

1. Strategies and Procedures Quality of Service

1.1 Focus on Customers

A **customer** (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration. Customers are generally categorized into two types:

- An **intermediate customer** or **trade customer** (more informally: "the trade") who is a dealer that purchases goods for re-sale.
- An **ultimate customer** who does not in turn re-sell the things bought but either passes them to the consumer or actually is the consumer.

A customer may or may not also be a consumer, but the two notions are distinct, even though the terms are commonly confused. A customer purchases goods; a consumer uses them. An ultimate customer may be a consumer as well, but just as equally may have purchased items for someone else to consume. An intermediate customer is not a consumer at all. The situation is somewhat complicated in that ultimate customers of so-called industrial goods and services (who are entities such as government bodies, manufacturers, and educational and medical institutions) either themselves use up the goods and services that they buy, or incorporate them into other finished products, and so are technically consumers, too. However, they are rarely called that, but are rather called **industrial customers** or **business-to-business customers**. Similarly, customers who buy services rather than goods are rarely called consumers.

Six Sigma doctrine places (active) customers in opposition to two other classes of people: not-customers and non-customers. Whilst customers have actively dealt with a business within a particular recent period that depends from the product sold, not-customers are either past customers who are no longer customers or potential customers who choose to do business with the competition, and non-customers are people who are active in a different market segment entirely. Geoff Tennant, a Six Sigma consultant from the United Kingdom, uses the following analogy to explain the difference: A supermarket's customer is the person buying milk at that supermarket; a not-customer is buying milk from a competing supermarket, whereas a non-customer doesn't buy milk from supermarkets at all but rather "has milk delivered to the door in the traditional British way".

Tennant also categorizes customers another way, that is employed outwith the fields of marketing. Whilst the intermediate/ultimate categorization is used by marketers,

market regulation, and economists, in the world of customer service customers are categorized more often into two classes:

- An **external customer** of an organization is a customer who is not directly connected to that organization.
- An **internal customer** is a customer who is directly connected to an organization, and is usually (but not necessarily) internal to the organization. Internal customers are usually stakeholders, employees, or shareholders, but the definition also encompasses creditors and external regulators.

The notion of an internal customer — before the introduction of which external customers were, simply, customers — was popularized by quality management writer Joseph M. Juran, who introduced it in the fourth edition of his Handbook (Juran 1988). It has since gained wide acceptance in the literature on total quality management and service marketing; and the customer satisfaction of internal customers is nowadays recognized by many organizations as a precursor to, and prerequisite for, external customer satisfaction, with authors such as Tansuhaj, Randall & McCullough 1991 arguing that service organizations that design products for internal customer satisfaction are better able to satisfy the needs of external customers.

1.2 Leadership and Strategic Planning

When it comes time to implement a strategy, many companies find themselves stymied at the point of execution. Having identified the opportunities within their reach, they watch as the results fall short of their aspirations. Too few companies recognize the reason.

Mismatched capabilities, poor asset configurations, and inadequate execution can all play their part in undermining a company's strategic objectives. Although well-regarded corporations tend to keep these pitfalls squarely in their sights, in our experience far fewer companies recognize the leadership capacity that new strategies will require, let alone treat leadership as the starting point of strategy. This oversight condemns many such endeavors to disappointment.

What do we mean by "leadership"? Whereas good managers deliver predictable results as promised, as well as occasional incremental improvements, leaders generate breakthroughs in performance. They create something that wasn't there before by launching a new product, by entering a new market, or by more quickly attaining better operational performance at lower cost, for example. A company's leadership reaches well beyond a few good men and women at the top. It typically

includes the 3 to 5 percent of employees throughout the organization who can deliver breakthroughs in performance.

Since bold strategies often require breakthroughs along a number of fronts, a company needs stronger and more dominant leadership at all levels if these strategies are to succeed. A defining M&A transaction, for example, requires leadership throughout an organization's business units and functions in order to piece together best practices and wring out synergies while striving to carry on business as usual. In addition, leaders throughout both companies must transcend the technical tasks of the merger to rally the spirits of employees and to communicate a higher purpose.

As the number of strategic dimensions and corresponding initiatives increases, so does the pressure on leadership. Not surprisingly, our work in many industries with companies of all sizes has shown that high-performers, especially those with lofty aspirations, have the most difficulty meeting their leadership needs. Of course, companies that perform poorly are also lacking in leadership capacity. The higher a company's aspirations or the more radical its shift in strategic direction, the larger the leadership gap. This rule holds true for high performers and laggards alike.

