

# Catalyst

Newsletter from  
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## Superior Service... where is it when customers need it most?

Superior customer service, despite pronouncements in the popular press and in corporate communications about its importance, frequently gets no more than lip service from companies, especially when things go awry such as when you arrive at your destination after a long flight, but your checked luggage doesn't; or, when your credit card statement contains a cryptic charge for a purchase that you did not make; or, when the repair of your malfunctioning laptop takes significantly longer than originally promised. Even well-known corporates with a reputation for product excellence seem ill-equipped to cope effectively with contingencies that devolve into major headaches for customers. A case in point is the massive recall of millions of Toyota automobiles in several countries last year due to sudden-acceleration and braking problems.

The recall and its consequent public relations challenge for Toyota stemmed from product defects. However, apart from the anxiety caused by a defective product, of critical concern to the affected customers were issues related to service recovery, the process for dealing with customers when they experience a problem with a product or a service. To its credit, Toyota through its website and full-page newspaper ads in the United States titled "Our Commitment to Customers" communicated the steps it was taking in handling the recall. But how effective were Toyota's communications from a service recovery standpoint? I would say not very effective. For one, the communications were broad and didn't explicitly convey empathy - let alone any apology - for the stress and hardship experienced by car owners. Acknowledging and apologizing for customer hassles created by company problems is a basic, but critical, ingredient of superior customer service. Another ingredient is compensating customers in some tangible fashion for those hassles, beyond merely correcting the problem. Toyota's communications came up short on this criterion as well. They gave no indication that customers inconvenienced by the recall would receive even a token compensation such as a free oil change. Moreover, Toyota's communications consisted of general statements about how hard the company was working to fix the recalled cars, such as "Many dealers are extending hours some of them working around the clock to fix your cars quickly and conveniently." Such statements, while technically accurate, might have actually elevated customers' service expectation levels, in stark contrast to the reality of customers' actual experience in getting their cars fixed. They might have had to repeatedly call their local dealership only to get a busy signal or a recording; or only to be told that their particular dealership did not have extended hours or "work around the clock".

A disconnect between the great customer service implied in companies' communications and the customers' actual



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experience is all too common and cuts across industries. Extensive research on customer service that I have conducted in multiple sectors consistently suggests that the discrepancy between promised and delivered service is a primary cause of poor service experienced by customers. The findings also reveal another common disconnect - between customers' actual service expectations and what companies assume those to be. Ironically, while most customers would be satisfied if companies just deliver the service basics correctly (e.g., being courteous to customers, providing the service exactly as promised and on time), companies often ignore the basics while needlessly adding service "bells and whistles" that may be meaningless if not annoying to customers having problems with the basic service. For instance, what is the point in a bank having an attractive lobby with potted plants and plush carpeting when its personnel are unprofessional and constantly making mistakes?

Companies with perhaps good intentions invest in service enhancements that don't really do much for customers, especially when they are experiencing problems. For instance, a major high-end hotel in Madrid, Spain where I stayed for a few days several years ago had an attractive "pillow menu" that offered guests a choice of nine different types of pillows, which the menu described in elaborate detail in both English and Spanish. Yet my overall service experience at this hotel was considerably less than satisfactory due to a series of critical failures with the basic service, including the failure to provide a wake-up call at the designated time and the failure to deliver a critical document that had arrived via express mail and was sitting at the reception desk for two days. Most hotel guests would not expect to be offered such a variety of pillow choices. Yet the hotel was incurring considerable costs associated with stocking a wide range of pillows, presumably to pleasantly surprise guests. When customers' basic service requirements are unmet, service enhancements à la pillow menus are likely to aggravate than to delight. Such service enhancements are akin to icing on the cake - what good is the icing when the core of the cake is missing?

*(This article is the revised version of the article which has appeared in THE MIAMI HERALD from the same author)*

# First impression...

Does your company care to make a good first impression with its customers?

A few weeks ago when I was in Mumbai, I visited the Palladium Mall in Phoenix Mills Compound in Parel. I had to spend some time waiting to meet someone. I was walking in the Mall and strolled in to the Swarovski Store. I happened to be the only person there. It gave me the chance to look at the jewellery undisturbed by other shoppers or store staff. Even after 5 minutes, with only a single customer in the store, not one staff member attended on me. The three staff members were busy sorting certain internal administrative problems. I slowly walked up to them and still they did not attend on me. May be they thought that this grey-haired South Indian an unlikely customer.

I asked them whether the jewels are only for display or for sale too. They replied that the jewels in the first display shelf were "on sale". I clarified asking them whether they would sell them to me if I paid cash. It was then that it struck them and they apologized for not attending on me. Many times in the past I have walked out of stores, reasoning that if they were not keen on selling to me, then I was not keen on buying from them either. The customer's first impression is very important and it is the start of a long relationship. After a few transactions, the customers may tolerate a slight deficiency in service or they will care to complain to the store.

