

ICXI-POST newsbriefing

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Introduction From The President

The time for excuses is over.

In the first few months of the covid 19 pandemic customers were happy to make allowances for organisations as they struggled to manage their service quality in unprecedented conditions. Now one and a half years later there has been more than enough time for organisations to develop customer facing processes and structures that ensure their customers receive again an upper quartile experience.

This issue takes a look back at how customer experience management has evolved over the years and how the profile of service quality as a management topic increased.

Today one thing is certain. Customers are fed up with Covid 19 as an excuse for a poor experience. If your organisation is still using it to cut service standards it is heading into some rather dangerous territory.



The Covid excuse issue has been brought into focus again by a recent study (July 2021 by The UK's Institute of Customer Service.com) reported on July 7th 2021 by the BBC. But it has been around for some time. "The Daily Mail's Money Mail" followed the subject back in September 2020 as reported by "This is MONEY" magazine.

"Why we're sick of covid excuses for shoddy service: Firms are STILL blaming virus six months into lockdown with calls unanswered, helplines axed and emails ignored"

<https://www.thisismoney.co.uk/money/news/article-8785843/Firms-blaming-Covid-shoddy-service-six-months-lockdown.html>

Again in March 2012 The Financial Times reported “ Covid is a flimsy excuse for dire customer service. One year on, many businesses maddeningly cite coronavirus as they put you on hold or defer to a chatbot”

<https://www.ft.com/content/afd38f04-e022-46d9-bfbc-c19ea9aa2e0b>

It is true that pre-covid many organisations were already using pre-recorded “ high volumes of callers” type messages as a band aid fix instead of addressing the root causes of such issues but since covid poor service quality has become a wide spread pandemic of its own. The message out there is loud and clear. There never has been a real excuse for poor service and there isn't one now but many organisational leaders are still dragging their feet in getting the problems resolved.

Why should they bother ? Is the voice of the customer any more important than it was pre-covid?

Thanks to technology. What was W.O.M. 1 (word of mouth) is now W.O.M.2(word of mobile) What was a small local world where good and bad news spread more slowly is now, like it or not, a global world, where bad news travels not only faster but now also further, and it no longer applies to the after sales experience.

The Customer as Sales Manager?

<https://www.astadia.com/blog/connecting-pre-post-sale-customer-experience-eventually>

In this article Astadia looks at the disconnect between pre and post sales service caused in part by IT increasingly becoming the key player in customer experience management.

Not surprising, it's IT that owns CX for the vast majority of these companies. And in general CX focuses on post-sale experiences – typically call center customer service/support processes. What was definitely surprising was that, for almost every company in attendance, neither marketing nor sales has any visibility into or involvement with CX; it remains siloed deep within the IT org. As such, all pre-sale funnel stage activities and experiences are not usually considered as part of a CX ecosystem.

This is reflected in the reality that customers who have enquired and/or actually ordered products or services from an organisation have to progress chase the supplier to get their enquiry or order fulfilled. Again the Covid excuse is frequently offered but pre or post **covid is it really the customer's job to act as sales manager for their supplier's organisation?**

Looking Back to Look Ahead

In the context that the covid experience creates the opportunity for a review of an organisation's customer experience management processes a brief review of the rise and rise of the imperative of service quality may use some of yesterday's analogue experiences as a signpost for development ideas for the digital tomorrow.

The Good Old Days

In the good old days the local store keeper may well have known every customer personally, understood their individual preferences, knew their personalities and how much they put in the till every week. The equation of how service affected revenue was totally understood, especially for the best customers. Any threat to that, like the delivery boy being cheeky to a customer, was taken seriously and resolved with immediately.



The Equation Explained

An undertaker in the 1950's was continually telling his staff "*The Customer is Always Right*". One day a junior staff member challenged those words with the question "*How is that true, no one can always be right and any way your customers are always dead?*" The undertaker's reply "*Because the customer has my wages in his wallet*".

However the presentation and taxonomy of customer experience management may change that statement remains the fundamental foundation truth about why service quality was, is and always will be a key management and leadership priority.

The Quality Revolution

In the 1960's Dr W Edwards Deming pioneered Total Quality Management (TQM) initially and successfully in Japan based on 14 core principles or obligations.

