



Developing Customer Service Strategy

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Describe about Mission and Vision in the Context of Customer Services Strategy.
- ✓ Recognise the Important Areas to Focus when developing Customer Services Strategy.

Developing Customer Service Strategy

For any organization to do good business, it is important for them to make a well planned customer service strategy in which everything is clearly explained. Customer service strategy will be used to guide the employees as well as top level management when making key decisions. For every organization, the customer is at the centre of their customer service strategy and everything laid out in the strategy is for the benefit of the customers.

Involvement of the Top Management

The customer service strategy, no matter how well it is designed, is of no use unless it is implemented completely and is constantly updated. Implementing this strategy is the responsibility of top level management of an organization. If the top level management is not involved in the daily working of the organization, it would lead to demoralization of the employees and ultimately decrease in quality.

The Role of the Manager and the Role of the Leader

The job of the managers is basically to manage; the employees and the resources and keep a check on everything. The job of a leader is a little different from this. He doesn't just manage but also tries to inspire his team-mates. He takes special care to help anyone who needs assistance and also believes in approaching his team-mates and boosting their morale.

The Leader Versus the Manager

In order to achieve the goals of the organization and to provide excellent service quality to the customers, the managers need to step up and start playing the role of a leader. They need to lead and inspire their fellow employees and boost their morale. They need to be a role model for all their other co-workers. If the managers lead and inspire their colleagues, it will boost the morale of other employees sufficiently enough to make them work extra hard and focus on organizational goals.

In today's world, there is a strong need for developing managers into leader figures. Also the principles of leadership are quite different now as compared to before. Now there is more focus on the employees and the workforce than there was before.

There are 2 main types of leadership theories:

- **Situational leadership theory** states that a leader has to see the situation and take decisions accordingly. He should see the potential of his workforce, the resources he has and how he can utilize them in the current situation.

- **Visionary leadership theory**, on the other hand, states that the leader should be a person of great vision and should think about futuristic developments. He should encourage his workforce to share that vision and work with him in achieving it.

So, we can say that situational leadership requires leaders who think about the present situation whereas, visionary leadership requires leaders with futuristic vision. Through research, it has also been found out that in today's world and challenging environment, IQ is no longer the sole requirement to be a good leader. Along with intelligence, the EQ (emotional intelligence) of the leader should also be high.

Basic skills required to be good leader are:

- Self Awareness.
- Self Regulation.
- Empathy.
- Self Motivated and ability to motivate others as well.
- Social Skills (good communication skills).

Among these, the most important are self motivation, ability to motivate others and good communication skills.

Mission and Vision

The mission or vision of an organization are the core beliefs and the guiding principles for all the employees of the organization. They determine what the ultimate goal of the organization is going to be and all the employees strive hard to achieve those goals. The key decisions taken by top level management are also according to the guiding principles of the mission/vision of the organization.

What are Visions?

A vision of an organization determines where the organization is heading. It consists of organizational goals which provide guiding principles for the future operations of the organization. For developing a vision, common questions that need to be answered are "What kind of business are we going to do?" "What are our core values?" "What do we believe in?" "What should be our prime focus?"

A vision needs to be inspirational and should be able to motivate employees to work for achieving the goals of the organization. It should be developed after talking to the employees and stakeholders/investors of the company to make sure it consists of the perspective of everyone involved with the organization and in this way the employees would also be happy and inspired to do their job efficiently.

Creating a Vision

Before creating a vision, organization needs to see what they believe in and what is it that separates them from the rest.

Few examples of the visions of leading organizations are:

- McDonald's is 'to be the UK's favourite quick service restaurant by providing great tasting food through excellent operations and by giving friendly service at a value price to our customers'.
- Wal-Mart's is to, 'give ordinary folk the chance to buy the same things as rich people'.
- 3M's is to, 'solve unsolved problems innovatively'.
- Disney's is to be 'the first in entertainment for people of all ages, everywhere'.

A vision should be created after common agreement among the senior management, the employees and the stake-holders. Such points should not be included on which mutual agreement can be made as no one will be committed to it. Some questions which need to be clarified before creating the vision statement are:

- What do we want this organization to be and to stand for?
- Where and how we are going to delight our customers?
- What do we want people in this organization to be good at?
- How do we want them to behave?
- What do we have to be good at to succeed in this market or industry?