In this transaction, they were not keen on selling the goods to me but I was very keen on buying from the store as I wanted to surprise my wife. I did buy two jewels costing Rs.14,500. I have been a loyal Swarovski customer. I have always been impressed with their design and finish. In the past, I have purchased some pieces as wedding gifts. Though I have taken my wife to their outlets many times to convince her to buy, I have never been successful in my attempts. She is of the view that jewels should have a gold finish. Silver finish (rhodium-plated) would not go with other jewels, she says. Moreover, South Indian women have an added problem that many of them wear a gold 'Thaali' (Mangalsutra). In Mumbai, I purchased the jewels for my wife because they had a gold finish. I bought two of the three pieces on display. In India, jewellery is synonymous with gold and one needs to visit the jewellery stores on the 'Akshaya Tritiya' day to understand the buying frenzy. If customers want a gold finish, it may not be a bad idea for stores to give them that. This may be commercially viable as India is one of



the largest markets for jewellery and people are slowly accepting fashion jewellery. Instead of just three pieces, may be they can have half of the items in gold finish. If one were to do a bit of fine tuning to suit local preferences, it could pay rich dividends. Lladro, one of the leading stores with porcelain sculptures, offers images of Krishna and Ganesha which may be more suited to local preferences. Offering such local choices also gives the local customers a reason to step in to the store. Initially, the multinational food chains, could not think of burgers without beef. As a large percentage of non-vegetarians in India do not eat beef or pork, it is essential to adapt to local preferences.

One afternoon I was in the store of a large retail chain. There were hardly three customers. The goods on display were good and reasonably priced. As neared the cash counter, a lady was protesting loudly that she was getting delayed and could wait for the change. In fact, a few minutes before that, the billing person was seen going from colleague to colleague asking for change. He even made some remarks about the customer, least concerned that another customer like me could be watching. The customer went to the extent of returning the goods for lack of change. I was thinking of the 100 times I had been to Saravana Bhavan in Chennai for coffee or breakfast and have never been asked whether I had any change. May be cash management is very important in retail or better still what first impression would your company like to make? Isn't it the job of the company to make the buying experience pleasant?

In Chennai, there is a leading textile store in Purasawalkam by the name MadharSha. For the last 30 years they always had a person standing outside the store requesting passersby to step in. Sometimes, the customers need that little push for decision making or to make them feel wanted. Though the store is

air-conditioned, they keep the door open. The average customer does not hesitate to walk in.

I bought a Esprit watch for my daughter from a store in Mumbai. This was my first purchase of a foreign branded watch, besides Casio. I was asking myself why I had bought this in Mumbai and not in Chennai. In Chennai they have imposing showroom set on a large piece of land in Khader Nawaz Khan Road. I would be intimidated to walk in or drive in. I was reminded of my visits to many tractor showrooms in Rajasthan during my TVS days, hunting for dealers. Many had showroom with 100 feet of glass with farmers sitting on the floor.

The tractor was always parked outside the showroom. I asked this experienced dealer why he was not displaying the tractors inside the showroom. He replied, that the farmers will not look at it, if kept inside. If kept on the road, the farmer passing by, will touch it or sit on it and may be enquire later. The company needs to get closer to the customer without scarring them away. May be I was the farmer equivalent when it comes to the Esprit watch. I understand that some of the banks in Zurich have sign boards in Hindi as they have lots of Hindi speaking customers. May be it is a way of signaling to the customer that he is welcome and he will not be treated like a stranger or insulted.

The need to make a good first impression need not necessarily be in a store. It may be at a parking lot of a resort. The editor of a newspaper once complained that he was treated rough only because he went on a motorcycle. This is a big mistake today when people who have two cars at home buy Rs.10 lakh plus Honda 1000 cc bikes for use during weekends. For others, the first touch point may be the telephone operator; I am surprised to find, that in few organizations, it is handled by security agencies with its attendant poor handling. For a bus ticket reservation company like Redbus and online share trading companies like ICICIdirect or AxisDirect, the first touch point may be the website and it needs to be user friendly and enable financial transactions to be carried out in a transparent manner.

The last time I visited one of the McDonald's outlets, on placing my order, the counter staff said he would get the items in one minute, if not he would give me a Coke free. He voluntarily kept an hourglass on my tray to measure the service time and served me in less than one minute. I was impressed. McDonald's had voluntarily set measurable service standards and followed it up with service delivery. This is one way of building layers of competitive advantage.

Every company must take care to make a good first impression as the customer may not give it a second chance.



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The views expressed here are personal.  
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## A customer experience...

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# Jobsworths and rudeness - I'm back in Britain

**W**HAT do they know of England who only England know? I have just returned from a two-week holiday traversing Tamil Nadu. Unfortunately, in order to secure a tourist visa, I had to give the Indian authorities a solemn undertaking that I wouldn't write about my experiences. So I can't share with you the delights of Tamil Nadu, its fabulous temples, its sensational food or the unfailing courtesy and hospitality of its people.

What I can reveal is that I've encountered more beggars on the streets of London in the past week than I did in my entire sojourn in Tamil Nadu. India

**I've encountered more beggars in London in the past week than I did in my entire sojourn in Tamil Nadu**

is the future - 25 per cent of people in the world under the age of 25 are Indian - and Tamil Nadu is one of its most prosperous states.

