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WHEN CARING IS NOT ENOUGH
THE SERVICE PROVIDER'S EVOLVING STRATEGIC ROLE

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"BOTH/AND," NOT "EITHER/OR"

Customer service enters the 21st century facing four tough business challenges. At first glance, they might seem mutually exclusive:

- The customer's need for value balanced against the shareholder's need for profit

- The customer's need for special attention balanced against the manager's need for productivity

- The organization's need to appeal to more "profitable" customers balanced against its commitment to serve all customers

- The customer's new demands balanced against the organization's ability or willingness to meet those demands

Successful organizations will be the ones that can turn these apparently "either/or" conundrums into "both/and" solutions in which everyone wins: the customer, the provider and the organization.

The ultimate quest? Not the merely satisfied, but the *hugely* satisfied, wildly enthusiastic customer whose experiences with the organization are delightful and special enough to generate deep feelings and loyal behavior.

Organizations are waking up to the fact that a customer who is "merely" satisfied doesn't generate the big payoffs they're looking for. Plain vanilla satisfaction isn't enough. A study of PNC Bank in Pittsburgh makes the point.

Bank customers who ranked themselves "highly satisfied" with bank service maintained account balances 20 percent higher than customers who were simply "satisfied." Furthermore, the balances of "satisfied" customers were no higher than customers who ranked themselves "less than satisfied," the next lower level in the study.[1]

Creating the types of customer experiences that produce such payoffs may require changes to virtually every part of the organization. In the short

term, however—and quite possibly in the long term, as well—most of the challenge will fall to the customer service professionals, who will handle it the only way they can: transaction by transaction.

NEW "REAL-LIFE" RESEARCH BASED ON ALMOST 3,000 CANDID VERBAL SNAPSHOTS

In 1998 and 1999, to learn more about this challenge and the skills required to meet it, Achieve-Global conducted a series of field research efforts. A centerpiece was a series of more than 460 interviews to find out what really goes on in the typical customer service interaction—what makes it positive or negative and the specific behaviors service providers demonstrate. The interviews in this paper are with people representing 32 different organizations in the United States and Canada, and 28 in Europe and Asia, representing manufacturing, high-tech, service, government, energy and healthcare sectors. Interviewees were selected because of their contact with customers.

Interviewers used the critical incident approach, in which respondents were asked to recall incidents within the past month when they or someone else provided good or poor customer service. All respondents were asked to describe the situation, what the provider did, what results the behavior produced, who was involved and how the customer reacted. (Roughly 26% of the incidents described situations from the customer's point of view, i.e., cases in which the respondents had received service as customers.)

The power of the critical incident methodology is that it asks people for top-of-mind recollections—customer service interactions that made enough of an impression to be memorable, either positively or negatively. It does not ask people what they think

customer service should be or which customer service skills they think are most valuable. The result is a series of often small but telling moments which, taken together, define the realities of good and bad service. From all these "candid verbal snapshots" it is possible to distill what people most like—and don't like—about customer service.

Over 2,800 individual customer service "moments" were collected using this methodology. They were first batched into 85, then 53, then 19 subcategories of behaviors. They then were batched into five customer service strategies that represent the core of customer service.

FROM THE RESEARCH, A MORE STRATEGIC MODEL

We crafted these five strategies into the SERVE model.

See the "big picture" and how customer service fits into it.

Establish an authentic human connection with each customer.

Render timely, accurate and thorough service.

Value and respond to unique customer needs.

Extend a hand to repair and strengthen relationships with customers who are upset or angry.

These strategies capture all of the service behaviors or competencies our research shows result in positive, memorable interactions and, ultimately, customer loyalty. They include the basic interpersonal competencies that are traditionally part of customer service, along with competencies that require the provider to take a bigger-picture, more strategic view of his or her role.

