



## Unit 4

### Developing Customer Service Strategies

It is important to create a customer-focused organisational culture where a customer service strategy underpins the way the organisation conducts business. It provides practical examples and advice on how organisational leaders can demonstrate their commitment to customer care and both initiate and drive a programme of service improvements within their organisation.

#### Involvement of the Top Management

An Institute of Management report reveals that emphasis on short-term goals, lack of commitment from top management and lack of training are seen as the main barriers to businesses achieving higher levels of customer care. Evidence shows that service excellence will only be considered a critical success factor in a business' long-term survival, if senior management demonstrates its involvement in terms of time, money, effort, commitment, persistence and visibility.

#### The Role of the Manager and the Role of the Leader

Traditionally, managers keep the wheels turning. They set objectives, establish procedures and monitor things, in order to get things done. Leaders take a more active role in change. They focus on inspiring others, setting strategies for the future, role-modelling and coaching for enhanced performance. One of the key differences is that for managers, the focus is on the here and now. Whereas, the focus for leaders is on the future and looking for different ways of doing things. Leaders take a *proactive* approach, as opposed to a *reactive* one.

#### The Leader Versus the Manager

Experience shows that in order to develop a culture of customer care excellence, managers must also demonstrate leadership qualities. They need to inspire and motivate their team members to deliver excellent service. Importantly, they need to be the role model of the organisation's behaviours and values that promote excellent service. This is why when organisations begin a service excellence programme, it is essential that managers throughout the organization are engaged in the process first. In today's more responsive environment, leadership has shifted from the old command-and-control style to a new 'enabling' approach, which aims to release the full potential of the workforce.

Traditionally, leadership theories have fallen broadly into two camps – the situational and the visionary. The *situational leadership* theory states that leaders assess a situation and manage it accordingly. The way they behave is contingent on their external conditions. Good leaders will particularly focus on two core issues: how much skill or knowledge their teams possess, and the extent to which they require emotional support.

The *visionary leadership* theory is a much more recent development. With this view, a good leader is seen as a person with strength of vision, who can motivate others to share that vision and ensure that it is implemented. A more recent leadership theory, featured in Daniel Goleman's (1999) *Working with Emotional Intelligence*, claims that IQ is no longer the sole determinant of leadership success. Instead, it sees emotional intelligence as the determining factor. This consists of:

- Ñ self-awareness
- Ñ self-regulation
- Ñ empathy
- Ñ motivation
- Ñ social skills.

A survey conducted by KPMG, one of the largest professional service companies, showed that the most important leadership skills were thought to be the ability to motivate and to communicate.

## Mission and Vision

The first step on a journey to excellence is to establish a philosophy that has customer service at its core. This philosophy can be expressed in terms of a mission – a statement of the purpose or task of the organisation, or vision – a statement of where the business is going, its values and beliefs.

There is often confusion surrounding the terms 'mission' and 'vision.' Whatever the terminology used, a mission or vision should encapsulate what the employees accept and believe to be the main principles that guide their behaviour as employees.

### What are Company Visions?

Peter Drucker, the management guru, states: 'One of the more important things an organization can do is to determine what business it is in.' A vision is a torch-bearer of the purpose of an organisation. It answers the question, 'What are we here to provide/do?' It provides a view of a future that is different and better than the present. Creating a vision should engender a common understanding of where the organisation is heading. It should be aspirational and inspirational. It should motivate employees to establish a common sense of purpose.

There are many approaches which differing organisations adopt to develop a vision. In general, the vision is no longer than a paragraph and is written in simple language everyone can understand. Best-practice organisations consult with stakeholders, including employees, before developing a shared vision. This way, everyone knows what goal they are aiming for and what is expected from them to help achieve organisational success. For example, the financial services organization Morgan Stanley's vision is to be a "One- Firm Firm."