1.3 Establishment of Comprehensive Customer Service

Step 1: Identify your target customers

Begin by identifying your target customers. Who are they? What do they need from your agency? How, and at what times or places do they interact with your agency—what are the "points of service delivery"?

- Cluster or segment target customers based on their common behaviors.
- Determine the priorities of your customer "clusters".
- When possible, focus on customers with high current or future value—for example, someone who frequently accesses your services. A comparable example is a frequent flier program—airlines offer a higher level of service (such as early boarding privileges) to their frequent flyers, while still meeting the needs of their other passengers.
- To target the highest level of service to your "frequent flyers", you also need to identify the best ways to serve non-target customers, those to whom it is expensive to provide services, or those who might be better served by other means. This is a necessary part of a customer focus. One example: a fire department could discourage residents from contacting the department to remove cats from trees by charging a \$20 fee for performing the service, and by advertising their busy emergency call load.

Step 2: Determine what your customers want

- Determine what target customers want (not just what they need right now) by considering these techniques:
 - online customer satisfaction surveys
 - phone or email survey
 - in-person meetings or focus groups
 - user testing
 - channel analytics (web, phone, etc.)
- Determine how target customers prioritize their "wants". Generally, customers want timeliness, convenience, quality products and services, variety or selection, and protection or security. However, each agency must identify what is most important to **its** customers.
- Weigh how important the customer-identified "wants" are to your agency. Are the services something that the organization does, is capable of doing, or wants to pursue?
- Determine how well your agency can meet your customers' "wants" in comparison with competitors. You may think you don't have competitors, but more than likely you do, especially if you're producing consumer-related information for the public. Be mindful of who's doing similar work—if competing organizations meet or exceed customer expectations, it changes the customer's frame of reference and increases their expectations.
- Determine which "wants" would most positively impact your agency's bottom line (for example, increased compliance with a regulation, more loyalty and trust, or a desired customer behavioral change), and whether those "wants" should be targeted for improvement.

Step 3: Create a culture of customer service

- In the best performing private companies, CEOs ensure that employees at all levels understand their customers and are given the tools to serve them well.
- Agency leadership must communicate the importance of customer service and ensure that all employees, even those without direct customer-facing jobs, understand how their work serves customers.
- Management must regularly interact with customers so they understand evolving customer needs.
- Most importantly, front-line customer service workers must be empowered to actually solve problems on the spot.

Step 4: Clearly communicate service standards and expectations

- Set service standards, such as call wait times, claims processing times, and satisfaction ratings.
- Clearly define the standards and make them publicly available.
- Clearly defined goals helps motivate employees and helps manage customer expectations.
- When service standards cannot be met, customers must be informed—a non-negotiable best practice in the private sector.

Step 5: Provide consistent service across channels

- Agencies should continuously collect comprehensive customer feedback across the whole customer experience—not just via each channel.
- As communication preferences change, we need to adapt our services to interact with our customers, when and how they prefer.
- Consistency of service across channels is critical—a customer who gets an answer on the phone should receive the same answer in-person at a local office, via the website, over email, or via mobile device.

Step 6: Establish a vision for customer service excellence

- Establish your agency's customer-focused vision using all the information in these steps. The vision statement should be simple and may also identify what the company does **not** want to be. Sample vision statements include:
 - "Absolutely, Positively Overnight" by Federal Express
 - L.L. Bean's promise of "Guaranteed. Period."; and
 - Google's "Do no evil"
- Continually reflect on the vision and goals and the way services you're delivering service. Be creative about the ways you create and deliver new services. Be willing to change existing practices to integrate improvements.
- Live up to what you promise by applying both an external and internal strategy that reflect the vision. If your agency doesn't implement both internally and externally oriented strategies consistent with the vision, you'll have good intentions but poor customer service.

Step 7: Implement an external strategy

The external strategy should focus on how your agency's service is designed, marketed, and delivered to target customers.

