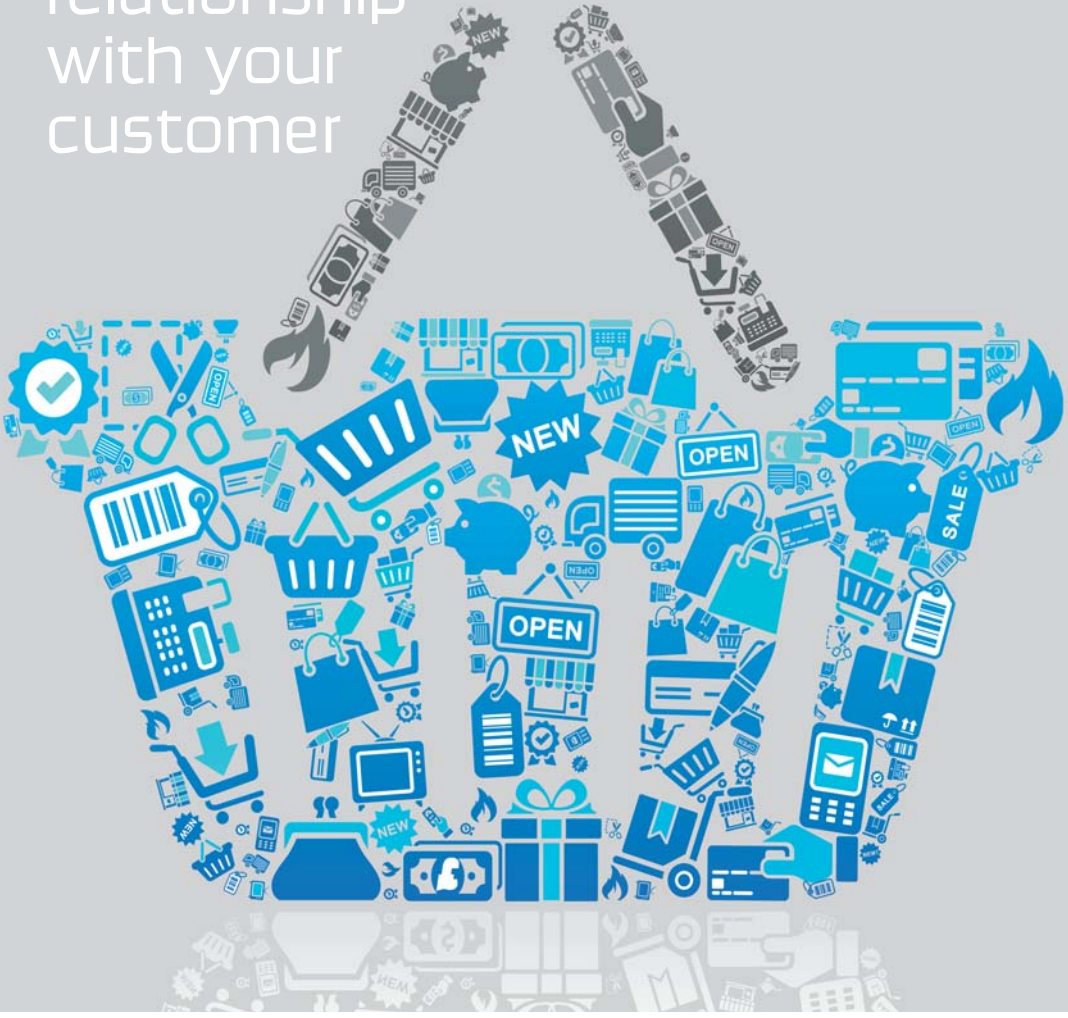
Director

BUSINESS WISDOM MANAGING SERVICE EXCELLENCE

How to build a lasting relationship with your customer



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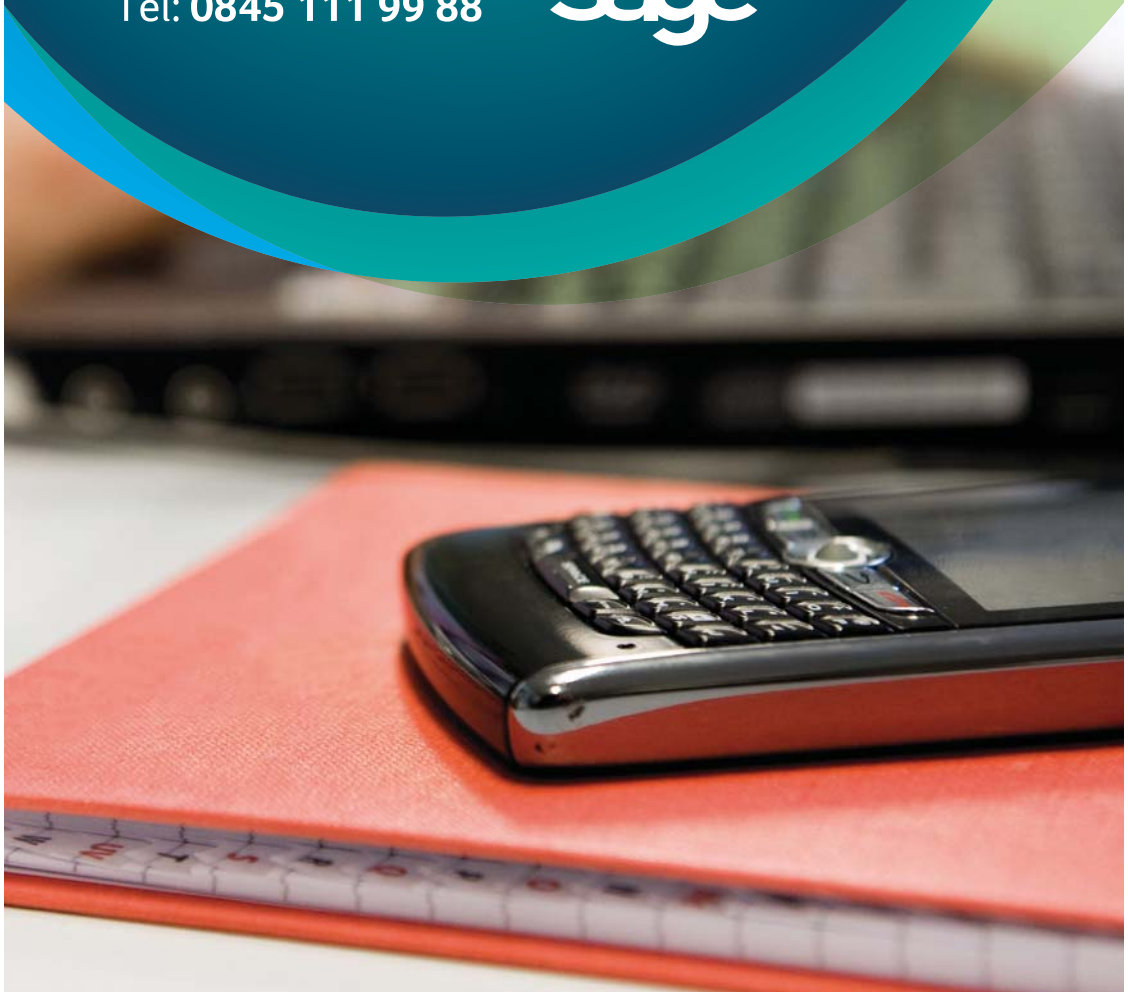
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The advantage of excellence

Putting your customers at the heart of everything you do is hard work but encourages brand loyalty and business success



In this tough climate, the winning businesses are those that focus on transforming their customer service from good to great. It's no longer enough to do only what customers expect. They want more. So the companies that exceed expectations are those that win customers' loyalty—and a greater share of the money they spend.

Building great customer service requires commitment from the top and full-hearted engagement from every employee.

Every interaction with a customer will leave an impression, and that impression, be it good or otherwise, will stay with them. Set out to manage customers' expectations, never failing to deliver on promises.

Be open to criticism, welcome and encourage feedback, and be honest with your customers. Act on that feedback and your customers will feel valued and supported creating long-term trusting relationships.

Monitor and measure your progress to gain a sense that you are doing the right thing for them and ensure that the loyalty you are creating is built on positive experiences.

