Quality Service, Competitive Business: setting the standard in customer service

Howard Kendall
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This book is all about good customer service. Whether you want to expand your customer base, boost customer loyalty, increase your public profile or increase your profit margins, this book will tell you, in simple terms, how to achieve it.

The BSI (British Standards Institution) has long been developing standards that relate to service or services in many forms. This book is an excellent way of drawing attention to those standards and how they are relevant and important today.

I have been involved in customer services for over 20 years and have been passionately involved in setting standards and advancing best practice in this area. I have been leading BSI’s customer service standards group for over eight years and have been responsible for the UK input on BS ISO 10002:2004 Quality management – Customer satisfaction – Guidelines for complaints handling in organizations as well as leading the group that developed the BS 8477:2007 standard for customer service. This means that I am in a unique position to write this book.

In researching the book, I sought out some of the best and most practical examples that you will be able to adapt for your own use and, added to the excellent backdrop of standards and advice from experts, the book represents a true reflection of contemporary best practice in customer service.

I wish you every success in achieving your customer service goals.

Howard Kendall
Foreword

When I first started in service quality over 20 years ago, it was an uphill challenge to convince colleagues that customer service was a tough, serious business concept. It was even more challenging to convince them that it should permeate the whole organization and not just the front line. Sometimes they did not even recognize that they had customers at all!

Not any more. That bit of the task is behind us. The more enlightened among us agree that service quality lies at the heart of competitive business. And the reason, more or less, is repeat business. We want our customers to keep coming back. Better still, we want customers to tell their friends what great people we are to do business with. The entire rationale for providing a better service than our competitors is to sell more to existing customers and to attract new ones.

In the public sector, it is no less important. Here, we need to ensure value-add for our customers – they want us to give them value for their money. Improved customer service leads to higher reputation, lower costs and greater trust.

We have all bought into the fact that it makes sound business sense to deliver good service – but that, nowadays, good is not good enough (because satisfied customers still leave us). What we need to do is to go that bit further and delight our customers. We need to give them a topbox service experience that is far beyond that of our competitors or peers – that is what leads to real loyalty.

So, the question on people’s lips is no longer Why deliver world-class service? but How can we deliver world-class service?

At the Institute of Customer Service, we were repeatedly asked over the years how our research helped us to answer that question. We were asked to come up with some kind of model that would help people to understand what their organization needed to do to deliver great service. So, we developed the Institute of Customer Service Model for World-Class Customer Service and I am delighted to see that it is referenced in this book.

I was very happy to write the foreword to this book because it gives lots of practical examples of how to do best what matters most to our customers.
But the most important lesson in the customer service journey is about taking personal responsibility. A motto of mine is that I would rather have to apologize later than to ask permission in advance. How often have we heard people saying – don’t tell me, tell them up there? Lack of support is often used as an excuse for doing nothing. So, I will leave you to ponder this:

It is better to light one candle than to curse the darkness. Confucius

Robert Crawford, Director, Client Services, ICS
Acknowledgements

Firstly, I am really grateful to my wife of 32 years, Ruth, who has had to put up with my waking up in the middle of the night and jotting down ideas for the book on my notepad, in addition to the early morning wake-ups, which is when I work best.

Secondly, thank you to the great teams I work with at the Service Desk Institute (SDI) and The Consultation Institute (TCI), that have both contributed ideas and suggestions and given me the confidence to take time out to write this book.

A further thank you must go to all the contributors in the industry who put up with my continual pressure to share their expertise and advice. This was essential to a book that needed to reflect the current best practice across the industry, and particular thanks should go to Cathy Lilley and Robert Crawford at the Institute of Customer Service, who provided some excellent input from Institute of Customer Service sources.

Sam Cranston has worked tirelessly as my researcher on the book and has been a magnificent trawler of the internet and written sources. He contributed magnificently to the diligence of the referencing process.

Lastly a huge vote of thanks to Fiona Tucker, my commissioning editor at BSI, who has been a constant source of guidance on the particular requirements of publishing such a definitive book on this subject. I could not have written this book without her advice and encouragement.
Introduction

Setting a goal

It is essential to set ourselves goals, something to aim towards. In this book, my goal is simple; your goal is perhaps not as simple. My goal is:

• to write a straightforward, easy-to-read book that confirms all that you should know about customer service and challenges you to think about what you need to learn and actions you need to take to make it better for you and your customers.