## Creating a Vision

When creating a vision, an organisation, department or business unit must step back and reflect on what it is trying to achieve. It needs to focus on the fundamental elements that both define it and also make the difference between success and failure. Below are some examples:

- Ñ 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.'
- Ñ Wal-Mart's is to 'give ordinary folk the chance to buy the same things as rich people.'
- Ñ 3M's vision is to 'solve unsolved problems innovatively.'
- Ñ Disney's is to be 'the first in entertainment for people of all ages, everywhere.'

A vision needs the ownership and commitment of senior management within the organisation. The process of agreeing on a vision often takes place at a specially convened meeting. It can sometimes be helpful if this is led by an impartial facilitator, who is not part of the management team.

The purpose of the meeting is to arrive at a team consensus on a vision statement. It is especially important that the vision does not include anything that senior management are not committed to, otherwise it will become meaningless. Likewise, as mentioned above, it should be written in language that everyone can understand. A useful starting point in the development of a vision is to ask colleagues, customers, employees, shareholders and competitors:

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

## Involving Employees

EC-funded research on HR development has found that the majority of chief executives fail to get across the message about the company's vision to other groups of employees. Nearly half of these employees surveyed did not know what their organisational vision or mission statement was.

Often, there is a danger that these are seen as empty words that convey little meaning to employees of an organisation. This danger can be avoided, however, if the employees themselves are involved in the creation of the vision. This can be achieved in a number of ways.

1. Asking managers and staff to contribute their opinions on the vision, using the same process of discussion and debate as senior management, and feeding results back to a senior management forum.

2. Establishing a representative body, drawn from across the organization, to develop a vision with senior management.
3. Developing departmental visions that complement the organisation's overall vision.
4. Reinforcing the vision by making sure the organisational values are aligned to it.

One computer company, for example, developed a vision statement with its management team and then cascaded this throughout the company. Senior managers discussed the vision on a one-to-one basis with each of their managers, who in turn discussed this with their staff. A small booklet was produced to aid the discussion, which was signed by both the manager and the staff members and left with them as a reminder. At the end of the meeting the manager summarised the discussions with each employee and fed this information to senior management, together with suggestions for any improvements to the vision.

Other companies involve customers in the creation of a vision. Starting on a green-field site, NatWest Life, a life insurance company, was able to benefit from detailed research into customer attitudes. The research told them that if they were to be successful in establishing long-term relationships with their customers, customer satisfaction had to be their principle role. This was therefore encapsulated in their vision statement: *Our customers are the focus of everything we do . . . we value our customers and will deliver outstanding service and heed their feedback.*

When a statement is drafted, the organisation should question whether it is:

- Ñ memorable
- Ñ meaningful
- Ñ believable
- Ñ motivational.

FedEx in the United States, for example, has developed the motto, 'People, Service, Profit.' This neatly summarises its business philosophy.

### **Continuously Revisit the Vision**

Missions and visions should be regularly revisited (normally once a year), to ensure that they are still compatible with the organisation's internal and external environment.

As part of a review process, questions should be asked about the vision, such as:

- Ñ Is this statement still aspirational and motivational?
- Ñ To what extent are we attaining our vision?
- Ñ Which aspects of our vision are no longer relevant?

## Values

To convert vision into reality, senior management has to be clear about what the organisation values. 'Values' in this context means the shared assumptions and beliefs that really influence people's behaviour. In other words, what is important to the way the business operates.

The vision itself may reflect a strongly-held value. For example, the Body Shop's vision is clearly influenced by the value of using only natural products not tested on animals. The way the vision is developed also reflects organisational values. For example, is it the work of a few senior managers, or a subject in which many are consulted because the idea of participation and listening to colleagues is already a corporate value?

Values are sometimes called 'the cultural glue' of an organisation. Every organisation has its own culture. Culture includes what you see: the dress, tidiness, cleanliness of people and premises, and the way people behave, the words and jargon used, how welcoming people are, or how well they listen etc. Underlying these are the values that are common within the organisation. For example, what are the real priorities? Are they customer service, cost savings, or compliance with what the organisation wants? Culture is important because it can attract or discourage customers, and it affects the amount of creativity and enthusiasm that people bring to work.

