

# Industry Journal

Creating sustainable value through technological leadership

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## Focus: Service

### Core business

How technical services decide the success of companies.

### Strategy

The characteristics of good service – and how successful companies apply them.

### Future

How water technologies are solving one of humanity's most urgent problems.

Focus: Service

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# Customer service will drive success

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Many companies boast of their outstanding customer service. But according to American service expert John Tschohl, few understand what characterizes good service. And even fewer have a real service strategy. In his article for the Siemens Industry Journal, the consultant to many international corporations explains the key emphasis.



A company that can master both a technological and customer service leadership position will dominate the market. Many, however, are weak in customer service. I blame this on changes in management, the move toward financial wizards running companies and focusing strictly on numbers while ignoring strategies that can help them improve those numbers. Service leaders understand that they are not in the manufacturing, retail, or banking business; they are in the customer service business.

Service doesn't just happen; it has to be integrated into every facet of a company's business, from the hiring and training of employees to the implementation of technology. Everything an organization does should be done to provide the best possible service to its customers. At the core of a service culture is the belief that no transaction is complete unless the service that customers receive is sufficient enough to motivate them to return and do business with you again. The only strategy your competitors will not copy is a service strategy. You will have a ten-year lead on the competition. And it will cost one-tenth of what you would spend on marketing and advertising.

Most companies have unlimited money for marketing but few realize the value of keeping customers and building customer loyalty. Technological leadership is very important but keep in mind your competition is right behind you. The goal should be to create a consistent customer experience so the customer is a fan, not just a customer. This is targeted marketing money.

You need to find the right balance between customer-friendly goodwill and service with costs. When there is a conflict between non-contractual warranty work and service the customer has to pay for, you need to understand the lifetime value of the customer. Keeping customers is critical and making sure they are more than happy will ensure their business. Perceptions are reality. If the customer thinks you are taking advantage you should treat the expense as marketing money and take care of the customer. If you are providing exceptional service, the client will be less likely to demand something for free.

Service recovery is critical to every organization but almost impossible to find. We all make mistakes no matter how committed we are to quality and service. Most employees lie, run for cover, and rarely understand the power of service recovery. How to take a customer from hell to heaven in 60 seconds is the key and it must be handled by the employee on the front line. The cost is less, the impact is higher, and the customer is more loyal.

### **There are four techniques for service recovery:**

**Act Quickly.** Acknowledge the mistake immediately. The employee at the point of contact is the person in the best position to successfully implement service recovery. When problems and mistakes are moved up the chain of command, it costs the organization more in time and money to deal with it, and the time delay increases the customer's level of frustration and anger.

**Take responsibility.** Don't place the blame on someone else; the customer doesn't care whose fault it was, he merely wants it rectified. Employees have to take responsibility and apologize. It's also important to thank the customer for pointing out the problem and for giving you the opportunity to correct it.

**Be empowered.** Employees do not make empowered decisions because they're afraid they're going to be fired, reprimanded, or have to pay for whatever they give the customer. But empowerment is the backbone of service recovery and organizations that truly want to serve the customer and retain their business must not only allow, but insist, that employees show gestures of goodwill in order to keep those customers coming back.



**Compensate.** You must give the customer something of value, something that will impress the customer and give him the feeling that you really do value his business. Every company has something that doesn't cost a lot but has value in the eyes of the customer, and that can be given away without conflicting with the law or with compliance standards. An airline can upgrade a passenger to first class. A computer repair store can extend the customer's warranty by a year. Let's say you give something away for a mistake that had a value of 500 US dollars and a real cost of 100 US dollars. If you took the 100 US dollars to your ad agency and said "I want to run a media campaign to bring more customers to my company," how much air time or print space will they give you for 100 US dollars? If a frontline employee did this, he retains the customer. If top management has to do this, the impact is small because it is too late and expectations are higher for management.

**Service leaders focus on several principles:**

**Service is a strategy.** You must be consistent. In a service culture, all employees operate under the belief that no transaction is complete unless customers receive service that is sufficient enough to motivate them to return. It is providing customers with service that is so exceptional that

they wouldn't think of doing business with anyone but you.

**Eliminate roadblocks.** Service leaders constantly look for the internal barriers to good service – and eliminate them. They hire the right people, and treat them well so that they, in turn, treat customers well. They look at systems, policies, and procedures in place that make it difficult for customers to do business with them.

**Train employees.** Successful organizations train their entire workforce on customer service. They teach their employees the fundamentals of customer service, and reinforce them. Just as you wouldn't run the same commercial for five years, you should not use the same training program for five years.

**Evaluate effects.** It is critical to evaluate the effects and results of all efforts at providing better customer service.

In the face of global competition, businesses cannot succeed if they focus solely on price and product. Customer service is the distinguishing factor. If you focus on doing whatever it takes to delight the customer, you will have a competitive edge that will drive your business to great heights. ■



## About the author:

American John Tschohl (62) is an internationally renowned service strategist and consultant. Media such as "USA Today" and "Time" call him a "Customer Service Guru." Tschohl is the founder and president of the Service Quality Institute in Minneapolis (USA), the world's largest provider of customer service coaching. 95 percent of his clients operate internationally, including industry giants such as DHL Express, Thomas Cook, and Pizza Hut Europe.

In 1979 Tschohl brought the world's first customer service training program to market, long before the subject of service quality became of interest to senior management. He has published a range of professional articles and books on the subject, including best sellers such as "Achieving Excellence through Customer Service" and "Loyal for Life: How to take unhappy customers from hell to heaven in 60 seconds or less." His books are available in eleven languages and more than 40 countries.