Because I cannot assume what your goals are, I have left a blank space for you to insert your own. You are unique, and that is a point we often forget about customers. Although there are obvious assumptions that I can make about what you might set as a goal for your reading, they are not going to cover everyone: I have as much chance of working out your goals as scoring for England in the World Cup Final!

However, you may wish to consider these as possibilities:

• to learn about all aspects of contemporary customer service and what it involves;
• to check that you are not missing anything in your current service strategy or plan;
• to improve current customer service practice;
• to develop new ideas and freshen up your service plans and ethos;
• to identify key skill or behaviour improvements for your people.

Your goal is:

A recent survey by the People 1st Sector Skills Council (SSC) found that ‘63% of employers in the sample felt their staff’s customer service skills were not sufficient to meet their business needs’ (2009). Given that the SSC serves the hospitality industry, covering hotels, restaurants and entertainment facilities, whose businesses are dependent on service, this is a big concern.

World Class Customer Service... for 2012 and Beyond – Summary Report (2009)
Background information

In its most simple and effective form, good customer service is the customer’s complete satisfaction with the product or service that they have just bought and received. This will include all sizes of organizations that develop products or provide services – from a sole trader to a large company – and encompasses customers ranging from someone buying fruit from a market stall to someone buying a fleet of aircraft to start a new airline. Although the scale of the service may differ significantly in the B2C (business-to-consumer) market and the B2B (business-to-business) market, the key elements of good service remain the same.

Although the principles of customer service can be very simple and grounded in common sense, they can also provoke controversy and debate. Those working in customer service can have a vested interest in making it more complex than it is. I should know: I make my living from telling people how to ‘do’ customer service better.

It makes life frustrating when management speak exhorts staff to ‘delight the customer’, develop the ‘customer value proposition’ and discuss their ‘net promoter score’, while not really grasping that you need to understand the basics of service and help your staff to provide them to deliver really outstanding service. Without that basic knowledge, all of the jargon is simply that – jargon that will deliver little or no value.

Any service point is a vital interface between an organization’s customers and its operational delivery units. This applies whether the customers are external – receiving goods or services supplied on a truly commercial basis – or whether they are internal – receiving goods and services in order for them to do their jobs productively, which in turn allows them to serve external customers better. It does not matter what the goods or services are.

This book gives readers a definitive what, who, why and ‘how to’ guide to the current best ways for setting up and maintaining a good customer service strategy and staff. It identifies what a truly great customer experience is and how to deliver it. By bringing together the current best advice and guidance, and by using the standards developed by the BSI, the book will provide a true ‘best of the best’ benchmark for customer service today.

BS 8477:2007 Code of practice for customer service helps to set in place mechanisms to ensure levels of customer service that meet the needs and reasonable expectations of customers and helps organizations to be competitive in the marketplace. The standard stresses the importance of increasing levels of customers’ positive emotional experience with an organization’s services and, through this,
building and maintaining customer loyalty and customer retention. The standard helps organizations to increase their service efficiency and to lower complaint rates and also seeks to aid compliance with fair trading and consumer protection laws, which is essential to avoid damaging brand reputation.

Customer service operations and methodologies are well established in many organizations; in others there are none. This book will help you to align your customer service strategy with the goals of the business within which it operates and to deliver a high-value and memorable experience consistently to your customers that keeps them coming back to you.

The book highlights the structure, processes and organization of the people and resources you need – whether it is a small organization or a large multinational corporation – and offers advice on how to achieve the best operational mix. It will also cover how to work with third parties, as often the service you deliver will contain elements that are delivered by others. This is especially true with internet-based businesses, which have initiated an explosion in logistics companies to service online shopping and subsequent fulfilment activity.

Technology now has a key role in every business, and the book identifies the key types of technology and their role in service.

There will be a heavy emphasis on how to lead, direct and motivate your staff, with considerable focus on how best to achieve a great customer experience. Service is above all about people delivering to people, even if the method of delivery involves no direct people contact at all, such as with internet-based purchases.