Surveys reveal that up to ninety per cent of managers expect values to become even more important for organisational success over the next three years, with eighty-five per cent of those interviewed agreeing that 'in periods of rapid change, staff need the stability and guidance of clear corporate values.' There is also evidence that superior financial performance *depends* on having values that help the organisation anticipate and adapt to changes in the business environment.

Online financial service organisation Egg, has developed a set of values that underflows its corporate behaviour. Its six values are:

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

At retailer Wal-mart, the core values of the organisation are summed up as:

- Ñ respect for the individual
- Ñ service for customers
- Ñ striving for excellence.

## Objectives

These are the goals of the business. They may cover customer and employee satisfaction, market share and return on assets. Each year, the board meets to decide how the company can work towards achieving these goals.

## Strategy

Strategy makes up the final facet of the customer service diamond – vision, values, objectives, strategy. To convert vision and values into reality once customer service objectives have been established, senior management need to create a customer service strategy. This is a long-range plan on such critical issues as customer-focused processes, human resources, innovation and so on, to meet customer demands. The strategy should in turn lead to implementable actions.

The approach that many organisations adopt in formulating a customer service strategy can be outlined as follows:

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

We discussed earlier the importance of an organisational vision and values, and how vital it is to have customer service as a key objective for the organisation.

At Southwest Airlines, the low-cost US carrier, customer service is at the core of the business. From the start, it set out to create a fun culture to distinguish itself from the competition. It specifically recruits fun/outgoing people and gives its employees freedom to create fun.

### 2. Evaluate current position

This is about thoroughly evaluating an organisation's past performance and present position, in order to gain a measure of its future potential. Indicators of past performance include historical financial results, competitor analysis, customer satisfaction measures, level of repeat and new business, as well as internal measures such as staff loyalty and attrition rates, motivation, structure and systems.

In evaluating current service performance, senior managers need to be conscious of both the far and near environment in which the organisation operates.

The *far environment* can be defined as those elements that affect an organisation's business and over which a company often has very little direct control. These elements are often classified as the STEP factors – the sociological, technological, economic and political factors that affect a business. If you were to undertake an audit of the STEP factors that confront the current position of a coach/bus company looking to develop a service strategy, the results may show:

**Sociological Factors:**

- Ñ more people in full- and part-time work
- Ñ greater car ownership
- Ñ general desire for efficiency and speed in transport
- Ñ growing awareness of environmental issues such as pollution and inner-city congestion
- Ñ higher degree of comfort and facilities expected
- Ñ ageing population.

**Technological Factors:**

- Ñ improvements in transport manufacture
- Ñ automation
- Ñ improvements in road networks
- Ñ greater use of the internet and e-business.

**Economic factors:**

- Ñ customers being more cost-conscious
- Ñ staff-retention low as wide choice of employment opportunities available
- Ñ high cost of fuel.

**Political Factors:**

- Ñ government backing for less car usage
- Ñ EC regulations.

The implications of this analysis would then need to be evaluated in the light of customer expectations. Taking as an example the sociological factors for the coach company, a service strategy would need to address customers' requirements for speed, frequency of service and comfort, as well as their requirements for competitive prices and efficiency.

Next, there needs to be an appraisal of the *near environment*, which affects the performance of the organisation that is required. The near environment includes aspects such as the impact on the business

of the size and structure of the industry in which the organisation operates, the competitive environment and bargaining power of suppliers and customers.

To conduct an audit of the near environment in terms of customer service, we need to look at the immediate industry and competitors within it, as well as the power of existing customers.

On this basis, a service strategy would probably need to address, among other issues, the need to benchmark competitors and comparable industries, in order to meet growing customer expectations and to add value to the customer's experience.