Incidents in Each Category as Percentage of Total Incidents, by Region

STRATEGY	All	Asia	Canada	Europe	U.S.
See the big picture and how the customer fits into it.	16%	20%	14%	12%	16%
Establish an authentic human connection with each customer.	12%	9%	14%	13%	12%
Render timely, accurate and thorough service.	40%	40%	46%	40%	40%
Value and respond to unique customer needs.	22%	22%	9%	29%	21%
Extend a hand to repair and strengthen relationships with customers who are upset or angry.	10%	8%	17%	6%	11%

Why are these five strategies strategic?

- First of all, they put more power in the hands of service professionals. These are the men and women on the firing line who need to be able to evaluate situations and make decisions often not found in the rule book.

- Second, they focus service providers on offering not just good service, but the type of *memorably* good service that can be an important differentiator in the marketplace—memorable enough for customers to tell others about and for the organization to price its products and services accordingly.

- Finally, when properly supported, they make it possible for service professionals—or any employee who has customer contact—to become the eyes and ears of the organization, taking in information about customers and helping it get to the people in the organization who need it.

A GLOBAL PERSPECTIVE

Given differences among cultures, it stands to reason that customer service would be perceived differently in different parts of the world. One of the most interesting findings to emerge from this study, therefore, was the similar types of "top-of-mind" behaviors people mention when asked to describe recent customer service incidents, both positive and negative. As illustrated in the table below, the incidents worldwide ("All") divide themselves in the same way across all five strategies as they do within the United States, and pretty much as they do within each region.

TAKING A CLOSER LOOK AT THE SERVE MODEL

A closer analysis of the incidents that make up each strategy reveals specifically how they work.

See the "big picture" and how customer service fits into it.

This strategy energizes service providers to take action in the growing number of customer interactions where policies and procedures don't offer much real guidance. Providers who adopt this strat-

egy see themselves as **business owners**. They feel personally responsible for seeing that every customer has a good experience; they don't worry about whether it's "their job" or not. Because they have a long-term perspective, they're willing to provide extra service even if there is no immediate short-term result to show for it, because they understand that their extra efforts will pay off in the long run.

Customers appreciate this approach, because they know they're dealing with someone who cares about them and who has (or is willing to take) the latitude to do whatever is necessary.

Service providers in the study carry out this strategy in the following ways:

They make the most of customer turning points. Successful service providers recognize opportunities where extra effort can create more loyal customers. In one example, someone literally stopped an unhappy customer on his way out the door. "I asked him what he was looking for that we hadn't provided," the provider said. "By listening to him, I was able to get him what he wanted."

The service providers in these incidents go the extra mile freely and without resentment because they understand the link between their extra effort and the success of their organization. As one provider said, "I was trying to win someone as a customer. I believe we will get their future business now."

Even when they aren't able to satisfy a customer in the short term, providers with a business owner perspective seem to find a way to make the best of the situation. In many ways theirs is a salesperson's approach. "You always ask them to keep you in mind for other products," one manufacturing service rep said. "You try and build a relationship, even though the initial call isn't positive."

They pitch in whenever they're needed. Providers with a business owner attitude find ways to build customer loyalty by helping their "co-owner" colleagues. One respondent described a meter reader who left his normal route and spent an hour of his time with a fellow meter reader who was helping a customer un-jam a rock from the customer's sprinkler system. In another incident, a Polish retail worker rented a truck and personally drove a large order to a client who needed the materials within the hour.

They advocate and implement solutions to systems problems. Some providers saw situations that needed fixing and took it upon themselves to fix them. For example, a service rep at an insurance company realized the company's system made it difficult for customers to track their losses and premiums and took the initiative to suggest and implement adjustments to the system.

One provider observed a situation where an untrained associate brushed off a customer. She took action by bringing up the need for better training in a meeting. "I am sure it will start a discussion about how we can handle this differently in the future."

On the other hand …
Unfortunately, in many more examples providers reported being blocked in their attempts to make improvements. In one case, a service rep felt that the company's return policy was unfair, but wasn't hopeful it would change. "The customers are often misinformed. I feel for them, but I feel limited—cut off. I can't help them. … They will probably spread the bad news about us."

