

Maximizing Customer Service

Measure it and Manage it

By ELLIOT MALTZ



IN AN age of increasing competition, firms are consistently looking for an edge that can help them maintain and grow their market share and profitability. Some firms look to reducing costs in order to compete on price. This strategy has two potential drawbacks. Cost reductions often lead to reductions in actual product and/or service quality, and competing firms in an attempt to emulate price reductions create potentially disastrous price wars.

Other firms try to innovate their way to success. In an age where information moves quickly, a firm must create a major barrier to entry to prevent another firm from copying the innovation. Otherwise profitability is short-lived.

A third strategy is to achieve a very tight relationship with customers. Even if the competition reduces price and/or introduces an innovation, your customer base will provide you the opportunity to react before moving to another supplier. The key is to provide superior customer service so customers will come to rely on your superior ability to deliver what they want, when they want it, in the way they expect to receive it.

Firms attempting to provide superior customer service face two daunting challenges. First, they really need to understand what superior customer service means from a customer perspective. Customer service is an elusive and intangible concept. The intangibility has the potential to confer long-term competitive advantage. Providing superior customer service requires a sustained effort that is not easy for a competitor to understand. Thus, it is difficult for them to copy it. The second challenge involves creating a structured process for providing customer service in an affordable manner. Is the cost worth the price they are willing to pay?

With these two challenges in mind below are some gaps to think about which, when narrowed, increase profitable customer service delivery.

1. The Knowledge Gap.

Managers think they know what their customers want but are, in fact, mistaken. The wrong facilities may be provided, the wrong staff may be hired, and/or the wrong training may be undertaken. The focus may be on the wrong kind of customer service, while the level of service on aspects that are most important may be neglected. Closing this gap requires minutely detailed knowledge of what customers desire and then building responses to customer needs into the service operating system.

2. The Standards Gap.

Even if customer expectations have been accurately determined, a standards gap may open between customer expectations and the actual standards set by management for service delivery, such as order processing speed, the way cloth napkins are folded or the way customers are engaged by salespeople. The firm should develop a flowchart of operations, identifying all points of contact with customers. Detailed standards can then be written for the way the system should operate and the behavior of contact personnel at all points in the system.

3. The Delivery Gap.

The delivery gap is the difference between how a service is actually delivered compared to the standards set by management. The gap depends on the willingness and the ability of employees to provide the specified levels of service. This can be enhanced through proper hiring procedures. Southwest Airlines is known for customer service and has a unique way of delivering it. Their hiring and training practices reflect their unique service delivery operations. Do you make standards clear in the training process and provide the resources necessary to meet them? The key is to periodically measure delivery levels through both

internal spotchecks and systemized customer feedback.

4. The Communications Gap.

This is the difference between what a company promises, through its external communications, and the service it actually delivers to customers. If the firm promises one level of customer service and delivers a lower level, it is impossible to achieve customer satisfaction. Thus, if the firm promises no downtime for a particular product/service and any downtime is encountered, perceptions of customer service are reduced. The key to reducing this gap is to carefully assess what level of customer service your system will *consistently* deliver before setting your service standards. Train your contact people not to overpromise in order to attain long-lasting business.

Firms large and small can generate a loyal base of satisfied customers, increased market share and financial success through providing superior customer service. The key is to ensure that managers accurately research and assess what their customers want, set specific standards and practices, train their employees to deliver on these practices, and follow through in their promised levels of service. ■■

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