It can be difficult to determine what is really important to the customer and how to relate that to an organization's aims. We will look at what targets you should set and measure and what are the right performance statistics to track successful service delivery and improvement, including how to track and handle complaints.

There are ‘real life’ examples and exercises to put the theory into practice, and in each chapter there are lessons or action points for you to consider.

A simple web portal, www.customerservice.co.uk, has been developed alongside the book. Its aims are to share news and views on the latest developments in customer services and to connect you to other sources of advice and guidance.

Although many organizations will already have mature customer service practices and will be reaping the benefits of them, there are many that will not. Both will gain from the good advice available here.

There is one more thing to bear in mind: you and your organization’s customer service operation can make a big difference to the quality of people’s lives – either positively or negatively. This book sets out to make sure yours will be considered a positive one!
1

Understanding your customers

The basics

It is an accepted fact that you cannot deliver great service to customers unless you understand them – at least to a degree. It is surprising then that many organizations and small traders make little effort to do so, especially as it can make a significant difference to their sales, profitability and customer retention.

BS EN ISO 9004:2000 Quality management systems – Guidelines for performance improvements, states that the success of the organization depends on understanding and satisfying the current and future needs and expectations of present and potential customers and end-users, as well as understanding and considering those of other interested parties. Furthermore, there are several research reports that underpin the direction provided by the standard. The Institute of Customer Service research report Customer Priorities gives this simple ‘top 10’ list of priorities:

- overall quality of the product or service supplied;
- friendliness of staff;
- handling problems and complaints;
- speed of service;
- helpfulness of staff;
- handling enquiries;
- being treated as a valued customer;
- competence of staff;
- ease of doing business;
- being kept informed.

(Institute of Customer Service, 2006)

The order in which those priorities apply will change with each customer, and with each customer the order will change depending on the circumstances. It is up to
the customer service provider – you – to understand the following key statement for every one of your customers:

*What does this customer, whom I’m dealing with right now, want?*

**Anticipating customer needs**

To identify some key issues to focus on with your customers – and hence build your understanding of them – I have chosen a ‘day in the life of a typical customer’ for analysis.

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**Case study 1**

Jane walked from the car to the station entrance and noticed that she had just a couple of minutes before her train was due to leave. She wondered if she had time to get her usual cappuccino and newspaper from the single kiosk, which had a couple of people queuing.

She decided to try, as she really fancied that coffee – and as luck would have it one person walked off as she joined the queue. Julie, the server at the kiosk, was dealing efficiently with the one man in front of her, and Jane was sure she’d make the train. The man in front wanted to pay by card and Julie explained she didn’t take them, and he then started searching his pockets belatedly for the change to pay for his coffee.

Just as Jane thought she’d have to leave it, the man found the coins and paid. Jane smiled at Julie and said she’d like her usual cappuccino and paper. Julie smiled back and passed her a lidded cup and paper, saying ‘I saw you coming across the car park and didn’t want you to miss out on your coffee so I doubled up on the last order’. She waved her off to the platform, just 30 seconds before Jane’s train departed.

The coffee and newspaper kiosk attendant had anticipated Jane’s needs based on previous experience, and she exceeded Jane’s expectation this time. As a small local independent business, it had clearly done the simple things right. A diligent and observant member of staff who had taken the time to understand what was important to Jane in the very short ‘moment of truth’ has guaranteed that Jane is more likely to stop and spend at the kiosk than to walk past. As the owner of this business, the only real way to improve on the service would be to add additional product lines to grow the customer spend at each visit.

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1 A ‘moment of truth’ is any point of connection to or interaction with customers, where they could be impressed (or not) by the service experience given. See Jan Carlzon’s book, *Moments of Truth*.
Going back to the BS EN ISO 9004 guidance, customer understanding is both for now and the future. In Chapter 2, we will address at length the issue of what constitutes great customer service. We will also evaluate the more recent trend of ‘the customer experience’. This trend has spawned a whole industry built around the concept of ensuring that your organization delivers a great ‘customer experience’ to your customer to gain their longer-term loyalty to you.