This can be done by arranging a meeting between all the concerned people and discussing points and objectives. After mutual agreement, the vision statement should be written in simple and clear terms, in a language that everyone understands. An oath can be taken from managers and employees that they will strive to follow the principles stated in the vision statement.

Involving Employees

Research indicates that majority of senior level managers fail to communicate the vision statement with the employees that they manage. Hence, these employees, when interviewed, revealed that they did not know the vision or the goals of the organization. This way they could not work to achieve organizational goals. This is negligence on part of the senior level managers.

However, to avoid this situation, it is very important to involve the employees in the vision making process. Employees should be asked their opinion about anything that the senior managers decide about organizational goals. They should be asked what they believe in, what they would like to work for and what they think should be the vision of the organization. If this is done then the employees will be very comfortable with the work environment and yield good results.

Following points can be kept in mind when developing vision statement:

- Managers should be asked to give their opinion. Same should be done with the employees.
- Employee's suggestions should be conveyed to senior level management by a representative body of the employees of the whole organization.
- Departmental visions can be formed which complement organizational vision.

- Implementing the vision and keeping organizational values according to the vision.

For example, one computer company developed its vision by consulting the employees. The senior management formed the vision statement and discussed it with the managers individually, asking for suggestions and concerns. Each manager then did the same with his staff. All the suggestions and concerns were written down in a small booklet which was then signed by the staff, managers and senior management. This way the vision was formed by mutual consultation.

Some companies also involve their customers when creating a vision. This enables them to see the customer point of view and the vision is then formed keeping customer's needs and attitudes in mind. For example NatWest formed this vision after consulting with their customers: ***"Our customers are the focus of everything we do . . . we value our customers and will deliver outstanding service and heed their feedback"***.

The senior management should make sure that the vision that is formed is:

- Memorable.
- Meaningful.
- Believable.
- Motivational.

FedEx in the United States has developed the motto, 'People, Service, Profit', which summarizes its business philosophy.

Continuously Revisit the Vision

Mission and vision statement should constantly be updated to suit the changing circumstances the organization is dealing with. It should be reviewed every year and amended if needed. Questions which should be asked when reviewing the statement are:

- Is this statement still inspiring and motivational?
- How far are we successful in attaining our vision?
- Which aspects of our vision are no longer applicable?

Values

Values of any culture are the shared beliefs, assumptions and experiences which influence the guiding principles of the organization. The values of any organization represent what the organization gives importance to or what it believes in. And these values are shared by all the people related with the organization. They determine the work environment and the work quality of the organization. For example, an organization believes in delivering highest quality products to the customers, so the organization values quality and this belief is shared by everyone in the organization.

Values are also sometimes called the "cultural glue" that hold the organization together. Organizational culture is the sum total of the beliefs and traditions that are present in the organization. It defines what the work environment is, what the dress code is, how employees talk to each other, how new employees

are treated, daily greetings, open door/close door policy, level of social interaction, openness among the employees, strictness, level of focus on work, events and ceremonies etc.

The values and culture of an organization are closely related. In fact, the culture is a bi-product of the values, which means that culture is formed according to the values of an organization.

The values of an organization serve as guiding principles for all the employees and senior managers. In times of making key decisions, the vision statement and its beliefs are kept in mind. The values and culture are also important for guiding employees to give their best possible performances in crisis situations or strategy changes.

An online financial service organization, Egg has the following values which guides its corporate behaviour:

- Respect the individual.
- Get it done together and have fun.
- Make a difference in everything we do.
- Listen and learn.
- Do what we promise.
- Dance with customers.

Another retailer, Wal-Mart believes in the following core values:

- Respect for the individual.
- Service for customers.
- Striving for excellence.

Objectives

Objectives are the goals of an organization which it wishes to achieve. The values and vision of an organization is formed after its objectives have been decided. They describe what the company will strive to achieve. It can be like 'keep the customer happy', 'make profits', 'no compromise on quality' etc.

Strategy

Strategy is the long term planning made by senior managers to help the organization achieve its objectives. The strategy describes what the organization's main focus will be on and what will be done to achieve organizational goals. Strategies are made after studying market trends, predicting competitor's moves and finding customer's needs.