- Take into account the costs of providing services and ways to minimize those costs while implementing quality control. Develop the service concept with the frontline worker at its center. Determine the necessary financial, human, and technological resources, as well as how your agency structure and flow can enable frontline workers to deliver excellent customer service.
- Use advertising/educational strategies to set appropriate customer expectations.
- Provide a feedback loop to incorporate customer comments and complaints into the planning process. Customer complaints are an invaluable resource. Without them, organizations can't be successful. Complaints that people bring to your agency are one of the most efficient and least expensive ways to get information about people's expectations of your agency and its products and services. Studies have shown that customer comments and complaints are a more direct means of getting information than conducting research studies of customer expectations, conducting transaction studies, or reviewing customer expectations in similar industries.
- Ensure that the complaint resolution strategy supports the customer-focused vision. Most research shows if customers believe their complaints are welcomed and responded to, they will more likely come back to your organization for a future interaction.

Step 8: Focus on recruiting and retaining good employees

While Step 7 outlined an external strategy, the next three steps cover, in detail, the internal strategy—how your agency's internal processes will support the customer-focused vision.

- The premise is that "capable workers who are well trained and fairly compensated provide better service, need less supervision, and are much more likely to stay on the job. As a result, their customers are likely to be more satisfied..." (Harvard Business Review, 1994).
- Research also shows that employee turnover and customer satisfaction are directly correlated—typically, the higher the turnover rate, the lower the agency scores in delivering good service.

- In addition, it's commonly noted that employee turnover is an expensive problem, with significant costs needed to hire and train new people.
- Leaders must foster the creation and testing of new ideas and be openly willing to change existing practices to integrate improvements.
- Learn how targeted employees perceive the proposed customer services. An organization cannot change without the participation of its employees.
- Focus on recruiting employees who support the customer service vision. The costs of employing people who do not support the customer service vision are considerable. In addition, develop career paths that allow successful customer-oriented employees to remain on the frontline.

Step 9: Empower employees to resolve customer service problems

- Empower frontline employees to do what it takes to satisfy the customer. Management must support employee empowerment by clearly defining the boundaries of the empowerment, while remaining flexible within those boundaries. This will encourage creativity. In general, rules should be simple and few—Continental Airlines actually had an employee handbook burning party to signify the change from a procedural environment to one of empowered customer service (Spector, 2001).
- In addition to skills and empowerment, equip frontline personnel with the technology, information, and internal resources to do what it takes to satisfy your customers.

Step 10: Develop good communications and rewards system

- Ensure that divisions and individuals within your agency communicate. Frontline employees who take customer questions, and other employees who have answers to those question, need a support network. A customer should never have to tell one employee what another employee already knows.
- Develop cross-functional teams for operations and improving service. Ask the people who are doing the work for suggestions to improve productivity.
- Link employees' compensation to (and offer rewards for) good customer service performance. Rewards can be money, status, praise, acknowledgement, or perks such as trips, time off, or special events.
- Finally, measure employee satisfaction regularly.

1.4 Structuring Customer Relationship

Is a model for managing a company's interactions with current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.

Types/variations

Marketing

CRM systems for marketing track and measure campaigns over multiple channels, such as email, search, social media, telephone and direct mail. These systems track clicks, responses, leads and deals.

Customer service and support

CRM systems can be used to create, assign and manage requests made by customers, such as call center software which helps direct customers to agents. CRM software can also be used to identify and reward loyal customers over a period of time.

Appointments

CRM systems can automatically suggest suitable appointment times to customers via e-mail or the web. These can then be synchronized with the representative or agent's calendar.

Small business

For small businesses a CRM system may simply consist of a contact manager system which integrates emails, documents, jobs, faxes, and scheduling for individual accounts. CRM systems available for specific markets (legal, finance) frequently focus on event management and relationship tracking as opposed to financial return on investment (ROI).

Social media

CRM often makes use of social media to build up customer relationships. Some CRM systems integrate social media sites like Twitter, LinkedIn and Facebook to track and communicate with customers sharing their opinions and experiences with a company, products and services. Enterprise Feedback Management software platforms such as Confermit, Medallia, and Satmetrix combine internal survey data

with trends identified through social media to allow businesses to make more accurate decisions on which products to supply.

Non-profit and membership-based

Systems for non-profit and membership-based organizations help track constituents, fund-raising, demographics, membership levels, membership directories, volunteering and communication with individuals.

1.5 Basis of Value added and customer Loyalty Strategies

Customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring you even more customers. However, that focus is not how you build customer loyalty.

You build loyalty by...