Delivering great customer service is not an easy option. We know from our own experience of doing it at Sage that it's hard work—but it delivers customer loyalty and business success. And for companies that want to survive in global markets that are more competitive than ever, there is no other way.

Jan Sanderson *Sage UK*

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Good business is out of the ordinary

What's the difference between good and great customer service and why do some companies find it so elusive?



Mary Portas, the straight-talking redhead who tells businesses what a hash they're making of their customer service, has got it wrong. Service in Britain is improving all the time according to the latest survey by the Institute of Customer Service, whose customer satisfaction index has risen to the highest level ever—77/100—since it was launched in 2008.

Fifty four companies topped the 80/100 mark, which indicates world-class customer service. Top performers include quality brands such as Waitrose and Marks & Spencer but also budget brands such as Iceland.

News about rising service standards comes as no surprise to Derek Williams, chief executive of The Wow! Awards, a not-for-profit company that encourages customers to compliment employees on good service.

Hundreds of compliments about great service pour into Williams's office every year. "Ordinary good service is having staff who know what they're selling, show enthusiasm for their products and services, and exercise the authority to sort

- *Retain staff who know what they're selling*
- *Really understand what the customer wants*
- *Take a longer-term view*
- *Appoint a customer service director*
- *Keep employees engaged*

out a problem if something goes wrong," Williams says. "But what turns ordinary good service into great service is how you make the customer feel. Even if it's only a simple transaction, if you've taken the time to connect with the customer—whether they're on the other side of a counter or on the telephone—and really understand what they want, then you've made the service extra special for them."



But there are many obstacles that can block great customer service, warns Williams. Shareholders might be after short-term profit. The board might be looking to merge with another company and make redundancies. Managers in different parts of the company may be fighting their corner for limited resources rather than looking at the needs of the company as a whole.



"If directors take a longer-term view and focus on customer service, they will aid many of their other objectives such as growing the business, improving profitability and attracting top-quality employees." Customers are not stupid, Williams adds. "They soon latch on to which company is providing great service and which isn't."

One of the reasons that customer service is not given high enough priority in some companies is because there is rarely a board director with responsibility for it. "We see finance, marketing and manufacturing all important enough to have a board director," he says. "The first thing I would be looking for is to have a director of customer service appointed."

The ICS customer satisfaction index rose steadily during the recession and its aftermath, even though many companies cut employee numbers. This suggests many companies have learnt how to motivate their employees, even during hard times. But if a company does have to make redundancies, it needs to ensure that remaining employees don't become demotivated. "The emphasis should be on keeping employees engaged," says Williams. "That way, customers will still experience the wow factor."

> "CUSTOMERS ARE NOT **STUPID. THEY SOON LATCH ON TO** WHICH COMPANY IS PROVIDING GREAT SERVICE **AND WHICH ISN'T**"

The virtuous circle

Loyalty, better reputation, repeat business, growth, collaboration opportunities... the business case for excellent customer service is difficult to ignore



Here's a question that every director ought to be able to answer: On average, how much does it cost your business to win a new customer? The answer will vary depending on the nature of the industry. An aerospace manufacturer could spend millions courting a fleet order from an international airline.

But even a small business selling a low-cost item might find that the expense of recruiting a new customer is surprisingly high in relation to that customer's first order. So directors still uncertain about the business case for investing more in customer service should make the calculation. The answer could be surprising.

> "THERE IS CLEAR **EVIDENCE THAT FOCUSING AND** USING CUSTOMER SERVICE AS A **STRATEGIC DRIVER** IMPROVES BOTTOM-LINE PROFITABILITY"

"We know that where companies focus on their customers, they improve their reputation and retain more of their customers for longer," says Jo Causon, chief executive of the Institute of Customer Service. "If you think about how expensive it is to acquire new customers, focusing on retaining existing customers is absolutely critical. I think there is clear evidence that focusing and using customer service as a strategic driver does improve bottom-line profitability."

Companies that deliver great service enter a "virtuous circle" in which they gain benefits such as word-of-mouth recommendations, positive media profile, and more eager business partners and

associates. Employees, too, prefer working for a company that gets positive feedback from its customers.