In another case, a service rep admitted, "We can't access the e-mail orders we get … until the next day. So if customers call with questions, we have to tell them to call back the following day. Some have cancelled orders because they become so frustrated."

Other problems were caused by co-workers who weren't doing their jobs. Said one respondent at a manufacturer: "I was not able to get material to the customer. … We mis-prioritized. Our poor service gave the customer more problems."

How would you rate your organization?

To what extent do the people in your organization who work with customers know how to:

- Keep track of what they learn about customers and use it to advocate and implement improvements?

- Help, coach and fill in for co-workers?

- Quantify the bottom-line impact of a lost (or retained) customer?

To what extent does your organization support this strategy by:

- Making information available to employees about organizational goals, strategies and financial operations?

- Providing the time and incentives for employees to exercise more responsibility?

Establish *an authentic human connection with each customer.*

One of the most surprising findings in this study is how very differently customers and service providers value "the human connection." Customers are *three times more likely* than providers to recall the human element in a transaction.

In 26 percent of all incidents reported from the customer's point of view, respondents recalled some aspect of the human dimension. When reporting from their point of view as service providers, however, respondents recalled a human element in only 8 percent of the incidents.

There are logical reasons for this gap. In the first place, because service providers are employed to provide good service, it makes sense for them to focus on the business side of the transaction.

Also, to the extent that customers feel unsure of themselves in these transactions, it stands to reason they would remember providers who put them at ease. The more vulnerable they feel—when applying for a loan, for example, or asking for help with complex technology—the bigger the impact of even a small human gesture. In fact, if a customer's expectations are low enough, even the absence of a negative gesture can be remembered as positive—as it was for the person who praised a loan officer at a bank by saying, "She didn't act as if I were bothering her."

Whatever the reasons, the overall message of the critical incidents seems to be that, to create the kind of memorably positive incidents that build customer loyalty, service providers need to become more aware of the human connection.

Service providers who perform this strategy well think of themselves as customers' **sympathetic allies**. In this role, they focus their efforts as follows:

They look and listen for the best moments. The most effective service representatives are able to integrate the business side of the interaction with the customer's human needs. Taking their cue from the customer, they direct the interaction from human to business needs and back to the human as appropriate. With this ability, a service provider can establish an authentic human connection in just a few seconds. A critical incident with a service rep at a bank illustrates this point:

"A customer called in for information about his credit line. I could tell he was embarrassed at having to ask, so I gave him the information—and then I also told him we are here to serve him and that he should feel free to call us any time."

They strive to make each experience delightful and each customer feel valued and special. There were many examples from hotels, restaurants and other industries in which customers recalled interactions characterized by unexpectedly delightful little extras. For example, a woman had a very basic transaction with a phone rep at a catalog company. "She answered promptly, didn't put me on hold and was very pleasant," the customer said. "I had that warm, fuzzy feeling talking to her."

A person who went to a restaurant for the first time in several months was greeted by the waitress by name. "I left a nice tip," the customer said. "I will always recommend that restaurant to others." Reported a diner at a restaurant in Austria, "We were not in an expensive restaurant, but the waiter made us feel as if we were."

It's amazing how little it takes to make someone feel special. In one incident, a hospital employee earned a confused visitor's gratitude by personally walking him to his destination. Sometimes a friendly tone of voice makes all the difference. "While I was in the market for life insurance many years ago," a respondent reported, "I had a wonderful experience with an agent. It was only on the phone. Her voice was positive, upbeat and she sounded as if she genuinely cared about my questions. I've since had positive experiences with this company and must have recommended them to over 200 people."

They maintain their own emotional readiness. Although it's easy to establish a human connection when you feel like it, service providers have to do it on demand. This is where the need to maintain emotional readiness comes in. As a respondent in one of the critical incidents put it, "You really have to leave your life behind when you face the customer."