At this stage it is important to understand the concept only as it applies to understanding your customer. Amit Kakkad (under the direction of Chris Voss, Emeritus Professor of Operations and Technology Management at the London Business School) states in his 2006 research report *Wanted: Chief Experience Officer* that ‘customer experience is increasingly being seen as a real and sustainable differentiator between competing organizations’ (Figure 1) and that ‘the use of customer experiences to create value has been called the experience economy’ (Kakkad and Voss, 2006).

![Figure 1. Experiences create value (Kakkad and Voss, 2006).](source: Pine and Gilmore)

A Nokia Siemens 2009 research report *How to Generate Customer Loyalty in Mobile Markets*, based on a survey of 12,000 people in both emerging and mature markets, found that most customers in mature markets are open to better offers or more attractive packages from the competition, which means that no service provider can be complacent and expect their customer base to stay with them over time, unless they take specific steps to please their customers (Nokia Siemens Network, 2009). The following chart – one of many in the report – breaks down the understanding of
what customers find to be their ‘moments of truth’ with their service provider. This allowed Nokia Siemens to focus effort precisely on what their customers valued.

The report also found that dissatisfaction also drove decisions. Many ‘churners’ (those who leave for the competition) move because of a bad experience. Globally, almost 38 per cent of churners say that they switched because of dissatisfaction, and a comparable 39 per cent of non-churners say that dissatisfaction would make them consider churning. Establishing an understanding of the customer and what they want is a prerequisite. The Nokia Siemens report showed that customers leave both for better offers and because of general dissatisfaction. This is a fundamental illustration of the financial impact of poor service, and the benefit of great service (Nokia Siemens Network, 2009).

Avis, for example, who rents cars worldwide, found that training to understand the different cultures and attitudes of customers throughout the world was essential to improve their customer service and to reduce the number of complaints. Staff in Europe participated in a multimedia delivery training system to accommodate the different learning styles of the Avis agent incorporating:

- Video scenes of culturally different coffee shop scenarios which were then played above Avis counters.
- Words to read, highlighting the differences shown in the video scenes with examples to use.
- Listen and learn to hear the examples shown.

The academic information on the differences in cultural upbringing needed to be relevant to the whole customer journey in the organization, as well as clear to the staff on how and when to apply different behaviour to different customers, which might sometimes be uncomfortable and alien to the customer service provider’s natural behaviour. Hints and tips were supplied to the staff to establish what they should do, what they should say, and when and why they should say it (Court, 2009).

The results for Avis were quick and obvious. The complaints dropped considerably because customers were being served differently to suit not only their personality profile but also their cultural idiosyncrasies. This allowed the customer-facing staff to react differently and more relevantly to the individual customer and therefore prevent any festering complaint being reported once the customer left their office (Court, 2009). Very often large organizations make the mistake of assuming that, for example, renting a car in the UK is the same as renting a car in Italy, or buying a hamburger in the USA is the same as buying a hamburger in South Africa. That is a mistake that is not made so often nowadays.
Figure 2. Customer retention drivers (Nokia Siemens Network, 2009).
Understanding an immediate customer need

So far we have looked at understanding and anticipating customers and their likely requirements from our organization, but how do we respond to an immediate need?

**Case study 2**

Jane’s heel caught in the train door and broke. The station heel bar attendant told her that he could not fix it while she waited, but that they kept spare pairs of trainers for just such situations. He found a pair in Jane’s size, and told her she could pick up her shoes that afternoon. She laced up the trainers and left her shoes at the heel bar for collection on her way home. She reasoned that at least she would still be at work in good time and had a story to tell her incoming clients!

That afternoon, Jane picked up her shoes from the heel bar. The repair had restored her left shoe so the scuffing round the point that had stuck was almost invisible, and the heel was once again sturdily attached.

The attendant pointed out that a tip sheet for care of this type of shoe had been included, along with a voucher for 20 per cent off if she brought in another pair of shoes for repair within three months. Although the bill was a little more than Jane would have paid back where she lived, she was delighted with the repair and service and mentally made a note to bring in the pair of shoes that had been lying in the bottom of her wardrobe that she had not bothered to fix after last summer.

The heel bar provided Jane with an immediate solution to an emergency need – and also provided follow-up care that probably has Jane hooked as a customer for life. This is one of the ultimate aims of customer service as indicated by Colin Shaw and John Ivens’ book, *Building Great Customer Experiences*, in which they established seven philosophies for building great customer experiences. The very first of these is that great customer experience is a source of long-term competitive advantage (Shaw and Ivens, 2002).