I also think I can share with you details of my return flight from Chennai to Heathrow on British Airways without incurring the wrath of Shiva. I haven't flown with BA for 20-odd years and it was an eye-opener. Full marks to BA for punctuality and inflight entertainment (excellent choice of films from Julie & Julia to The Reader). But the BA cabin steward was unfathomably rude to the mainly Indian passengers and made me squirm with embarrassment.

Why did he refuse to help any of us

Sebastian Shakespeare



load our hand luggage into the overhead lockers? Or even deign to show us where we might find a free locker to stow away our bags? When an Indian passenger gently remonstrated with him, the steward replied tartly: "It's my duty to stay at the back of the plane." Was he already on strike? OK, we all have bad hair days, but it left a sour note in the air. And what an appalling impression to give a first-time visitor to England (I was sitting next to one).

The next day I witnessed bank rage at my local branch of Lloyds in Kensington High Street. For some reason there are never enough cashiers to man the tills so a huge queue of impatient customers always quickly builds up. The man in front of me had had enough and hurled abuse at the staff.

It was a disgrace, he shouted, that Lloyds had to be bailed out by taxpayers with billions of pounds and yet the bank couldn't even find enough staff to man its tills: "Get me the manager!" "I am the duty manager." "Get behind the till!" "I can't get behind the till because I'm not a cashier."

So what do I know of England after my trip to India? That we are a nation of jobsworths and British Airways and Lloyds Bank still have a long way to go in improving customer relations. It used to be said that to be born British was to win the first prize in the lottery of life. In my next life I would like to be born an Indian.

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Catalyst for Service Excellence

Meet a Member

# Micromatic

**Micromatic Machine Tools Pvt. Ltd.** (MMT), based in Bangalore, is the sole marketing company of the Ace Micromatic group which is the largest machine tool group in India. MMT is an ISO 9001:2008 certified company with 30 offices covering the length and width of India and an international branch in Switzerland. MMT has set up a wholly owned subsidiary in Shanghai China to market and service its products there. It has a total staff strength of 350 people, of which 287 are technically qualified and company trained to provide expert marketing, sales, and post sales services like commissioning, trouble shooting, break down service for a complete range of machine tool products



**T. K. Ramesh**  
Chief Executive Officer

which includes CNC Lathes, CNC Machining Centers, CNC Grinders and automation products (tool turrets, automatic tool changers). Mr. T.K.Ramesh, Chief Executive Officer who oversees the operations has been in Machine Tool Industry for a long time. They are Corporate Members of Customer Service Excellence Foundation.



**Ace Micromatic Group:** The Group comprises companies like Ace Designers Ltd., Ace Manufacturing Systems Ltd., Micromatic Grinding Technologies Ltd., Pragati Automation Private Ltd., Pioneer Computing Technologies and Micromatic Machine Tools Pvt. Ltd. The sales turnover of the group for the year 2011-12 is Rs. 7300 Million. They have sold over 3200 CNC machines

(Website: [www.acemicromatic.com](http://www.acemicromatic.com)).

## The 7 Building Blocks of Service Excellence

There are some basic “building blocks” which if created and practiced in your organisation can mirror the way some of the world’s best companies have created service-oriented organisational cultures. All or nearly all “benchmark service organisations” do the following basics.

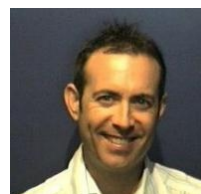
- 1) **Create a perfectly clear “Statement of Service”** The first step is to provide a detailed (well thought through) statement of the type of service that particular organisation aspires to provide. Benchmark service organisations make sure that everyone in the organisation, from owner or CEO down to part time staff fully understand the desired levels of service.
- 2) **Align all Organisational Processes** There is little use in a Statement of Service without organizational processes and systems which support this! It is vital that the organisation itself does not in any way hinder the essence of the Statement of Service.
- 3) **Template the “Perfect Customer Experience”** It is vital that you create a Perfect Customer Experience “template” that everyone in the organisation knows, understands, accepts and breathes every day! This exercise can often help guide customer evaluation programs as there are many ways to evaluate customer experiences.

4) **Inductions and Training** Benchmark service organisations never fail (in good times and bad) to comprehensively induct all new staff and constantly allocate time and resources on training, all of which is centred around the aspired Organisational Culture, the Statement of Service and the Perfect Customer Experience!

5) **Service-oriented Human Resource Management** Because of the critical link between employee attitudes and corresponding behaviours, benchmark service organisations pay very close attention and allocate significant time and resources to ensuring that their HRM processes are not left to chance.

6) **Evaluation and Measurement** Although challenging and imperfect, benchmark service organisations find a way to tap into their service performance and measure the degree to which they have achieved their Statement of Service.

7) **Performance-based Rewards and Recognition** Finally, the old adage, “what gets measured and rewarded gets done” hold true even in this context. Benchmark service organisations evaluate and measure service performance and then embed rewards and recognition into remuneration packages.



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