Usually, the following steps are followed by organization when making strategies:

1. Review and link to vision, values and corporate objectives.
2. Evaluate current position.

3. Formulate strategy.
4. Develop a specific action plan.
5. Establish criteria for success.
6. Identify obstacles to progress.
7. Implement.

1. Link to Vision, Values and Corporate Objectives

It is extremely important to link the strategies to the vision, values and objectives of the organization. In other words, such strategies should be made which help the organization achieve its goals and vision.

2. Evaluate Current Position

A strategy should be made after evaluating the current position of the organization. This includes where does the organization stand right now and what is its ultimate objectives?

What does the organization focus on? And to what level is its beliefs and values being followed.

Research also has to be made to evaluate the current position. This includes market trends, market share that the organization controls, type of customers it deals with, loyal customers, product re-buy percentage, pricing, quality of services, customer satisfaction levels as well as employee performance and satisfaction levels. To evaluate this it is important to identify the type of internal and external environment that the organization deals with. There are two types of external environments:

Mega environment or task environment are the factors which do not affect the organization directly. These may include social factors, technological factors, political factors and economic factors. The mega environment of a coach company, which wishes to evaluate its current position and develop a strategy, consists of:

Sociological Factors:

- More people in full- and part-time work.
- General desire for efficiency and speed in transport.
- Greater car ownership.
- Ageing population in the area
- Higher degree of comfort and facilities expected.
- Growing awareness of environmental issues such as pollution and inner city congestion.

Technological Factors:

- Automation and greater efficiency.
- Greater use of the internet and e-business.

- Improvements and expansion of road networks.
- Improvements in transport infrastructure.

Economic Factors:

- High cost of fuel.
- More cost conscious Customers.
- Recession.
- Staff retention low as wide choice of employment opportunities.

Political Factors:

- Government backing for less car usage.
- EC regulations.

Hence, a strategy needs to be formulated after serious consideration of all these elements. Even though they do not affect the organization directly but even then, changes in mega environment or far environment can affect the working of the organization.

Other than the mega environment, the organization also deals with a task environment. Another name given to task environment is near environment. It includes factors that affect the organization directly such as customers, suppliers, government agencies, competitors, employees, labour and workforce etc.

An in depth research has to be made about these factors before making the strategy. The organization interacts with these entities daily and drastic changes in their behaviour would obvious have great impact on the working of the organization. For example, the study should see what customers want, why would they prefer some other brand?, the strategies being used by competitors, new rules and standards being introduced by regulatory authorities, needs and satisfaction levels of the employees etc.

After this analysis about the mega and task environment, a strategy should be made which helps the organization achieve its objective.

Internal Appraisal

The environment of any organization determines how the employees perform their routine jobs and what they focus more on. This environment and the beliefs of the organization become visible in the final product that the organization produces. In order to make sure that quality work, of the same standard as required by the organization, is being done; internal appraisal is necessary.

Internal appraisal means assessment of the internal work environment of the organization.

This assessment includes the following factors:

Structure:

Analysis of the structure of the organization is necessary to check if it is suitable for the kind of work that the organization does. Structure means the levels of hierarchy and how authority and power is distributed in the organization.

Shared values:

These are the beliefs and ideals that are shared by all the people in the organization and can help them achieve common goals.

Strategy:

Strategy is the plan of action of an organization for achieving its objectives. In assessment, it is studied what other strategies were adopted in the past and how successful they were.

Systems:

All the systems in place are also checked to make sure they are working according to the needs of the organization.

Style of Management:

The characteristics of the current management style is identified and checked if it is suitable for the current situation.

Staff:

The performance of the employees is also checked. The HR department is responsible for this task. They manage the recruitment, firing, performance appraisal, conflict resolution, employee satisfaction, training and development of the employees.

Skills:

During internal appraisal, audit has to be done to check the skills of the employees and staff as well. Their attitude and behaviour towards work should be checked to see if they are focused on customer satisfaction or not. Also it has to be checked if the skill level of the employees is according to the level required for their jobs or not. Based on this study, workshops can be organized to increase the skill set of the employees.

A contrast between the cultural attributes of the past and the present it given below:

Past	Future
Organizational focus. Meeting audit requirements. Quality control. Hierarchical structure. Limits on responsibility. Individual responsible. Close communication.	Customer focus. Meeting customer requirements. Error prevention. Fewer layers of management. Employee empowerment and Responsibility. Team based. Open communication.