Establishing an authentic human connection with customers means answering the same questions over and over without sounding bored or irritated; showing interest in customer problems despite your own; demonstrating patience; and listening attentively when you're under pressure to handle more customers.

Many of the negative critical incidents suggest a lack of emotional readiness, although few as openly as the following classic example:

"Early one morning, I got a call from someone who was really curt," said a financial services rep. "He wanted to have everything his own way. He asked for a $15 adjustment to his account and,

when I said I couldn't do that for him, he wanted to escalate his request. Unfortunately, I hadn't even had my coffee yet. I told him I wasn't in the mood—and hung up."

On the other hand …

If it doesn't take much to establish a positive human connection, it doesn't take much to establish a negative one, either. Unfortunately, the negative incidents far outweigh the positives. What's worse, in many of the negative examples, it seems unlikely the service rep had any idea of the customer's displeasure:

- "I don't look forward to going to the grocery store. The checkout person never greets me or says hello."

- "We watched one salesperson after another walk right by us, even though we were the only ones there. I will bad-mouth that store whenever possible."

- A cashier in Finland observed a colleague who happened to be in a bad mood snap at a customer, "who was embarrassed, because he had done nothing wrong."

Many customers remembered—sometimes years later—offhand phrases a service provider had probably used without thinking, such as "I already told you that," "Can't you figure it out?" or "I have made myself clear." What emerges from these negative incidents is how easily and unintentionally a service rep can offend a customer and how long-term and deep-seated the customer's reaction can be.

How would you rate your organization?

To what extent do the people in your organization who work with customers know how to:

- Make each customer feel special and valued?

- Put themselves in their customers' shoes?

- Integrate the human and the business side of every customer interaction?

To what extent does your organization support this strategy by:

- Working to increase *employee* satisfaction so employees feel emotionally ready to connect with customers at a human level?

- Developing systematic means for communicating concerns, solutions, successes and best practices throughout the organization?

Render *timely, accurate and thorough service.*

This strategy sums up the core of what customers want from service providers: timely, accurate and thorough service. To create customer loyalty, however, the most successful organizations provide timely, accurate and thorough service in a way that also is memorable.

The most successful service providers in our study seemed to act as ***knowledgeable guides***—men and women who help customers avoid problems, find the best deal and who take the time to talk them through a maze of often complex regulations and choices. This skill was especially appreciated by customers in the banking, utilities and insurance industries.

To perform this strategy well, service providers concentrate their efforts in the following areas:

They listen and explain patiently. One airline in Japan faced the challenge of boarding several large tour groups on a very full flight at a time when the airport was under construction and several boarding gates were closed. By making frequent and forthright communications with the passengers, employees kept everyone calm and happy, and achieved an on-time departure.

They provide alternatives, if necessary. Instead of just saying "no" when they don't have what customers want, effective providers use their expertise and creativity to come up with alternatives. For example, instead of turning down a customer for a loan he didn't qualify for, a vice president for underwriting found another loan that satisfied guidelines and met the customer's needs.

They try to save the customer money. Customers appreciate providers who have their economic interests at heart, especially in complex situations where the most economic choice isn't always clear. A utility engineer earned gratitude when he organized a meeting of business customers to explain how using different types of water meters could save them money. The clients appreciated the information they received. "We now have very good communication with these customers," said the engineer.

They know where to find short cuts. As expert guides, effective service providers know enough about how their organizations work to find short cuts for customers. The critical incidents describe providers who:

- Walk a request through each step of a process to get something delivered overnight that had already taken two weeks—and then call to confirm its arrival.

- Get an insurance policy quote to an agent in two days, when such a request usually takes two *months*. (Ideally, this example should prompt the insurance company to take another look at the quote-production process.)

They step in when things go wrong. Customers are extremely grateful to service providers who take the initiative to sort out mix-ups and get them taken care of. For example, even though it was not his responsibility, a chief deputy clerk in a city government noticed some errors an attorney had made in an eviction filing. "The attorney was grateful for what I did," the clerk said, "because his errors would have eventually caused problems with his case."

