



MANAGEMENT OUTLOOK

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Customer Service



The 9 Principles of Quality Customer Service



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Quality Service



The quality of customer service is the key differentiator between good, bad and indifferent companies. Good quality customer service keeps customers coming back; bad customer service drives customers away, taking their friends, family and workmates with them.

All else being equal, good quality customer service gives the edge over competitors. Regardless of industry, here are the 9 key principals of good customer service that always make business sense.

1. Attracting new customers costs more than retaining existing customers

A satisfied customer stays with a company longer, spends more and may deepen the relationship. For example a happy credit card customer may enlist the company's financial services and later take travel insurance.

This is an easy "sell", compared with direct marketing campaigns, television advertisements and other so-

phisticated and expensive approaches to attract new customers.

2. Customer service costs real money

Real costs are associated with providing customer service and companies spend in line with a customer's value. If you are a high value customer or have the potential of being high value, you will be serviced more carefully.

Companies reduce the cost of customer service by using telephone voice response systems, outsourcing call centers to cheaper locations, and self-servicing on the internet. However, companies risk alienating customers through providing an impersonal service.

Some internet banking companies are bucking the trend by charging customers to contact them. In exchange, customers receive better interest rates due to reduced overheads and are satisfied with that.

3. Understand your customers' needs and meet them

How can you meet your customers' needs, if you don't know them? To understand your customer's needs, just listen to the "voice of the customer" and take action accordingly.

Customer listening can be done in many ways, for example feedback forms, mystery shopping, and satisfaction surveys. Some companies involve senior employees in customer listening to ensure decisions benefit the customer as much as the company.

4. Good process and product design is important

Good quality customer service is only one factor in meeting customer needs. Well designed products and processes will meet customers' needs more often. Quality movements, such as Six Sigma, consider the "cost of quality" resulting from broken processes or products. Is it better to service the customer well than to eradicate the reason for them to contact you in the first instance?

SEND YOUR FEEDBACK AT sheena.manchanda@jimsindia.org



5. Customer service must be consistent

Customers expect consistent quality of customer service; with a similar, familiar look and feel whenever and however they contact the company.

Say you visit an expensive hairdressing salon and receive a friendly welcome, a drink and a great haircut. You are out of town and visit the same hairdressing chain and get no friendly welcome, no drink and a great hair-cut. Are you a satisfied customer who will use that chain again? Probably not, as you did not receive the same customer service – which is more than a good haircut.

6. Employees are customers too

The quality management movement brought the concept of internal and external customers. Traditionally the focus was on external customers with little thought given to how internal departments interacted. Improving relationships with internal customers and suppliers assists delivery of better customer service to external customers, through reduced lead-times, increased quality and better communication.

The "Service-Profit Chain" model developed by Harvard University emphasizes the circular relationship between employees, customers and shareholders. Understaffed, under-trained

employees will not deliver good quality customer service, driving customers away. Equal effort must be made in attracting, motivating and retaining employees as is made for customers, ultimately delivering improved shareholder returns. Better shareholder returns mean more money is available to invest in employees and so the circle continues.

7. Open all communications channels

The customer wants to contact you in many ways – face to face, by mail, phone, fax, and email – and will expect all of these communication channels to be open and easily intermingled.

This presents a technical challenge, as it requires an integrated, streamlined solution providing the employee with the information they need to effectively service the customer.

8. Every customer contact is a chance to shine

If a customer contact concerns a broken process, then empowered employees will be able to resolve the complaint swiftly, possibly enhancing the customer's perception of the company. Feeding back this information allows corrective action to be made, stopping further occurrences of the error.

If you inform customers about new products or services when they con-

tact you, you may make a valuable sale, turning your cost centre into a profit centre. This is only possible when you have a good relationship with your customer, where you understand their specific needs. A targeted sales pitch will have a good chance of success, as the customer is pre-sold on the company's reputation.

9. People expect good customer service everywhere.

Think about an average day – you travel on a train, you buy coffee, you work. You expect your train to be on time, clean and be a reasonable cost. You expect your coffee to be hot and delivered quickly. You expect your work mates to work with you, enabling you to get the job done.

People become frustrated when their expectations are not met, and increasingly demand higher service quality in more areas of their lives.

Providing outstanding customer service at the right price is the holy grail of most companies. It is worth remembering that we all experience customer service every day. We can learn from these and apply them in our own line of work, whatever it may be. The quality of customer service will make you stand out from your competitors – make sure it's for the right reasons!

By Lyndsay Swinton



**In Our Business
The Customer Is King!**

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