3. Formulate Strategy

After studying the external and internal environment of the organization, the senior level managers can formulate a strategy that would contain guiding principles for all the employees and would help in achieving organizational goals.

Examples of the strategies of a few organizations are presented:

The strategy made by Braintree District Council, which contained guiding principles for employees, customer care objectives and quality control as well as factors to be made a part of organizational culture, contained the following four key points which helped in formulating the strategy:

- Providing people with the opportunity to live a high quality lifestyle in the district.
- Customer Focus and quality services.
- Development of staff through training, motivation, appraisal and support.
- Striving to meet set targets.

These 4 core points helped frame the strategy which addressed issues on customer interest, quality, economic development, skills development, environment, health, housing, leisure and transport.

A Holistic Approach

The senior level managers need to formulate a strategy by keeping a holistic approach and not focusing on only one thing. This means that the strategy should have a plan of action for each department of the organization so that each department can do its required job to achieve customer satisfaction. For example, the strategy should not just focus on the working of the customer service department but should also give importance to sales, marketing, product development, quality control, supplier and delivery of products. It should be made after studying the environment of the organization to address issues such as locations of business, availability of product, shipment and product pricing.

The strategy should also focus on the internal working of the organization such as hiring, firing, performance appraisal, support, training and development, sales and marketing, organization structure, culture and values, teamwork and communication.

Royal Mail focuses on the following aspects in its “Customer First” strategy:

- Employee involvement.
- Customer satisfaction.
- Continuous improvement.
- Partnership building.

Important Areas to Focus for Customer Service Strategy

A good customer service strategy needs to address the following issues:

Job Design and Competencies

When hiring employees, the organization should make sure that they are qualified for the job i.e they have the required educational background and skills to help them complete that job. The organization should also make sure that the employees are happy in working with the organization.

Structure of the Organization

Structure of the organization is important in deciding what type of approach the organization uses to interact with its customers. More layers in the hierarchical structure would move the organization towards a more bureaucratic approach and direct interaction with customers would become difficult. Hence, a strategy should be formulated keeping in mind the kind of structure the organization has.

The Implications of De-Layering

Before deciding to decrease the number of layers in the structure, its effects on the business of the organization should be anticipated. Flatter structures are very useful as they empower the staff but in some cases, they might not be that beneficial.

In flatter organizations there is often a need to:

- Multi-skill the workforce.
- Place greater emphasis on training and development.
- Develop opportunities for career progression.
- Empower the employees.
- Redefine the role of the manager within the new structure.
- Place greater emphasis on teams.
- Develop a sense of shared goals and values.
- Motivate individuals towards achieving organizational goals.

Improved Technology

The advances in technology also impact business. Use of technology is extremely important to have a competitive edge over the others. Customers require services which are very fast and efficient as well as requiring a tool through which they can get more information about a brand and its products. Technology provides the simple answer; with the use of internet and telephone to aid in providing customers with quality services.

By establishing call centres and customer service centres, organization can help address the concerns of their customers as well as solve their problems very quickly. The internet also helps in this. Information about the brand and products can easily be accessed by visiting the website of the brand.

However, to provide quality services using technology, trained and skilled staff needs to be hired.

Getting the Processes Right

To make the most out of the business, it is necessary to study the processes being used by the organization for product development, marketing and shipment; and for providing customer services. This is known as business process re-engineering. In this process, all systems and standard procedures adopted by the organization are studied and their efficiency and utility is checked. Processes which are not yielding desired results are replaced with newer ones. The need for automation in some processes also becomes visible. The delays and unnecessary tasks are also pointed out.

Appropriate decisions can then be taken to increase productivity and efficiency and to provide more value to the customers.

People Management

The strategy adopted by the organization should include guiding principles for managers on how to manage their employees and staff. The strategy would define if the organization wishes to make its employees happy, make them feel at home with their work or if it wishes to give them no benefits and make them focus on their job only.

The Role of the Leader

A good leader should have the following characteristics:

- Ability to communicate and express ideas.
- Ability to motivate others.
- Ability to inspire others.
- Act as a role model.
- Sympathetic.
- Ability to listen to and appreciate other's point of view.
- Ability to manage people and resources efficiently.
- Values feedback.
- Ability to handle crisis situations.
- Envision the future.