They follow up. All customers have known that moment of panic when, after finally reaching a person who promises to solve a complex problem, they hang up the phone. "Will anything happen now?" they wonder. Effective service providers call back to keep the customer in the loop—even if there isn't any progress to report. For example, a hospital in Singapore received high marks for calling the family with updates on an elderly patient's condition, even though there was little to report. "The service the nurses provided gave me a very good impression of the hospital as a whole," said the family member.

On the other hand …
Sloppy, inaccurate service topped the list of negative incidents for this strategy.

- Sometimes the problem seemed to be simple laziness, as in the case of the counter clerk who told the owner of an impounded car that he

didn't have the documents he needed to release it—when they were underneath the counter all along.

- A technician had to come back a second time to fix a meter, because he had neglected to check his work the first time.

Sometimes, poor service seems to be a product of inadequate systems, as in the case of a call center utility employee who was not able to write down information about a customer because she had to take another call right away. "I was supposed to use that information to keep the customer's power from being turned off, but I could do nothing," she said. "The customer has not called back yet, but she probably will get her power cut off."

Systems inadequacies may be behind the frequent customer complaint of having to wait too long. Not surprisingly, the biggest problem was being kept waiting on the phone. Reasons for keeping customers waiting included overwork, inability to prioritize important requests and—as in the case of two nurses who neglected to notice a patient who had been waiting 90 minutes—basic inattention.

As transactions with customers become more complex, providers need to exercise greater care to be timely, accurate and thorough. A customer at one branch bank was told by his attorney to make some changes to his accounts. "The people at the branch did what the customer said without ever asking why," a bank rep said. "Six months later, the customer's attorney calls up, irate. 'What were you people thinking?!' he yelled. 'There are big tax implications to what you did!' The problem was the bank employees never looked for the need behind the need. They just did what the customer told them without thinking. The customer is not staying with our bank and will probably file a law suit against us. There's over $2 million at stake."

In some cases, all it takes is one moment of carelessness to produce truly disappointing service—as in the case of the man who drove all the way to a drive-thru fast food store for a cheese sandwich, got all the way home and discovered there was no cheese in his sandwich.

How would you rate your organization?

To what extent do the people in your organization who work with customers know how to:

- Meet a customer's need or solve a problem the first time?

- Take initiative to get information and follow through on customer requests?

- Follow up with customers with progress reports or to check satisfaction?

To what extent does your organization support this strategy by:

- Making system improvements that support high levels of customer service?

- Evaluating the measures that matter most to customers?

Value and respond to unique customer needs.

Many of the customers in the critical incidents needed—and/or asked for—special treatment. In some cases, their need stemmed from cultural or language difficulties, age, physical limitations or tough financial circumstances. Sometimes their "premier customer" status warranted special treatment. In other cases, they wanted the rules bent to accommodate their failure or unwillingness to fol-

low the rules. Finally, some customers asked for special treatment without any specific justification. These are the times when it is most challenging to integrate what the customer wants with what the organization can provide, and when service providers most need the skill of saying "no" gracefully.

The positive incidents (73 percent of the total for this strategy) paint a picture of highly responsive service providers willing to go to almost any length to meet these needs. Rather than worrying about whether the needs are "justified" or not, they become *tenacious problem-solvers*, doing everything they can to get customers what they want.

They give of their own time. Given the premium people place on personal time today, the following examples are especially impressive:

- A team of technical service reps at an airline manufacturing company spent 13 hours, including most of one night, troubleshooting a problem.

- A cashier at a city government office stayed after work so a customer who came in late could pay off her parking tickets and get her vehicle registered.

- A service rep at a mail order prescription company personally drove a refill to a customer who couldn't wait the two weeks it would have taken for delivery by mail.

- Even though he was under no contractual obligation to do so, a customer service engineer in Korea left an office party and worked all through the night to help a customer repair a production line.

