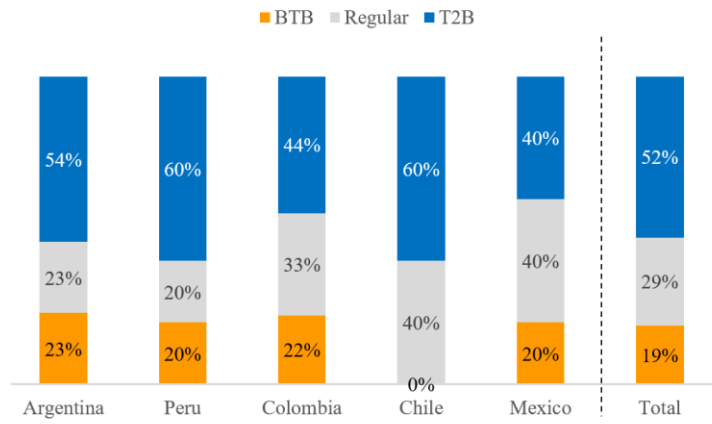
Q2. Atento's trainings are frequent and effective? Rank it from 1 to 5.



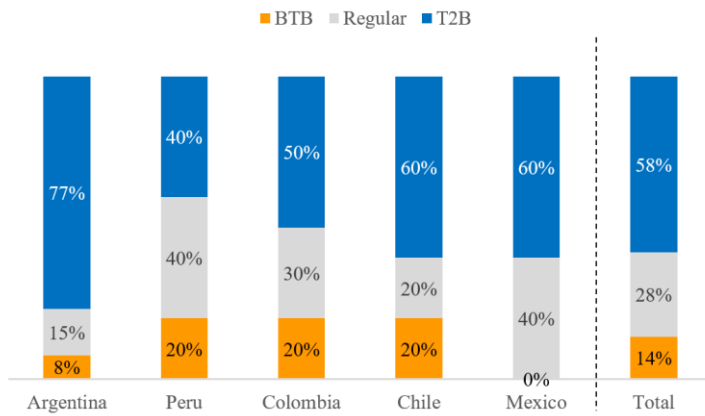
Q3. Natura's trainings are frequent and effective? Rank from 1 to 5



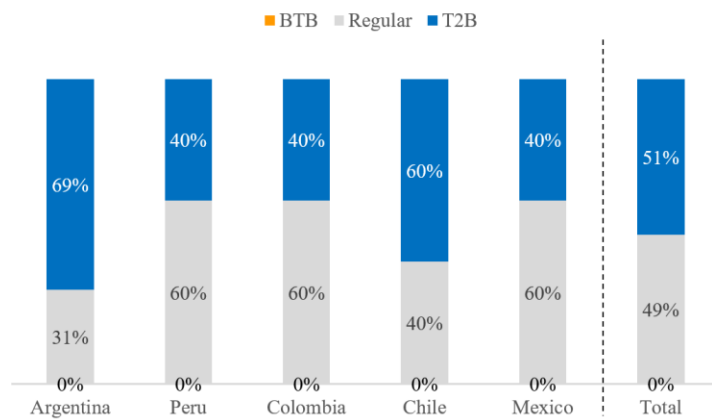
Q4. The work environment is very positive, team-oriented and supportive, contributing to the low level of employee turnover. Rank from 1 to 5



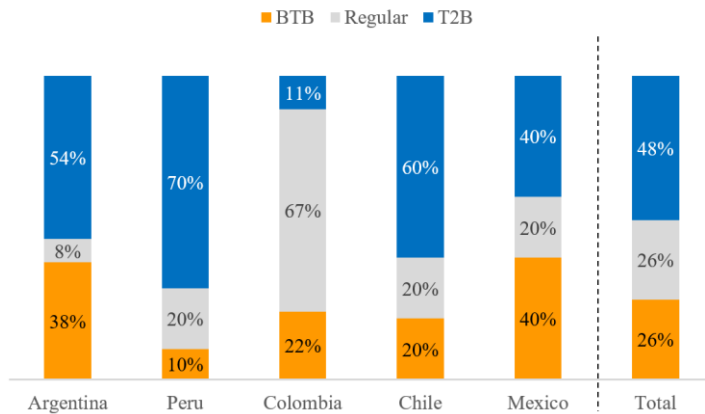
Q5. The software or applications for the attention of calls are easy to use. Rank from 1 to 5.



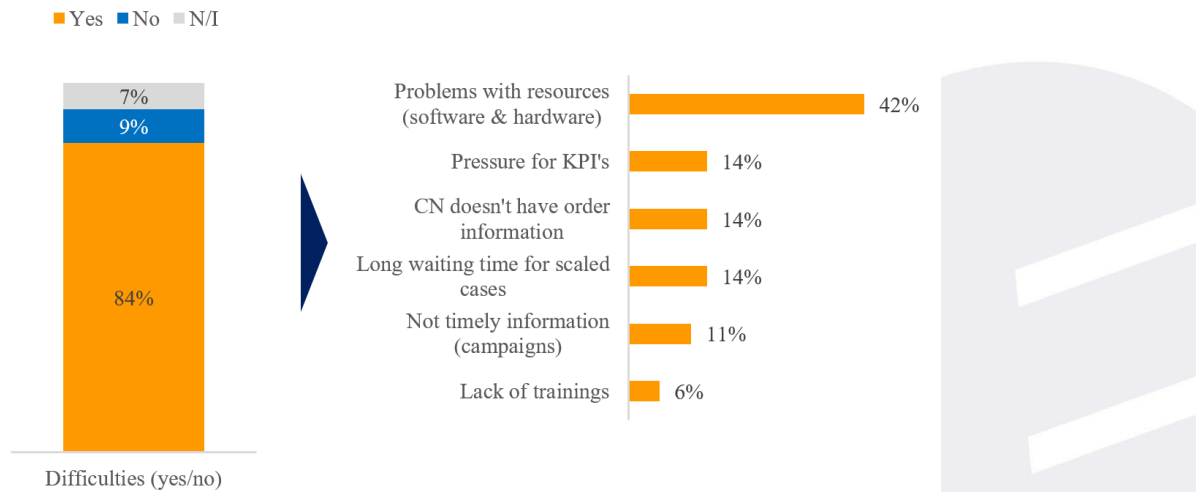
Q6. There are clear guidelines and procedures that facilitate the attention of calls. Rank it from 1 to 5.