Fiona Urquhart, who has written course materials on "delivering service excellence" for Durham Business School's MBA, has seen how focus on customer service delivers benefits for, and deepens customer relationships in businesses as diverse as a cinema, hairdresser, dental practice, and a legal firm.

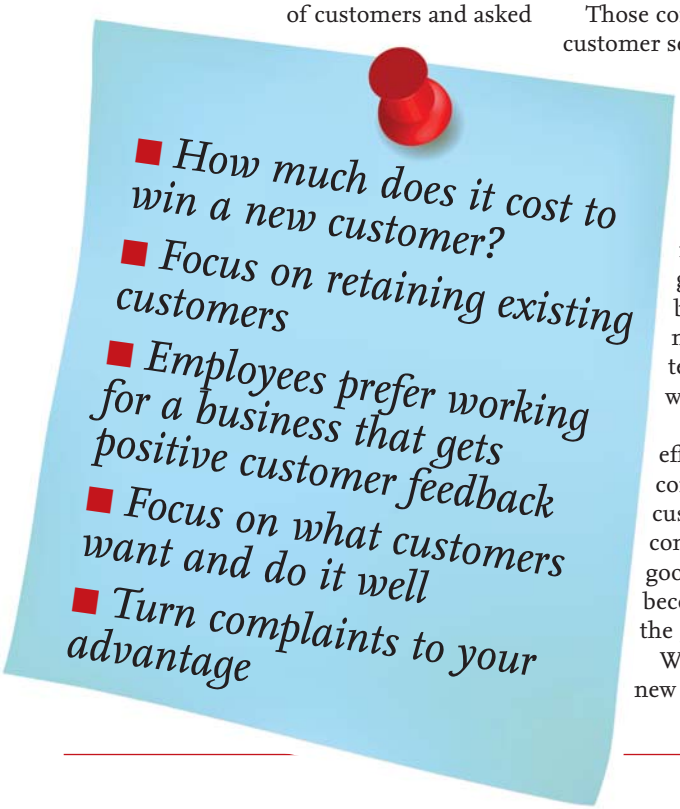
The key, says Urquhart, is to focus on what customers want and then do it supremely well. For example, Wessington Way Dental Practice in Sunderland assembled a panel of customers and asked them what their service priorities were. There were some surprising answers—they wanted customer-dedicated parking spaces and a child-friendly area in the waiting room. Above all, they wanted to feel they had a real relationship with the practice. So Wessington now keeps photos of its customers at the reception desk—which means employees can greet each person by name as they arrive.

Urquhart says: "If senior managers in a company don't have a commitment to service excellence, it's unlikely to happen. But front-line staff must have the right attitudes, too."

Those companies that are best at customer service even turn complaints to their advantage, says Causon. ICS research reveals that around three-quarters of customers are now prepared to complain compared with about half 10 years ago. "As a nation we are much more vociferous if we don't get the service we want—and because of the growth of social media we're much more likely to tell other people if we're unhappy with service," says Causon.

But handling a complaint effectively is a great way for a company to engage with a customer, she adds. And when the complaint is resolved well, there is a good chance the customer will become even more loyal and spread the good word.

Which might lead to recruiting new customers for free.



Innovation the traditional way

How technology has enabled accountancy firm taylorcocks to measure service excellence and achieve consistent results



When it comes to customer service, Ian Cocks, managing director of accountancy firm taylorcocks, unashamedly describes himself as old-fashioned. "Great service means people actually talking to one another," he says.

His commitment to old-fashioned customer service has seen his accountancy firm grow from one to nine offices since he co-founded it in 1992. The business now has 1,400 corporate clients. Last year, taylorcocks was signing up a new client every day.

But Cocks's commitment to customer service is underpinned by some up-to-date technology. Computer telephony integration—linking the telephone system to a computer database of client details—means that whenever a customer phones in, they're automatically put through to the right person to deal with their call.

"We have one phone number that serves all our offices," explains Cocks. "It routes calls to the correct desk in the right office. So when a client calls us, they get the phone answered not only by one of our staff, but one that will already have the client's details on their computer screen."

Cocks has a horror of telephone systems that answer callers with a pre-recorded message or makes them press buttons to get to the service they want. And the rapid growth of his firm—by 20 per cent in the difficult economic climate of 2010—suggests that his clients feel the same way.