They respond with compassion. In one case, a service rep for a retailer in England made special arrangements for a second delivery after a first failed

attempt. "We normally would have returned the following week. But the customer explained that she had already given her children's beds away to make room for the new ones that we were delivering. At that point, what else could we do but get the kiddies their beds?"

Many incidents involved special sensitivity to the needs of elderly customers, either expressed or unexpressed:

- A service rep found the address of an elderly customer's relative so she could help the woman send that relative a gift.

- A healthcare insurance rep helped an elderly customer sort out his outstanding claims and got them all processed.

- To help her feel safe, a utility field service rep regularly checks the home of an elderly customer for leaks, broken windows and working locks.

They "work the system" on behalf of the customer. As customers, we all thank our lucky stars whenever we reach a service provider who is willing to cut through red tape, bend the rules and do whatever else is necessary to get us what we need.

There were many such examples in the critical incident study, often from banks and other highly regulated industries that are now working hard to become more customer friendly:

- A new accounts officer: "I opened up an account for a woman who was getting ready to divorce her husband. She did not want her cancelled checks and ATM card sent to her home

where her husband might see them. She asked us to send them to the branch, so she could pick them up there. We normally don't do this, but I made an exception in her case."

- A deputy clerk at a government center: "I appeared in court for someone who could not be there. I then called him long distance to let him know about the court decision and how much money he owed."

Even though customers don't always realize the extra effort involved in these cases, most of the service providers got enough satisfaction from being able to help. Some incidents reveal a quiet pride in expending extra effort without making a fuss about it: "I personally and directly delivered the payment of a customer's bill so it would get in on time," one respondent said. "The customer did not know I made this extra trip for him, but I feel good about what I did."

In at least one instance, a service rep raised the fear that today's extra effort could become tomorrow's business as usual. When a customer called needing a part for his airplane, the manufacturing rep drove out to the plant to pick up the part, got it inspected, delivered it to the airport and placed it on the plane. "The only bad thing," the rep said, "is the customer might expect this from now on. It's kind of a double-edged sword."

The know how to let customer down gently when they have to. In other examples, service providers seemed to have the skills to let customers down gently.

- A clerk in a city government office was able to explain to a motorist why he got a parking ticket in a way that not only completely defused his anger, but also prompted him to apologize for getting angry in the first place. Moreover, after paying the ticket, the driver shook the clerk's hand. Marveled the clerk: "That was the first time anyone had ever shaken my hand for my outstanding service at work."

- Instead of simply telling a customer he could not pay by check, the service rep of an automotive manufacturer in Greece encouraged the customer to return with cash by offering to put her at the front of the line and to expedite her repair.

On the other hand …
Many of the negative examples centered on systems that were seen as inflexible and stupid—by the customers as well as by the service providers. For many service providers, examples like the following create feelings of helplessness, empathy for the customer and resentment at being placed in untenable situations.

- "I was not able to let a customer return an item for a full refund because it was against our policy. The customer asked for my name so he could call my boss and report my 'poor service.'"

- "A customer received a $25 water bill for a vacant apartment. I explained that was the base rate for having an account with us, whether any water is used or not. The customer was very hostile and upset. He said he would write the utilities commission and complain about me, even though I must follow the company's policy."

Extend a hand to repair and strengthen relationships with customers who are upset or angry.

A service provider uses this strategy when the customer is angry or upset because of a mistake the organization has made. (This strategy also can come into play when the customer is extremely upset, even though the organization is not at fault.) It stands out as one of the most powerful creators of customer loyalty; when it's performed well, the customer relationship is not only "recovered," but it also is made stronger than before the problem occurred.

Customers view such situations as the real test of an organization's commitment to serving them. When a service provider performs this strategy well, he or she becomes a **dedicated champion** of the customer—often to the point of standing up against the organization on the customer's behalf. It calls for a mix of abilities: well-honed interpersonal and problem-solving skills, familiarity with the organization's internal operations and business goals, and the authority to take independent action.

The service providers most effective at carrying out this strategy concentrate their efforts on the following:

They accept full responsibility. The following incident shows how to recover a customer relationship and create a positive story to replace a negative experience.