A leader should lead by example. He should have constant contact with his team mates and try to solve any problems that they might be facing. He should also approach each person individually and motivate and encourage him.

Staff Quality

For the business and organization to succeed in the market, there is a need for great quality work. The employees of the organization should have a very professional attitude towards their work. The organization should focus on hiring skilled people. Further training and skill development of employees is necessary to keep the quality of work delivered by them high.

4. Developing a Specific Action Plan

When the strategy is to be formulated, it needs to consist of clearly laid out steps that need to be achieved and should also be clear about how the strategy is to be implemented.

It is a good practice to develop short-term, medium-term and long-term objectives in the strategy. This way the strategy will be gradually implemented and its effectiveness can be evaluated by determining if the objectives stated in it have been achieved or not. A strategy may take a lot of time to implement. This is the reason for creating different types of objectives. The strategy would also help employees evaluate their own performance and would provide them with a clearly laid out plan to work with.

For example, an organization formulates a strategy which has the ultimate objective of "being the market leader". This objective cannot be completed in a short span of time. Therefore, they also set short-term and medium-term objectives of penetrating the market and increasing their market share gradually.

Another organization could have objectives like:

- To develop leadership training for all managers.
- To ensure that all team members attend a service workshop.
- To establish improvement teams in each internal department to undertake process reviews across all aspects of the business.

5. Establishing Criteria for Success

After developing a plan of action, a criteria needs to be set to determine if the objectives set in the strategy have been achieved and to determine if the plan of action is working or not. The organization needs to establish criteria to measure the success of their strategy and could measure factors like:

- Improved market share.
- High levels of customer retention.
- Increased profitability.
- Better staff motivation.

European Foundation for Quality Management

The European Foundation for Quality Management is a regulatory organization which measure the service strategies used by organizations and gives them proper advice to improve it. They determine the importance given to customer satisfaction, employee satisfaction, impact on society and business results. On the basis of the results, it helps organizations develop better strategies for their businesses.

They focus on:

- Leadership.
- People management.
- Policy and strategy.
- Resources.
- Processes.

6. Identifying Obstacles to Progress

The strategies framed by the organization need to be evaluated and analysed on a routine basis to determine its effectiveness and pin-point the obstacles to progress.

7. Implementing

A good strategy does not guarantee success to an organization unless it's implemented as well. A few things that the managers can do to help implement the strategy are:

a) Integrate Service Excellence Into All Management Activities

One way the organization can guarantee excellent customer services is by integrating customer care into all management activities. Some things that can be done are:

- Put customer service on top of all management agendas.
- Include customer satisfaction scores on all profit and loss statements.
- Include customer service on all job descriptions.
- Include customer service in all appraisals.
- Talk about customer service at all company updates, briefings, departmental meetings presentations and training sessions.

Some innovative ways can be introduced to integrate customer service with all the activities of the company to ensure excellent customer service. Suggestions can be taken from employees as well.

b) Give Time to Spearhead the Service Excellence Programme

The top level management needs to spend a lot of time in working out new ways and techniques to improve their customer services and make it different from what others are offering.

c) Initiate Regular Customer Contact

Feedback and interaction with the customer is extremely important to evaluate the effectiveness of the strategy. While customer care centres are established and employees are hired to do this job, involvement of the senior managers with the customers can highly boost the chances of better customer service strategies.

d) Monitoring Customer Satisfaction

Other than keeping in contact with the customers, the senior management also needs to monitor the customer satisfaction levels and develop new ways to gather data about customer satisfaction.

e) Take A Personal Interest In Complaints

Even though customer service centres and complaint centres are established by the organization, involvement of senior management for effective resolution of customer's problems can help them create better policies and strategies for the organization as well as motivate the employees and satisfy the customers.

f) Regularly Buy Your Goods And Use Your Services

A good way to evaluate the quality of services provided by the company is for the senior management to buy their own products and use their own services. This way they can see how the customer is dealt with and the quality of services provided to the customer. The senior managers can put themselves in the customer's shoes and see if they are satisfied or not.

The senior managers can also see how their staff handles and resolves customer's problems. They can evaluate:

- How quickly was the telephone answered?
- What was the attitude of the service provider?
- Was the correct information conveyed by the service centre employees?