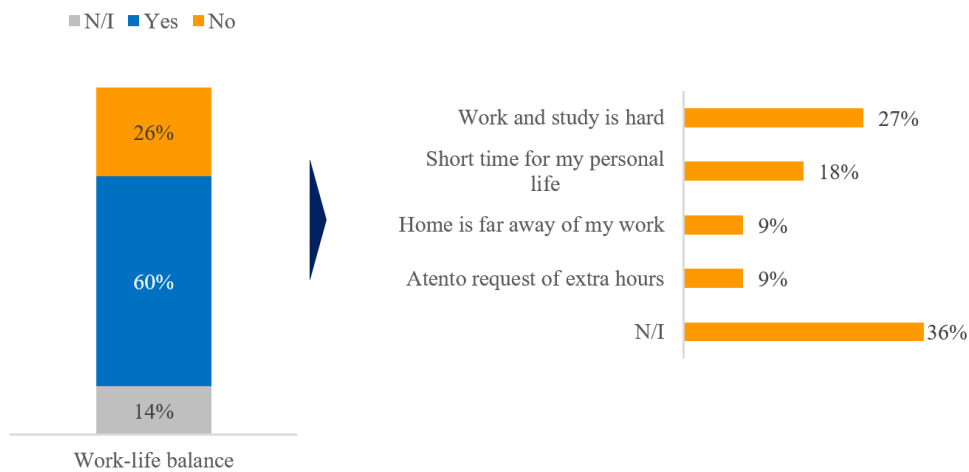
Q7. There are regular feedback meetings where my performance are rated. Rank from 1 to 5.



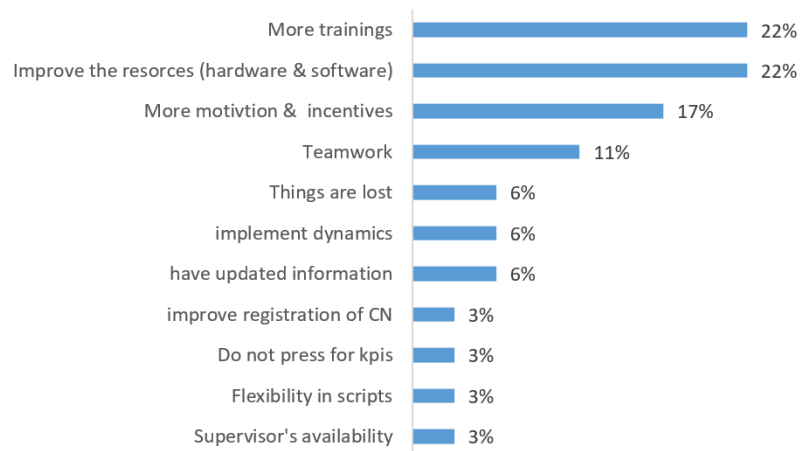
Q8. What are the main difficulties you have when resolving a call?



Q9. Do you consider that there is balance between your personal and professional life? Yes/No why?



Q10. What suggestions do you recommend for improving the care in the call center?



Appendix E: New Consultant Satisfaction Survey

Consultant Satisfaction Survey

1. Based on your recent interaction with our agent, how strongly do you agree that the agent was accurate, knowledgeable and quick in resolving your query?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree
- Strongly disagree

2. Based on your recent interaction with our agent, how strongly do you agree that Natura takes time to understand your needs?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree
- Strongly disagree

3. Based on your recent interaction with our agent, how strongly do you feel that the agent was enthusiastic and willing to make help you?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree
- Strongly disagree

4.a Based on your recent interaction with our agent, how strongly do you agree that the agent took time to show alternative ways in resolving your issue to help you save time in the future?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree

- Strongly disagree

4.b (If 4.a is strongly agree) How likely are you to use that alternative method in resolving your issue in the future? Why or why not?

- Very likely
- Somewhat likely
- Keep same amount
- Somewhat likely
- Very likely

5. How strongly do you agree that the agent was patient and courteous in resolving your inquiry?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree
- Strongly disagree

6. How strongly do you agree that the agent provided service that satisfied your expectations?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree
- Strongly disagree

7. How strongly do you agree that Natura offers exceptional customer service that other cosmetic companies just can't match?

- Strongly agree
- Somewhat agree
- Neither agree or disagree
- Somewhat disagree
- Strongly disagree

8. Based on your overall experience, how likely are you to increase or decrease the amount of business you have to Natura?

- Very likely to increase
- Somewhat likely to increase
- Keep same amount
- Somewhat likely to decrease
- Very likely to decrease

9. Do you have any additional comments to help us improve our service?