- keeping touch with customers using **email marketing**, thank you cards and more.
- treating your team well so they treat your customers well.
- showing that you care and remembering what they like and don't like.
- You build it by rewarding them for choosing you over your competitors.
- You build it by truly giving a damn about them and figuring out how to make them more success, happy and joyful.

In short, you build customer loyalty by treating people how they want to be treated.

You may or may not agree with Barack Obama's policies, but no one can deny that the inspiration he sparked in people helped him win the race to the White House in a historic & decisive manner.

People are emotional creatures. Not only is our decision-making influenced by what we feel, we get an energy boost from strong emotions.

When you're able to inspire and motivate people, particularly when they need it, you leave a mark.

How Social Media Is Changing Customer Loyalty Programs

There is no denying the influence of social media on the way that we as human beings communicate on a daily basis. The impact of the digital age will be felt even

more in the future if things continue on the same path that it is currently. Not only have we been put in contact with each other like we have never been before, businesses are making the most of social media networks as well. Since the majority of people in the country are constantly on social media sites at all hours of the day, companies realized that they had a whole new market to reach. But how would they do it without shameless promotion? With social media sites like Facebook, companies from every industry are gaining from a new found connection with their customers. Since people are constantly updating their activity streams and current states of being, businesses are also able to update their clients and loyal customers with special discounts, offers, and marketing endeavors.

A really great thing about being able to do this is the fact that they can connect with their customers in a more timely manner. People are connected through sites like FourSquare, Twitter, and Facebook and enjoy the intimate bond that can be formed directly with owners and managers of businesses. Social media networks open the doors to new types of customer experiences by connecting you with them when they are a few feet away from their stores. Many companies have interactive collaborations with social networks in order to bring customers special discounts and notifications of new opportunities at any given moment. Many social media networks are accessible by such devices as the iPhone, Android, and the Blackberry, which give companies a 24 hour window for advertising to the countless masses.

Sites like Facebook, allow artists like Alicia Keys to reward the loyalty of their customers and fans by allowing them to listen her new album before anyone could even buy it. Not only does this give an exciting interactive experience for the fans, but it allows for new ways of self promotion in the music industry. Foursquare is the first choice in loyalty reward programs for many. They send out information to smart phones anywhere that people find themselves shopping. This means that not only the company sending the notification will have an increase in sales, but the location that the customer is pointed towards will also profit from this type of marketing. For companies that offer many common products to the masses, this means that they are able to maximize the exposure to their target audience like never before. For many customers, this type of marketing brings a new and innovative way to shop and be entertained in the modern age.

Social media is changing customer loyalty programs also by identifying problems through monitoring what people are saying about their brands. They also join the conversation to show that they are listening, to clear up miscommunications, or to add clarifications. As an example, Rackspace Cloud Sites have had problems where Robert Scoble acted as a channel of information to their customers on what is

happening in real time. Instead of having to wait for quarterly reports to see where a company shines or is in need, they are now able to have instant response as to the impact of that particular promotional project or product. The amount of time and money wasted before is astronomical, and in retrospect, was a very unnecessary expenditure.

Having the ability to track their customer's behaviors and patterns in buying gives a company priceless information about the way to further market a particular angle. Sites like Zappos have been building more personal relationships with their customers by allowing their employees and executives to communicate directly with the public/marketplace. If this is a sign of things to come, we have a lot to look forward to here soon.

Schedule Time

Time & sleep can really take a toll on relationships. The more time that passes with no communication, the more the relationship will fade away. This brings us to today's lesson: Schedule & make time for relationship maintenance.

A major part of building relationships is being consistent. And to consistently do all the things we've talked about time this lesson takes time. The biggest reason people don't stay in touch is because something more urgent comes up.

The real trick is schedule time for relationships... from sending out thank you cards to making phone calls just to say hello.

CALL TO ACTION

- Pick a few few, maybe 3 or 4 of the techniques we've talked about so far and decide that you're going to really commit to them for the next year.
- Think about how much time it will take to do each of the techniques you pick consistently. And then carve out that time in your schedule. If it will take you 30-minutes a day to write out 5 thank you cards, schedule the 30-minutes into your day and don't procrastinate on it.
- Just do it. Get in a routine and turn it into a habit.

Show Changes You've Made

When you make a change based on a complaint or a suggestion, tell them you made changes. This gets them to feel like they are in control. This will encourage them start to emotionally take ownership of your brand and what it stands for.