This heel bar example is based on the real-life Timpson organization, founded by John Timpson and now run by his son James. They take great care to understand their customers through interaction with their staff, and the Timpson family are often seen visiting the shops in the chain to ensure that each shop delivers service to a similar standard. Although the provision of trainers was a value-added service that I invented for the purpose of the story, Timpson has already adopted the personal service approach that Jane experienced and also replaces watch straps, sells umbrellas and offers a dry cleaning service to sell more at their strategically placed heel bars.
Turning a one-off ‘distress’ purchase into a ‘customer for life’ means understanding not just what your customer wants, right now, but also understanding what might get them to come back, again and again. For this business, it is very much about impressing with the first visit, then offering the incentive discount voucher for a return visit. This policy could turn the customer from a £25 single buyer into a buyer who spends £25 every four months for the rest of their life.

A commonly used technique for understanding Jane, or any type of customer, is customer profiling. There are several types of profiling in use today. These four categories, sourced from www.morebusiness.com (2007), illustrate some of the types in use today:

- **affinity profiling**: studying buying habits to determine what kinds of product particular customers require;
- **demographic profiling**: looking at details such as geographical location, marital status or age, to determine what you might be able to sell to various types of customer;
- **psychological profiling**: by understanding a person’s psychological motivations you should be able to understand their preferences. For example, you could assume that a woman seen in a supermarket car park driving a Mini Cooper and dressed in designer jeans might have an interest in making a fashion statement.
- **lifestyle coding**: this helps you to understand the way a person leads their life by looking at their hobbies and habits. Hence a person who is interested in American football may also have an interest in baseball or in collecting American sports memorabilia.

**Understanding the business customer – B2B**

Is the B2B (business-to-business) service environment different? It is often said that people change when they arrive at their workplace, which is reason enough to assume that B2B service might be different. There are other factors that might make it easier to sell to or service a customer, for example that in their business role they typically will be spending someone else’s money. There are other factors that might make it more difficult, for example you might be dealing with a business in financial trouble and hence a limited budget, or perhaps you are dealing with a staff member under pressure to reach a particular price target. In the latter cases it will put pressure on your own margins and the cost of service will come into question.
However, whether you are in a B2B or B2C environment, the principles of customer service still apply.

Case study 3

Jane noticed the file she had asked for was waiting on her desk, but there was no sign of the exhibition stand graphics she had ordered from the design shop. The shop had promised that the designs would be delivered in time for her meeting, as they were a key part of the work Jane had prepared for the client campaign.

Jane called the designer who had been responsible for her job only to hear that he had not been able to courier the designs across last night and that they were on their way this morning. It would be touch and go whether they made it by the end of the meeting, let alone in time for Jane to check them before the clients arrived.

Knowing that she was frustrated with him, the designer offered to email the designs so that at least the clients could look at them on-screen. Left with little choice, a disgruntled Jane took this option. Two hours later – just after the clients had left – the stand designs arrived.

Jane has clearly experienced inadequate service from the design agency. It largely revolved around the poor timeliness of an otherwise good quality product. This is the key factor in delivering services to other businesses: you need to hit, or to exceed, their delivery expectations, with a good quality product. This is not in itself very different from B2C service, but often B2B sales require deeper levels of understanding of your customer.

The design company designs might have been excellent, but the failure to understand and meet a critical deadline and customer expectation will restrict their growth and could kill the business. Cutting-edge designers will win business, but tardy service and lack of attention to detail will lose it just as quickly.

Viking Direct, a supplier of office stationery and equipment, identified in the 1990s that supplies of stationery often took a week or longer from order to delivery. They understood from their customer research that customers often found this too long a lead time. As a result they introduced a simple catalogue and typically delivered orders within 24–48 hours. This practice changed the marketplace and is now the accepted standard.