A woman used her local florist to order flowers for someone in another city. The florist at the other end messed up the job, but when the woman called to complain, that florist refused to take any responsibility. The woman then called her own florist to warn against using that shop again.

"My florist stepped in and turned the situation around," the woman said. "She ordered a new arrangement at her cost and made sure it looked good. She will definitely get referrals from me." We also can imagine that the customer has told this story more than once.

This example illustrates the fact that when organizations do more to rectify a situation than what they could reasonably be held accountable for, customers take note and feel valued. This was the case for a Canadian store that sent a bride-to-be the wrong size wedding dress. When her calls to other stores did not locate the right size, the store sent a seamstress to the bride's home for final fittings.

The following incident has all the elements of an ideal recovery:

A credit card company messed up a customer's account and, to add insult to injury, sent it to a collection agency. "When I complained, they took care of everything," the customer said. "They gave me the name and extension of the service person who was fixing my problem. She was very nice and understanding. They sent me a letter of apology. They gave me a lower interest rate. They called back to make sure everything was OK. Basically, they took complete responsibility for cleaning up their mess."

They demonstrate real caring. There were many recoveries in which the key ingredient seemed to be simply a clear demonstration of human caring. "The phone rep took it into his own hands to credit me," said a customer whose long distance carrier had failed to properly activate a discount plan. "He explained everything and didn't put me on hold. I was extremely happy that he handled everything and seemed so concerned."

They make gestures of atonement when appropriate. These "extras" seem to serve a combination of functions: (1) they stand as tangible proof of exactly how much the organization values the customer; (2) they indicate their receptivity to customer feedback; and (3) they underscore the organization's plea for the customer not to defect. (It would be interesting to know how much these gestures create a certain subliminal customer guilt—enough to bind them a little more closely to the organization.)

One of the most extravagant examples of recovery comes from an airline passenger. It began when he complained to the flight attendant that the roast beef in his wife's sandwich was too rare. The attendant not only prepared another sandwich, she offered them both free drinks for the rest of the

trip and, as they were leaving the plane, she gave them a free return trip upgrade and a $400 credit toward their next flight.

Overkill? Not if the customers are frequent flyers. As the husband said, "We will always fly with that airline." Furthermore, he and his wife have a story to tell their friends—not about bad airline food, but about go-the-extra-mile airline service.

They act quickly to restore customer confidence. In addition to making up for problems or embarrassment, service providers also need to show that their organization's product or service is worthy of continued use.

In one example, a securities company manager spelled out the specific long-term benefits of restoring customer confidence. One of the company's biggest customers was a busy physician who was irate that he couldn't get on line in the evening to do his trading at home. The manager quickly tracked down the problem, got him technical help and alerted the evening manager to call him at home whenever he was having problems. "He has turned out to be a pussycat," the manager said. "He has become a lot more forgiving of things. He is more ready to see solutions, not problems."

On the other hand …
Many critical incidents describe completely botched recoveries:

- The contractor who sheet-rocked over bookcases the homeowner had painstakingly built in and then told him it was "no big deal."

- The technician at a manufacturing firm in Switzerland who complained about the poor quality of a broken part—to the customer.

- The company that forgot to enter an order for a part a customer needed for some work that had to be finished very quickly. The company, which ended up having to reduce the price of the part and paying another company to perform the work, lost thousands of dollars. Furthermore, when all was said and done, the customer was *still* angry.

There were many other incidents that fall into the category of partial recoveries.

- When a bank sent a customer's statement to someone else, the service rep apologized to the customer and sent another copy of the statement. Even so, said the clerk, "We didn't lose the customer, but we may have shaken his confidence in us."

- An insurance company paid the wrong health provider instead of the one who performed the service. "The customer yelled at us," the service professional said. "We corrected the mistake and assured the customer it would not happen again." Based on these facts, however, it's difficult to imagine that this assurance meant much.