CALL TO ACTION

- Identify one thing that you improved in your business based on customer feedback. (If you cannot identify one thing you've improve by listening to your customers, you're not listening hard enough.)
- Find a way to communicate that you've made this change. Email is a good way. If you're able to pin point who all suggested this improvement, find a way to recognize and thank them.

Walk into the lion's den & apologize

No one is perfect. Sometimes we'll mess up... we'll drop the ball. In these cases, as my friend Greg Roeszler says, try just walking into the lion's den and apologizing... and try to figure out how to make it right.

Often, the problem isn't as big as you're making it out to be in your head. And if you messed up a while back, they probably don't even remember why they were mad at you... a benefit of the great eraser. This is a great way to win back lost clients.

CALL TO ACTION

- Identify 10 clients/friends that you've lost in the last 3 years because you dropped the ball or messed up somehow.
- Decide what the best way to communicate with them is (call vs personal meetup) and go own up to your part of what when wrong. Humility is true demonstration of personal strength.
- Track how many clients you're able to win back.

Solicit Complaints Regularly

What's the easiest way to identify problems early? Ask! Ask early & ask often.

While at Rex Moore, Rod Weckworth asked for feedback soon after a project got started. In the beginning he focused on how the paperwork process went, how they were doing so far, etc. The client feels involved with your company and it's decision making process. And if there was a problem, it was caught early and fixed before it escalated into a serious relationship-killer.

CALL TO ACTION

- How soon can you ask your client for feedback? Look at your project cycle and identify logical places to ask whether things are going as the clients expected it.
- Systematize feedback gathering. Make it part of the official procedures so it's done consistently. There various ways to ask. Here are a few ways you can use:
 - Phone call
 - Email survey via ListenUp component of ConstantContant
 - Fax
 - Snail Mail
- For non-client relationships, routinely asking if everything is okay could quickly get annoying. So instead of asking, you should consider being tuned in to changes in behavior and language. These can usually clue you in when things are not going right.

Proactively Solve Problems

In the past few lesson's we've discussed various ways we cause people to remember & recognize us by giving them what they they find valuable. But sometimes, all your efforts and energy can go to waste if a problems comes in an damages/kills your connection.

That's what we'll be talking about in the next few lessons: How to prevent long-term damage to your relationships.

Relationships are prone to damage. The usual culprits are time & sleep, both of which are connected.

Time & The Procrastination Effect

Time is like fire. As the saying goes: "You can use it to cook food or burn down your house."

If a customer has a problem and you handle it promptly with grace & make them happy, you'll probably have a customer for life. If a customer has a problem and you put off dealing with it for a week, you'll have an unhappy customer who will tell 20 people about their regretful decision of doing business with you.

What's worse is that as time passes, the gravity around problem seem to grow exponentially. If a company hasn't responded to a problem within a couple weeks, the phone will seem awfully heavy to the people in the company. Chances are strong

that they won't respond to the customer with the problem and will hope that the problem goes away. The same happens with non-client relationships. If someone calls, and you don't respond within a reasonable amount of time, you'll mostly like not respond at all as more time passes on.

I call this the procrastination effect: More time delay between when a problem arises & when it is resolved = decreased likelihood of a positive outcome + decreased likelihood that the problem will ever be resolved.

We'll look at how to not let the procrastination effect kill your valuable relationships in a minute, but first, let's explore the second main culprit: Sleep!

Sleep, The Great Eraser

Sleep is often called the great eraser because it's nature's way of repairing our brain. In the process, it causes memories to fade, which is why you don't remember everything that you learned in the 5th grade.

Here's a scenario for you: You have a client or friend that you have a really good time working with or hanging out with. For some odd reason (maybe the project finished up or they moved out of town) you two stop talking for a few months or years. When you meet them again, you can feel that things are not the same anymore. Has this ever happened with you? What changed? The good memories of working together / having fun together are not as fresh as they used to be. The Great Eraser has dulled the vibrant memories of the past.

- Show the changes you've made
- Setup systems to alert you to problems
- Automate tasks when appropriate
- Schedule time

We'll discuss these and expand upon the above suggestions in the next lessons. Now start on your list of how to fix/prevent damage to your relationships.

CALL TO ACTION

When you're going to an event where you know a few people, invite someone you want to build a better relationship with. At the event, spend time with them and introduce them to people you think they would get along with. For maximum effect, introduce them to a potential client, partner, employer or employee.

