

# Awesome Service

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A Newsletter Exclusively for Clients of Keystone Management Services

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## UGR Seminar Seats at a Premium!

The first three UGR seminars run by Steve Simpson and Professor Ron Cacioppe have sold out!

Because of the high demand for places at the half day seminar, an extra session has been scheduled on August 30th, 2001. All details are below:

**Location** - Australian Institute of Management, 76 Birkdale Road, Floreat, Western Australia

**Date** - July 27th 2001

**Time** - 8.30 am to 12.15 pm

**Enquiries** - Ros Darch Ph: 9383 8094

**Audience** - middle and senior managers

## e-Volve into e-Culture....

*Rosabeth Moss Kanter is the Ernest L Arbuckle Professor of Business Administration at Harvard Business School. She has been named one of the '50 most powerful women in the world' by The Times of London, and is the author of several best selling books. Her latest book - 'e-Volve! Succeeding in the Digital Culture of Tomorrow', has some powerful messages.....*

The Internet is a revolutionary technology that cannot be ignored or avoided. So substantial is this new technology, according to Kanter, that the 'Internet has the potential to transform every economic and social institution, from business to education to health care to government' (p15). This is a big call from a very well respected and credentialed business academic!

Kanter goes on to describe the wide ranging impacts of the internet, and how these changes are influenced by the young, and how these changes go beyond the superficial. What will businesses look like in five years? In ten years? In twenty years?

Kanter claims that such substantial change will bring with it a need for organisations to change their culture - a successful e-culture will need to prevail. Based on studies undertaken by an international research team, she claims that successful organisations demonstrate four typical characteristics (p231):

- ◆ Internal changes are considered a way of life, and people seem to take them in their stride (instead of viewing them as disruptive, inconvenient, or a source of discomfort)
- ◆ Conflict is seen as creative and something to be encouraged (instead of disruptive and something to be avoided)
- ◆ Ideas that are unusual, controversial, or 'different' are strongly encouraged and well received (instead of being viewed with skepticism and resistance)
- ◆ When the organisation is considering a more strategic change, most people generally hear about it in advance, so they have the chance to comment (instead of learning about change at the same time as outsiders, or even later)

These features have far reaching implications - not the least being the need to tackle some of the Unwritten Ground Rules (UGRs) that currently drive an organisation. How is change currently viewed? What place does conflict have in your team? How are 'different' or 'controversial' ideas treated? These features would be really useful dimensions for any organisation to undertake a 'stock take' of the existing culture, with a view to implementing changes - which will need to happen quickly!

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## Emails - Are You Managing?

Last week, I received an email that had been circulated widely. This email trumpeted an imminent push by Australia Post to impose a fee per email, as compensation for the loss in postal revenue attributable to emails. While this email proved to be a bogus one, a related issue is looming...

Organisations are increasingly relying on emails as a major form of internal and external communication. So too are customers.

The email communication tidalwave has occurred much too quickly for many businesses. In short, many organisations have failed to establish systems that ensure the efficient management of emails.

Recently, an employee in what will remain an anonymous organisation told me that he deletes emails he is not able to answer, as he will receive a follow up email if the sender is serious! At the very least, this approach presents a huge legal risk for the company involved.

Last year e-Satisfy.com and the International Customer Service Association (ICSA) conducted a survey on electronic contact handling. Surveying some 10,000 consumers and 56 companies, the study found that e-customers have higher expectations for both acknowledgement and final response time than companies are currently delivering, with only 36 per cent of e-customers completely satisfied with their electronic contact experience. The study found that only 40 per cent of online contacts are resolved with one contact and almost half require a telephone call from the customer to achieve resolution.



## A New Era in Satisfaction Research: Customer Emotions

*In past editions of Awesome Service, we've noted the inadequacy of focusing exclusively on customer satisfaction. In short, satisfaction of itself does not necessarily translate to loyalty. Organisations that measure themselves only on customer satisfaction may well be collecting a meaningless statistic. Enter Michael Edwardson, from the University of New South Wales!*