In the Institute of Customer Service research paper *Excellence in Managing the Business-to-Business Customer Relationship* customers who felt that their suppliers were providing a good service in a B2B relationship were typified by the following: responsiveness, consistency, loyalty, trust, integrity and transparency (Institute of Customer Service, 2007).
Summary

Many of us will have been able to relate to Jane’s stories of service in her ‘typical day’. It is, however, still quite uncommon for us to consider the various aspects of a person’s ‘typical day’ with a view to offering them better service – at least on a regular basis. Do you think that Jane has ever been asked about the services she receives during her day? The design company, a typical small business, knew little about Jane’s time requirement.

The service world is changing, as shown by the Nokia Siemens and Avis examples, but it still tends to be mostly large businesses in mass consumer markets that undertake ‘customer understanding’ research. Success and failure in business today happens much more quickly than it ever has before – witness the recent demise of a number of large organizations, such as Lehman Brothers and Woolworths. The need to understand the business environment and customer requirements has never been greater, whatever the size of your business.

Jane’s day was fairly ordinary and common to millions of people, but she experienced several ‘touch points’ that gave organizations the ability to affect her life in either a positive – or negative – way. This information is vital, and every organization should at least understand their basic customer ‘moments of truth’ so that effort can be focused on them.

It can be easy to ignore such an ordinary customer day and the opportunities and threats it presents to us. Often we focus on the sophisticated, high-end customer, or get bogged down with statistical and demographic analysis and CRM (customer relationship management) systems, when a simple assessment of the key parts of a customer’s day and our role in it would reap huge benefits in delivering a great service experience and retaining a loyal customer.

Case study 4: Harley-Davidson

Owners of Harley-Davidson motorcycles who are members of the Harley Owners Group (HOG) clubs around the world are very visible advocates for the brand. Not only do they buy the motorcycles, but they also actively accessorize with Harley-Davidson equipment for their choppers, wear a vast array of Harley-Davidson clothing and enthusiastically participate in Harley-Davidson events. Starting with fewer than 50 members in 1983, HOG has grown to more than 800,000 members, more than half of whom attend at least one Harley-Davidson event per year. HOG members, as a consequence, know a great deal about what it means to be Harley-Davidson owners.
How important are HOG zealots to the company? Harley-Davidson does almost no advertising, depending, instead, upon its community of advocates to purchase both motorcycles and logo gear and to spread the word to others. Customer advocacy has an impact on virtually every area of company activity. As John Russell, managing director of Harley-Davidson Europe, has said: ‘If it is important to the customer; if it’s a good insight; if it’s a good point of understanding and connection to the customer, it makes its way into business processes and becomes part of what we do.’ That is powerful recognition of the value of direct customer input.


Learning points

This chapter has focused on the start point of customer service: understanding your customer’s basic needs and desires from the product or service that you have to offer.

The most important points to remember are:

• understand what you are selling and what the customer expects from it;
• understand and track your customers’ key event dates where possible so that sales and service opportunities are not lost;
• understand how and where your customers buy from you as it will guide you on expectation and further opportunity;
• understand who your customers are, i.e. what type of people want your product or service;
• maintain and keep developing your understanding of your customers and keep developing and enhancing your products and services to mirror customer need and desire changes.

The following is a short list of techniques and examples to consider and learn from (both positive and negative).

Techniques

• Always ask yourself: What does this customer, whom I’m dealing with right now, want?
• Consult your customers on a regular basis, through simple communication (emails, letters, pamphlets) or via surveys and focus groups.
• Use mystery shopping and mirror customer behaviour.
• Establish your customers’ moments of truth.
Examples

- Heathrow Terminal Five held trial customer check-in and baggage days, but when they took the terminal ‘live’, they had well-documented failures, many of which involved simple customer service issues such as the training of staff in how to direct customers in the building and the collection and transportation of customer baggage from check-in to aircraft in time for their flight. Avoid upsetting your customers in this way.

- Orange, the mobile phone business, uses an automated ‘best package tracker’, and their advisers use every contact to refine and update customer profiles with their latest needs. Is your company capable of delivering this level of service to your customers?

- Sainsbury’s use complaints as an opportunity to ‘walk the store’ with a customer to understand how they shop and what they look out for. Can your business provide something similar?

- Avis used a cultural training programme to cut complaints and improve service. Could this be an effective technique in your business?

- Harley-Davidson builds a community of customers and advocates to understand them better. Would the same approach work for your organization?