### **Internal Appraisal**

To achieve true customer focus, senior managers have to persuade the whole organization to 'live the brand' - rather than just produce, package and sell it.

Customers experience service in the way employees talk, behave and deal with them. The company's own culture and values must shine through in everything it does. In preparing a customer service strategy therefore, it is essential to appraise the internal organisational environment.

This audit should include such aspects as:

**Structure:** analysis of the size and structure of the organisation and whether its configuration meets customers' needs. Many layers of hierarchy can block customers' access, so this is one area that needs attention.

**Shared values:** what is valued in or by the organisation? For example, is there evidence of teamwork, communication and cooperation? Is there fundamental passion towards the customer? What about making money?

**Strategy:** what has been the organisation's strategy in the past? What successes or failures has this brought, and why? Is the strategy translated into action?

**Systems:** an assessment of the internal processes and the effectiveness of each of them, in meeting customer requirements. Are the systems designed with the customer in mind?

**Style of management:** identification of characteristics of current management style and its appropriateness in a customer-focused organisation. What leadership style prevails?

**Staff:** an assessment of the organisation's performance in terms of human resource management – recruitment, training and development, career development, reward and recognition. How customer-focused are employees?

**Skills:** an audit of the skills profile of the organisation's staff and their competences in relation to customers. Are skills, knowledge, attitude and behaviour customer-orientated? Particular attention should

be paid during the audit to how employees currently perceive the role of service within the organisation. To be successful, service quality must be integrated into the corporate culture of the organisation and become a *natural* part of working life.

Banks and building societies, for example, have undergone a revolution in the past decade and have moved from a bureaucratic culture to a service culture. See below.

<i>Past</i>	<i>Future</i>
Organizational focus	Customer focus
Meeting audit requirements	Meeting customer requirements
Quality control	Error prevention
Hierarchical structure	fewer layers
Limits on responsibility	Employee empowerment and responsibility
Individual responsibilities	Team based responsibilities
Closed communication	Open communication

### 3. Formulate Strategy

Having undertaken an audit of the near and far environment and the internal organisation, senior management are then able to set out a strategy for customer service, to enhance service quality on a continuous basis. There are many examples of organisations that have created successful service strategies.

The top team and leader of Braintree District Council outlined a simple statement of purpose as a focus for the organisation. Setting out its basic ambition, the mission led to operational principles for culture, quality, customer care and people development and contained four key statements:

- ❖ Securing the best possible conditions for all who live in the district to lead a high-quality lifestyle.
- ❖ Focusing on customers by providing quality services.
- ❖ Ensuring staff development opportunities through training, appraisal, respect and support.
- ❖ Operating in a business-like manner with clear accountabilities and insisting that targets are met.

These principles provided a strategic framework which had twelve priority themes: democracy, customer interest, quality, care for the disadvantaged, economic development, skills development, the environment, health, housing, leisure, transport, and management.

### A Holistic Approach

Quality and service cannot be seen in isolation. Senior executives should take a holistic approach to service strategy and not confine their plans to any one aspect of the business. Rather, a service strategy should encompass all areas of an organisation's activities that impact on the customer, including such elements as image, sales promotion, location and availability, timeliness, value, delivery, customer support and

Customer/supplier relationships. From internal perspectives, it should cover such aspects as: human resource management, recruitment, information systems management, marketing, processes, teamwork, communication, organisational structure, group interaction, competences and knowledge management. Royal Mail has developed a 'Customer First' strategy, which encompasses four aspects:

- Ñ employee involvement
- Ñ customer satisfaction
- Ñ continuous improvement
- Ñ partnership building.

### **Important Areas of Focus for Customer Service Strategy**

Typical areas which a customer service strategy needs to address include the following:

#### **Job Design and Competencies**

*Fortune* magazine points out that, 'for all the improvements made possible by technology, the quality of service often depends on the individual who delivers it. All too often he/she is underpaid, untrained, unmotivated and half-educated.'