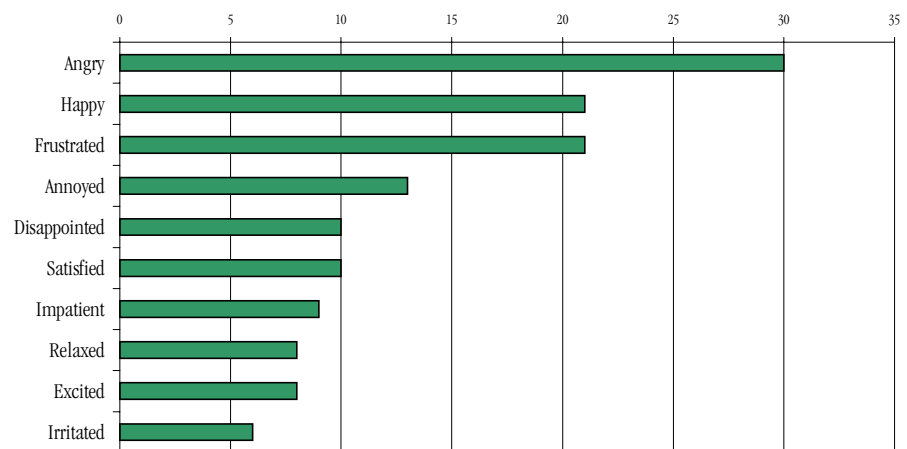
As human beings, we experience a full range of emotions - anger, love, excitement and joy to name a few. Yet according to many business measures and KPIs, there is only one emotion we experience as customers - satisfaction.

In recent years, many business writers have been critical of the focus on customer satisfaction. Some argue that the typical five point scale provides results that are often skewed. Others have challenged the related concept of 'exceeding expectations'. Still others have argued that 'a satisfied customer is not enough'.

Michael Edwardson, from the University of New South Wales has accounted for these criticisms by recently focusing on analysis of consumer emotions as distinct from satisfaction. A fascinating line of enquiry!

Edwardson developed the 'Service Experience Survey', a self completion questionnaire that people were asked to complete with regard to a specific service experience they could recall. These could be good or bad experiences. The study analysed responses from 226 people. Analysis of the 368 service encounter episodes recalled by respondents resulted in over 220 different emotional words being used. The top 10 list of emotions is provided below.

Percentage of recalled emotions in service encounters



It is interesting to note that 'satisfaction' is a unique emotional response, ranked sixth in the list. These results, along with other research undertaken by Edwardson, show the need for service staff to be trained in understanding and dealing with emotions. It may be that the development of 'Emotional Intelligence' is a key to the success of an organisation in terms of its service delivery.

(Drawn from a paper from Michael Edwardson - 'The new era in satisfaction research: Consumer emotions')



## About Steve Simpson

Steve Simpson is an international speaker who helps organisations profit from improved service. Steve has featured at the **World Conference on Customer Service Management** in Orlando Florida in November 2000 – the world's largest customer service event, that also featured Tom Peters, Don Peppers and Keith Harrell.

His presentation rated in the top ten of the entire conference, resulting in him being invited back to the 2001 World

Conference in San Francisco, this coming September/October. At the 2001 conference, Steve will be running a full day Pre-Conference Workshop, as well as a general session. Details about this conference can be found at: [www.csm-us.com/](http://www.csm-us.com/)

Steve has also been an invited member of an **International Customer Service Standards Committee**, organised through the US based Society of Consumer Affairs Professionals. Author of the book 'Service Into Profit', Steve is a past Chapter President of the Australian Customer Service Association, and has been an evaluator in the Australian Customer Service Awards. He has also been an invited Chapter Board Member of the National Speakers Association of Australia.

Steve is currently working on his second book - 'UGRs - Cracking the Corporate Culture Code'.

More details about Steve, including client comments are at [www.keystone-management.com/profile.html](http://www.keystone-management.com/profile.html). For your next seminar or conference call Steve on 041 990 1391 or Email [steve@keystone-management.com](mailto:steve@keystone-management.com).



## Hallmark Cards - A Case Study in Service

*The American Productivity and Quality Centre has generated a series of articles titled 'Customer Service in Practice'. In August/September 1997 they wrote an article that profiled Hallmark Cards, Inc. Here, we summarise some of the key elements of this success story.*

Early in the life of greeting card distribution, retailers created a self service environment manned by 'cash register guards'. Thinking that card purchasers did not want to be bothered, staff stood back and waited for the selection, and took the customers' money.

These days, Hallmark Cards, Inc trains its sales associates in customer service and product knowledge to ensure its customers enjoy a memorable and pleasant shopping experience. In the early 1990's Hallmark Cards established a full time staff position to address customer service initiatives. By the end of the 90's, this figure had grown to four.