The senior managers can also frequently visit the company's website to check if it is properly maintained and updated or not.

g) And Those Of Your Competitors

To evaluate the level of competition and innovation of competitors, the senior executives can buy goods and use services of their competitors. This would help them compare their own company's quality and services with that of their competitors. This would help them take appropriate steps to differentiate themselves from their competitors.

h) Publish A Service Statement For Customers

After developing a service philosophy (the vision and objectives) and training the staff accordingly, the organization can publish a service statement for their customers telling them what they believe in what can be expected of their services.

i) Publish A Service Philosophy Statement For Staff

Same thing can be done for the employees of the organization to tell them what is expected of them.

j) Publish Your Own Standards Of Code Of Behaviour

Senior managers can inspire all the other employees and set an example for them by publishing a statement of their own standards and expectation of behaviour. The senior executives need to follow these standards themselves to inspire their employees and persuade them to do the same.

k) Feed Back to Staff the Results of the Programme

Senior executives need to keep their staff and employees informed of the outcomes and results of programmes that they introduce. They also tell the employees what impact their decisions have had on the organization.

l) Welcome Feedback From Staff

To keep the employees and staff satisfied and happy with their work, top level management needs to invite employees to give their feedback about all decisions taken and processes being used in the organization. Top management also needs to encourage employees to tell them about their problems so that they can help the employees.

m) Encourage Teamwork

Teamwork is extremely important in today's world to succeed. An organization cannot rely on a few specialists working individually to solve a problem. All departments of the organization are inter-related and need to work together to achieve organizational goals. Therefore, it is extremely important for senior management to practice teamwork themselves and also encourage all other employees to do so too.

By answering the following questions, each team can find out its strengths and weaknesses and complement each other to achieve maximum efficiency:

- How does the team make decisions?
- Are all the potential resources and creativity of team members used to the full?
- How well organized are the team in approaching a task?
- How effective is the interaction among team members?
- Are disagreements and conflicts used constructively in the team?

n) Recognize Success

Senior management should recognize the hard work of their employees and give incentives for achieving different objectives.

Establishing Customer Focused Culture

Organizational culture is the glue that binds the organization together. It consists of the beliefs, experiences, values and traditions of the organization. In order to put a strong focus on customer service and satisfaction, it needs to be embedded in the organizational culture.

Research shows that customer service strategies might be successful for an initial period but afterwards, they can't be that successful unless the culture of the organization also promotes customer service. Therefore, it is necessary to establish a customer focused culture.

Organizational culture can be diagnosed by proper study, research, analysis and audit of the culture.

The Seven S's Framework

The seven S's framework can be used to assess the culture of an organization.

The seven S's are:

- 1. Structure**
- 2. Strategy**
- 3. Shared values**
- 4. Style**
- 5. Staff**
- 6. Skills**
- 7. Systems**

1. Structure

Structure means the layout of the organization that defines delegation of powers, division of authority and layers of management. Structures that an organization can adopt are:

- Centralized.
- Decentralized.
- Hierarchical.
- Flat.
- Team-based.
- Virtual.

Each type of structure has its own pros and cons and senior executives need to decide what kind of structure the organization should adopt according to the current situation it is in.

2. Strategy

Strategy is the plan of action developed by the organization to help it achieve its goals. Strategy is made after analysing the structure of the organization.

3. Shared Values

What are the common beliefs of all the employees? What kind of business all employees are comfortable with? What goals does the organization want to achieve?

These are the shared values of the organization that explain what the organization wants to achieve.

4. Style

The behaviour of leaders and managers also influences the employees and sets an example for them. Employees are satisfied and happy if the leaders give them importance in the company.

5. Staff

Senior executives should encourage their staff to innovate and take risks. Employees need to be empowered to take decisions, related to them, themselves. The skill set of employees also needs to be increased by focusing on training and development.

6. Skills

Employees with skills required for the job should be hired. They should have proper knowledge about the technical aspects of their job as well as have good communication and interpersonal skills. They should be able to interact with customers and present their point-of-view to their colleagues and supervisors. Employees should also be encouraged to 'think out of the box' and innovate to solve problems.

7. Systems

For a customer focused organization, the systems used for interaction and communication with the customers need to be very user friendly and should be designed to facilitate the customer's needs.