> "WHEN A CLIENT **CALLS** THEY GET THE **PHONE ANSWERED NOT ONLY BY** ONE OF OUR STAFF, BUT ONE THAT WILL **HAVE THE CLIENT'S DETAILS**"

The sophisticated technology that enables taylorcocks to deliver its superior service is a far cry from the Viglen computer with one megabyte of memory that Cocks used when he first opened his doors for business.

Today there is a centralised Citrix server in the Portsmouth office running Sage SalesLogix software, which was installed and is supported by Sage business partner QGate Software. It records details of every telephone call, email, letter and meeting with a client. This means that each of the firm's accountants has an instant view of the latest position with each of their clients. Moreover, if a client's regular accountant is not available, another authorised person can access the file to answer any query.

The system has another important benefit. It keeps a record of the time that has elapsed since the firm contacted its clients. "One criticism I would make of some other accountants is that they don't speak to their clients enough," says Cocks. "We set a contact frequency for each client—such as two weeks or three months—and the computer monitors how long it's been since the last contact." The on-desk screen provides a simple traffic light system that highlights those clients that are coming up for a contact and those that are overdue.

Two years ago, taylorcocks provided a "cut down" version of the system on BlackBerry so that accountants could keep up-to-date with messages and access information while on the road. Cocks believes that these technological aids to great customer service are ideal for accountants who, as a breed, have a tendency to wrap themselves in the numbers at the expense of human contact. "It helps them to lift their heads off the paper and get talking to people," he says.

The old-fashioned way.



From the top

Service excellence begins with commitment at board level but it also requires engaged staff that understand the company ethos and will go the extra mile for their firm



Datel, a £14m turnover Sage business partner, won its coveted Circle of Excellence award in 2010. Managing director David Preston says: "We want happy customers." And like other firms which make a success of customer service he knows that it begins at the top. "We have a culture that regards service excellence as a goal in its own right rather than just a means of contributing to financial performance," says Preston.

Datel is in pole position to know what customers expect from a business-to-business supplier. Without the computer systems which Datel supplies and installs, its customers simply wouldn't be able to run their own companies. Preston also knows that there's no point in having the right customer service culture at the top of a company if it isn't cascaded down to every employee. At Datel, employees are taught to think customer service as soon as they walk through the door as new recruits.

> "WE WANT **HAPPY CUSTOMERS.** WE HAVE A CULTURE THAT REGARDS SERVICE **EXCELLENCE AS A GOAL** IN ITS OWN RIGHT"

The company's induction process includes a presentation on the company's quality management system and how employees can raise suggestions and make improvements. Employees are encouraged to engage with customers and build strong relationships.

"We also use IT systems to support customer service delivery," says Preston. "For example, we have a database that issues alerts if there is a danger we may breach our service level agreement with a customer."

But excellent customer service means going that extra mile. One Datel employee

worked through the night over the Christmas period to ensure a client's computer was up and running when staff arrived at the office the following morning. "He even greeted them with a cup of tea," recalls Preston.

David Beard, CRM evangelist at Sage UK, agrees that leadership is essential if customer service excellence is to take permanent root in a company. "If leaders aren't talking the talk, they can undermine what's happening in a team," he warns.

But the clever companies don't just try harder. They look closely at what their customers want and at where and how they can become better than their competitors. A good starting point is to look at supply chain and identify points where it has or could have an advantage over rivals.

> "**LEADERSHIP IS ESSENTIAL.** IF LEADERS AREN'T TALKING THE TALK **THEY CAN UNDERMINE WHAT'S** HAPPENING IN A TEAM"



But Beard warns that it's also important for a company to identify its most profitable customers. Where resources are limited, these are the people or organisations that need to be the prime targets for that extra customer service effort. The devil is in the detail. For example, too many call centres focus on completing calls quickly rather than ensuring that customers are satisfied with the information they've received.

When the strategy is in place, whether or not a company is successful at implementing it will often come down to staff attitude, says Beard. And that largely depends on how effective directors and senior managers are at communicating a customer service ethos and at training staff in any special skills they need.

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