This customer service group has established some significant initiatives, including a high tech customer satisfaction telephone survey that the company currently uses to provide individual market research to each Hallmark Gold Crown store (the 'cream of the crop' stores that have attained or exceeded sales, marketing, operations and service benchmarks and showcase all Hallmark branded products). Other initiatives established by the group include:

- ◆ A 'Right Card Guarantee', that promises 'If we can't help you find just the right card, you may choose a free card on your next visit to any Hallmark Gold Crown store nationwide'. The company knows of no other such guarantee in the greeting card industry
- ◆ Customer/retailer measures. At the retail level, Hallmark gathers consumer information through a high tech 1800 number phone survey undertaken by a market research company. Gold Crown retailers give shoppers survey cards during a specific period each quarter. When customers call to complete the survey which comprises 11 questions, they are given a gift certificate good for \$2 off their next purchase of Hallmark branded merchandise. The company receives around 1 million survey responses per year! This process is far superior to the mail-out survey approach, which has low response rates and a substantial lag time between purchase and feedback
- ◆ A 'Voice of the Retailer' programme that captures insights from Gold Crown retailers six to seven times per year. The company randomly selects 275 retailers each seasonal period and conducts telephone interviews to understand the key elements that impact on retailer satisfaction. Questions address issues that include sales and service support, retail execution, retailer relations, product leadership, channel marketing and brand development support. Around 2,000 interviews are conducted per year, and results are factored into communication, marketing and training programmes

Hallmark truly demonstrate a commitment to listening to their customers. This ethos is one that should be embraced by many organisations!

## New Customers - Best Practice Features

*A relatively unexplored element of customer service relates to how organisations deliver excellent service to new customers. This was the subject of a study undertaken in 1998 by the American Productivity and Quality Centre (APQC). This article summarises key points from the White Paper, which was the outcome from that study.*

The APQC paper reports that the delivery of excellent service to new customers is largely dependent on the 'service foundation' - empowered customer service agents. Management of Best Practice organisations recognise that customer satisfaction requires granting powers to those people who deal with the customers.

The study found that customer service agents should not be solely reactive - they should be involved in generating more sales or identifying revenue enhancement potential. To ensure that front line people are able to realise this potential, organisations need to commit to providing four enablers that make full empowerment possible. Each of these is described below.

### Frequent and integrated communication

Front line people must be fully informed, so Best Practice companies use a variety of mechanisms to ensure communication channels are kept open. In addition, employee feedback is critical. At MCI for example, agent task forces constantly monitor employee feedback and morale. At Nova Scotia Power, an employee advisory team of one supervisor and three agents represent various call centre groups. This group communicates with agents on the front line, identifies problems affecting them and provides solutions to employee problems.

### Training

The Best Practice companies identified in this report place extremely high importance on training. The hours invested per employee in initial training (ie as new employees to the organisation), ranged from 150 hours in one company to an incredible 1008 hours in another. The average initial training across seven Best Practice companies was 397 hours per employee.

High priority is also placed on ongoing training for customer service staff. The lowest annual training hours per employee across the seven companies was 16 hours, while the highest was 60 hours. The average across the organisations involved in the study was 39 hours per employee.

### Technology Tools

Study participants reported the implementation of various technology aimed at improving the ability of front line staff to deliver improved service. These initiatives impacted on improved internal communication, more seamless service, improved single-call resolutions, improved access to customer information and improved performance measures

### Compensation, rewards and recognition

A number of organisations in the study base a portion of their employee compensation on performance measurement goals.

Rewards are frequently used to boost morale and recognise the right behaviour. Through its SOAR programme (Satisfaction, Ownership, Adding Value and Resolution), MCI has incorporated quality service into its coaching and development, training, performance measures and rewards and recognition

### Unique Services Provided to New Customers

The majority of organisations in this study deploy a wide range of tactics to win and keep new customers. These include:

- ◆ Promotion items
- ◆ Thank-you notes
- ◆ Incentives
- ◆ Initial call to welcome customer
- ◆ Surveys
- ◆ Order/service confirmation
- ◆ Product/service offer
- ◆ Special premiums

The idea of skilling staff, and of putting in place systems to ensure that 'new' customers are welcomed and feel secure in their new relationship is a potent one. It is a concept that is very much worth developing.

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### Atrocious Service to the Younger Set

Our 22 year old daughter recently went with around 25 of her friends to a restaurant to celebrate a 21st birthday. Soon after they arrived, the manager began putting incredible pressure on them for their order - despite the fact they were still waiting on two of the party to arrive. Soon after, they ordered the set price menu for all the party except for one young lady who didn't feel well. The manager wouldn't accept this - she was at the table so had to pay. Incensed at their treatment, the party then asked to be given the bill for drinks only, as they were going to leave. The response? Sure, but the cost for drinks is the same as the cost for the total meal. As captive 'prisoners', the group ate and left, never to return!

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