#### **Structure of the Organization**

The structure an organisation adopts influences its strategy, and in turn, its strategy influences the structure it adopts. As businesses strive to move closer to their customers, many senior managers have begun to view bureaucratic organizations as inflexible, costly and a barrier between the company and its customers.

#### **The Implications of De-Layering**

Organisations where customer service strategy involves restructuring or de-layering should be aware of the implications of creating flatter, less hierarchical structures. Flatter structures are very useful as they empower staff but in some cases, they might not be particularly beneficial.

In flatter organisations, there is often a need to:

- Ñ multi-skill the workforce
- Ñ place greater emphasis on training and development
- Ñ develop opportunities for career progression outside the traditional hierarchical structure
- Ñ enable individuals to become empowered
- Ñ redefine the role of the manager within the new structure
- Ñ place greater emphasis on teams
- Ñ develop a sense of shared goals and values
- Ñ motivate individuals towards organisational excellence.

## Improved Technology

Information technology is now being used within a wide framework to deliver significant service improvements. As customers become more demanding they often require access to services outside traditional working hours. Increased use of the telephone, together with the internet, has made this possible, and those organisations that wish to gain or retain their competitive edge are recognising that technology is an essential part of business life.

The major benefits of technology in contact centres is the increased ease of making contact and reduced waiting time for the customer. However, the most value is added to the caller during interaction with the service provider. The differentiator is the quality of call-answering staff. Staff selection, training and development therefore *must* be a priority.

## Getting the Processes Right

One popular strategy to ensure that organisations focus on the customer is the adoption of techniques like business process re-engineering. A business can be seen as a series of activities with inputs and outputs, a result of which should service the customer appropriately. Business process re-engineering requires companies to focus on *how* they create and deliver value to customers. Each decision and action is identified, to reveal the processes through which customers' needs are satisfied. The steps in the process are mapped out. This then helps to identify duplication of effort, unnecessary tasks, delays, opportunities for automation and so on. Wasted effort and delays can then be eliminated and stages at which value is added can be pinpointed for extra attention. The end- result should be huge cost savings and productivity benefits, together with improved quality and faster time to market.

By improving the design of simple paper/digital forms, for example, and with more direct contact with external customers, significant gains can be made. Further improvements may be brought about from streamlining processes and reducing the number of people involved, and by increasing quality through making fewer mistakes.

## People Management

A customer service strategy must therefore encompass a philosophy of managing people within a service environment.

## The Role of the Leader

The characteristics of service style leaders are that they:

- are good listeners
- encourage teamwork and good communication
- delegate responsibility
- require and recognize excellence

- encourage problem-solving
- request and welcome feedback
- constantly seek out ideas and improvements
- engender trust
- are open and honest in their relationships.

This means greater consultation, involvement and regular communication with team members.

### **People Quality**

A further consideration in the development of a customer service strategy is the need to develop quality people within the organisation. This can often lead to a re-evaluation of the recruitment, training and development processes, as well as career progression.

#### **4. Developing a Specific Action Plan**

Whatever the strategy an organisation develops to enhance its customer care, it is essential that a plan is drawn up of how the strategy is to be implemented so that management can systematically measure its progress. A plan of action provides employees with a clear set of goals to aim for.

It is advisable to establish long, medium and short-term objectives and implementation actions – it is also important to review these at regular intervals. For example, the long-term objective of a service quality programme may be for an organisation to ‘distinguish itself from its competitors by providing a superior standard of customer service.’

Senior management may agree that this objective will take three years to attain. In the first year the milestone may be, for example, hitting a score of eighty-five per cent in terms of customer satisfaction, compared to competitors. A medium-term objective for year-two may be to increase that score to ninety per cent, while a three-year objective may be to move to ninety-five per cent very satisfied customers. To help achieve each objective, there may be specific actions needed.

For example, year one’s actions may be:

- 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.