- A customer whose reserved rental car was not waiting for him eventually was given a car. Several days later he got a very apologetic phone call from an agent. "The upshot is I am not as negative about the company as I used to be. I will use them again." The bottom line for the company? It retained a customer, but not a very enthusiastic one.

How would you rate your organization?

To what extent do the people in your organization who work with customers know how to:

- Use a customer's complaint to strengthen the relationship with that customer?

- Defuse a situation or prevent its escalation without getting defensive?

- Comfort and reassure upset customers?

To what extent does your organization support this strategy by:

- Giving employees the time, skills and resources to come up with creative solutions?

- Providing ways to help employees alleviate the stress of resolving difficult customer situations?

SERVE'S IMPACT ON THE BOTTOM LINE

Customer service does not exist for its own sake. While the overall impact of the SERVE strategies is to create customer loyalty, each strategy also produces bottom-line payoffs.

See the big picture and how customer service fits into it. When employees act as business owners, they become aware of customers' changing needs, changes in types of customers and the internal workings of the organization. This awareness can produce more customer-oriented product and service innovations, systems improvements that pay off in greater efficiency *and* customer satisfaction, and considerably more referrals and repeat business.

For example: An action team from Rural Economic and Community Development examined the service cycle for Single Family Housing Loan Applications and was able to eliminate 15 forms, consolidate 11 others into five and update two of those remaining.[2]

Establish an authentic human connection with each customer. The payoffs to the organization can include expanded sales to existing customers, the ability to justify premium pricing strategies and the ability to weather the storms caused by product defects and service mix-ups.

For example: Powell Taylor, who created the GE Answer Center in 1981, reported that GE looked for people with certain personalities and social graces. Such service employees soon learned that a well-handled customer call opened an opportunity to sell more GE products.[3]

Render timely, accurate and thorough service. Organizations that support service providers in this strategy can enhance their productivity (including fewer abandoned calls, fewer callbacks and reduced wait times) and retain more customers.

For example: By doing a better job of explaining pricing options, features and benefits, consultants at a call center are retaining more customers and reducing the costs of signing up new customers (hundreds of dollars for each new customer).[4]

Value and respond to unique customer needs. Employees who are sensitive to customers with special needs will help their organizations achieve success in global markets, leverage customer service as a differentiator and reduce the cost of acquiring new customers as a result of an enhanced reputation in the marketplace.

For example: In order to leverage customer service as a differentiator, employees at a mobile telecom credit operation were encouraged to stay on the phone as long as necessary to meet the customer's unique needs. Nevertheless, they were able to answer more than 75 percent of the calls within 20 seconds, compared to only 30 percent in the previous year.[5]

Extend a hand to repair and strengthen relationships with customers who are upset or angry. Employees who perform this strategy well can retain more discriminating and potentially more profitable customers.

For example: The lifetime value of a pizzeria customer is $8,000; a supermarket customer, $380,000; a General Motors customer, $400,000. And selling to existing customers is far more profitable than selling to new ones. So … how can we afford to let even one get away?[6]

The SERVE strategies provide a grounding for service providers and a direct link to bottom-line results. They can make the tough business challenges mutually supportive—not mutually exclusive—allowing organizations to:

- meet the customer's need for value *and* the shareholder's need for profit;

- address the customer's need for special attention while *at the same time* reaching productivity goals;

- appeal to more "profitable" customers while serving *all* customers well; and

- understand the customer's changing demands *and* enable the organization to change and meet those demands.

It's this type of "both/and" organization that will assume market leadership in the 21st century.

ABOUT THE AUTHORS

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AchieveGlobal is the world's leading resource for helping organizations translate business strategies into business results by developing the skills and performance of their people. We are a single resource for aligning employee performance with organizational strategy through training and consulting solutions in sales performance, customer loyalty, leadership and teamwork.

We work with organizations in a wide range of industries—in both U.S. and global implementations—and serve more than 400 of the Fortune 500 companies and more than 400 of the European Financial Times 500.

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