#### **❖ Establishing Criteria for Success**

At the same time as developing a plan of action to sustain the strategy, criteria for measuring the attainment of these customer service objectives must be determined. These criteria could include such indices as:

- increased market share
- high levels of customer retention
- increased profitability
- greater staff motivation.

### European Foundation for Quality Management

Many organisations are turning to the European Foundation for Quality Management (EFQM) model of organisational excellence to help them develop a service strategy and assess their progress.

The model encompasses the following as customer service enablers:

- leadership
- people management
- policy and strategy
- resources
- processes.

It measures results in terms of people satisfaction, customer satisfaction, impact on society, and business results. For the customer satisfaction and employee/people satisfaction categories, as well as (to a lesser extent) the impact on society, the most weight is given to perception, rather than other measures. For business results, financial and non-financial measures are used.

#### ❖ Identifying Obstacles to Progress

Creating a customer service culture within an organisation involves change. Models such as the EFQM provide a useful tool to monitor the degree of change that is taking place.

#### ❖ Implementing

Successful management teams build customer care into all the actions they take as managers of the company. Here is a selection of practical actions which senior managers can undertake, in order to bring a service philosophy to life.

##### *a. Integrate service excellence into all management activities*

The most powerful way a management team can show visible and verbal commitment to service quality is to integrate customer care into all management activities. This means:

- Ñ putting customer service above all management agendas
- Ñ including customer satisfaction scores on all profit and loss statements
- Ñ including customer service on all job descriptions
- Ñ including customer service in all appraisals

Ñ discussing customer service at all company updates, briefings, departmental meetings, presentations and training sessions.

Introduce ways in which customer care can become integrated into a business's activities, so that it becomes the number-one factor in organisational life.

**b. Give time to spearhead the service excellence programme**

The value management places on an activity is often perceived by employees as directly related to how management spend their time.

**c. Initiate regular customer contact**

How many senior managers in this country have regular contact with their customers? When was the last time the marketing director of one of the major rail companies checked the tickets of hot and angry commuters, forced to stand in a late and overcrowded train where the air conditioning had broken down? Or a supermarket boss soothed the nerves of a frustrated shopper?

**d. Monitoring customer satisfaction**

Coming into direct contact with the customer is only *one* means of listening to customers. It is also important that senior management spend time and effort monitoring customer satisfaction on an ongoing basis.

**e. Take a personal interest in complaints**

Although complaints are not a reliable measure of customer satisfaction, senior management should have a process in place to deal effectively with complaints. They should take personal responsibility and interest in their resolution.

**f. Regularly buy your goods and use your services**

A further means of getting close to the customer is for senior management to experience the treatment received by customers when *they* buy the goods and use the services that the organisation provides. If it is not possible to directly purchase goods, managers can telephone their company to make an enquiry to see how it is handled. For example:

- How quickly was the telephone answered?
- What was the attitude of the service provider?
- Did you receive all the information you expected on the products or services you wished to purchase?

Alternatively, they can visit the company's website. This simple method allows senior executives to put themselves in the customer's shoes, to gain an independent perspective of the organisation.

*g. And those of your competitors*

It is useful to benchmark the quality of the service provided against that of competitors. A simple means of monitoring how well a company is performing is for senior management to buy the goods or use the services of competitors. Where this is not possible, managers can make similar enquiries about products and services. Not only does this bring about greater awareness of the choice available to customers, but it also provides direct comparison of how different companies deal with enquiries.

*h. Publish a service statement for customers*

Once a service philosophy has been established within the organisation and employees are trained in customer care, a means of demonstrating both senior management's *and* the organisation's commitment to service is to publish a statement or charter.

*i. Publish a service philosophy statement for staff*

Senior managers send a powerful message by publishing their own commitment to service quality.

*j. Publish your own standards of service/code of behaviour*

An effective means of setting an example throughout the organisation is for senior managers to publish their own standards of service/codes of behaviour. The senior executives need to follow these standards themselves, so as to inspire their employees and motivate them to do the same.

*k. Feed the results of the programme back to staff*

Management can show their commitment to service excellence if they regularly feed results back to staff of any action taken, as a means by which to improve and enhance the quality of service provided to customers.

*l. Welcome feedback from staff*

Successful service leaders make time for their customers, suppliers and staff – they seek out and welcome feedback. For example, Pete Harman, the chief executive of Harman Stores, the largest Kentucky Fried Chicken concessionaire in the United States, spends fifty per cent of his working time talking to staff and listening to customers.

*m. Encourage teamwork*

Encouraging teamwork from the top of the organisation downwards helps build an atmosphere of openness and trust. Senior management of an organisation must be seen to work as a team, to set a positive example for their workforces. It is often a useful exercise at the beginning of service quality initiatives for the management team to review team effectiveness by honestly replying to questions such as:

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

This way, team members can understand and complement each-other's roles.

*n. Recognize success*

Senior managers need to be aware of the power of recognition. 'If you want your staff to give great service, reward them for great service.'

## Establishing a Customer-Focused Culture

Research shows that service excellence initiatives are short-lived, unless they are embedded as part of the culture of an organisation. They also do not work unless the leadership of the business is truly engaged in the programme. Ultimately, leaders in a business shape the degree to which it is customer-focused. Culture is the glue that binds the organisation together. Like glue, it is often invisible and sticks together for some time. Changing the organisational culture requires a long-term approach. It involves reassessing and making changes to all aspects of the organisation.

One way of diagnosing an organisation's culture is to use questionnaires and audits to assess where it is now.

### The Seven S's Framework

The seven S's diagnostic framework, developed by management consultants at McKinsey, provides a useful perspective with which to assess the culture and service orientation 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**

There are many permutations of structure that an organisation can adopt:

- centralized

- decentralized
- hierarchical
- flat
- team-based
- virtual.

Each structure has its pros and cons. For example, many layers of hierarchy can block a leader's direct access to customers, and vice-versa. Middle managers may 'filter' reality and present leaders with the picture of customer satisfaction that they wish them to see. The result of this is not only leaders who lack customer focus, but also employees who are fearful of 'stepping out of line' or taking responsibility for the customer's experience.

## 2. Strategy

The strategy of an organisation shapes its structure. Likewise, the behaviours and values of an organisation can promote or undermine its strategy.

## 3. Shared values

If you discover the passion of the CEO, you will discover the organisation's real priorities. Is there fundamental passion towards:

- Ñ making money?
- Ñ staff relationships?
- Ñ customer orientation?

These are important issues that need to be answered. What measures are used in reward systems? This often shows the reality of what is important to the organisation.

## 4. Style

How leaders behave influences the behaviours of their staff. The most effective leaders are those who are sensitive to people's needs.

## 5. Staff

A growing number of organisations now work to move front-line employees from a dependent, compliant and rule-bound style towards one where they freely take risks and confidently exercise discretion. New recruits soak up culture like sponges. They may have been recruited for their winning qualities, but they are influenced strongly by the behaviours of others.

## 6. Skills

Customer-orientated organisations, such as the department store Nordstrom in the United States, emphasise the attitude and interpersonal skills needed to interact effectively with customers. Roles, skills and knowledge can be taught, whereas many of the less tangible, empathetic interpersonal

skills involved in creating a vital rapport with customers cannot. Nordstrom recruits only self-starters and a high commission system helps deselect others.

## 7. Systems

The systems that organisations use to interact with their customers need to be designed with the customer in mind.

### Further Reading:

- ✓ *Build Your Customer Strategy: A Guide to Creating Profitable Customer, (2006), By James G. Barnes*
- ✓ *A Handbook of Management and Leadership: A Guide to Managing for Results, (2005), By Michael Armstrong, Tina Stephens*
- ✓ *Building Routes to Customers: Proven Strategies for Profitable Growth, (2009), By Peter Raulerson, Jean-Claude Malraison, Antoine Leboyer*