Deming's 14 Obligations of Top Management

1. Create Consistency of Purpose
2. Adopt a New Philosophy
3. Cease Dependence on Inspection
4. Stop Awarding Business based on \$\$ Alone.
5. Continuous Improvement of Production Processes
6. Modernize On The Job Training
7. Institute Leadership
8. Drive out Fear
9. Break Down Department Barriers (Silos)
10. Eliminate Slogans that do not provide a Method
11. Eliminate Quotas & Work Standards
12. Remove Barriers that rob Pride from the Individual
13. Institute Programs for Education & Training
14. Structure Management to focus on 1 - 13

What about the Customer?

Interestingly the customer, the sole source of revenue, did not get included in Dr Deming's approach, perhaps because it was simply assumed that everyone already understood that the customer was THE raison d'être for organisations.

Some leaders did however identify that this assumption may not be widely understood. They asked, *what happens if a manufacturer produces a perfect right first time (RFT) product and then goes into a retail store and gets bad service?* All the TQM effort is worthless.

Customer Focus

In the 1970's a number of leaders from both high profile and less well known organisations set out to convince both their own organisations and anyone else who would listen about the imperative, value and role of customer service by focusing the organisation not only on the quality of the product but also the quality of customer service as a key element for optimising business performance and eliminating waste by getting service right first time too.

Stew Lennard

Stew Lennard a US dairy store owner had his famous rules literally cast in stone.

One of his key principles was to hear and respond to the voice of the customer and his recommendation for the best place to achieve that was to stand by the till when customers were paying for their goods.

His book "My Story" tells among other things how customer focus was fundamental to the successful development of his business.



CHRYSLER MOTORS ANNOUNCES THE CAR BUYER'S BILL OF RIGHTS

1. EVERY AMERICAN HAS THE RIGHT TO A QUALITY CAR

You want a car that will start every morning. You want a car that will give you years of service. You want quality. It's your right. Unquestioned right. Quality is also the first requirement of the customer. Without it, he becomes merely and inevitably dissatisfied. Chrysler has no intention of breaking this commitment.

Since 1980, Chrysler—with new leadership and a new philosophy—has introduced **The Key Quality Program**, covering every aspect of the work force, every level of management. Chrysler has completed 3 million hours of worker training, involved 25,000 employees in quality schools and set 100 quality goals in plants.

The goal: top the quality of the industry. It's a commitment that goes far beyond an already strong 12-point track. Corporate quality standards show that, over the last 4 years, Chrysler had an actual track quality has improved 42%.

Lowest recalls. Over the last 4-year period, Government recalls show that Chrysler has the lowest average safety recall in the industry. 17 recalls over the last 4 years. Chrysler had an actual track quality has improved 42%.

... Chrysler Motors and Fiat are GM is the first American car company to offer **air bags as standard equipment** on selected models.

... Every Chrysler full passenger car has over 30 safety features standard by '86.

... By 1992, Chrysler will have spent 140 million dollars on testing to help how to enhance your safety.

... Chrysler Motors has a **Safety Shield Program** that design through assembly. Sales companies are involved by a safety shield, so everyone at the factory knows its importance to safety. The program guards against the substitution of critical items such as brakes, steering, handling systems and starters. And one of the prime reasons why Chrysler Motors has the lowest average percentage of safety-related recalls for any American car company.

2. THE RIGHT TO ADDRESS GRIEVANCES

If you have a real grievance, you have a right to be heard. Chrysler believes in listening to your ideas, your complaints and the comments of its customers. The **Customer Satisfaction Board**—The Automotive Board consists of three voting members: a local consumer advocate, a technical expert and a person from the general public. The use of others is afforded with Chrysler to any way.

All decisions made by the Board include the advice of the labor relations division in Chrysler and the lines for which the agreement is taken. All decisions are binding on the dealer and Chrysler, but not on you, unless you accept the decision. The whole process normally takes average time 40-60 days.

3. THE RIGHT TO SATISFACTION

Chrysler believes doesn't see merit to satisfying customers. Build them a quality product. A safe product. Protect it right with the longest powertrain warranty in the business. Service it right. And treat them with respect. It's that simple.

And Chrysler is doing exactly that. The proof is coming from you, the customer.

J.D. Power and Associates, one of the most respected research organizations in the industry, surveyed over 3,000 owners of 1987 passenger cars for perfect quality and dealer service. The results: Chrysler Motors has the **highest customer satisfaction** of any American car company—**free years running**—on overall product quality and dealer service.

Chrysler believes it's an job to satisfy your needs. We have the advantages... you have the rights.

"QUALITY IS YOUR RIGHT. AND WE INTEND TO SEE THAT YOU GET IT."

Lee Iacocca



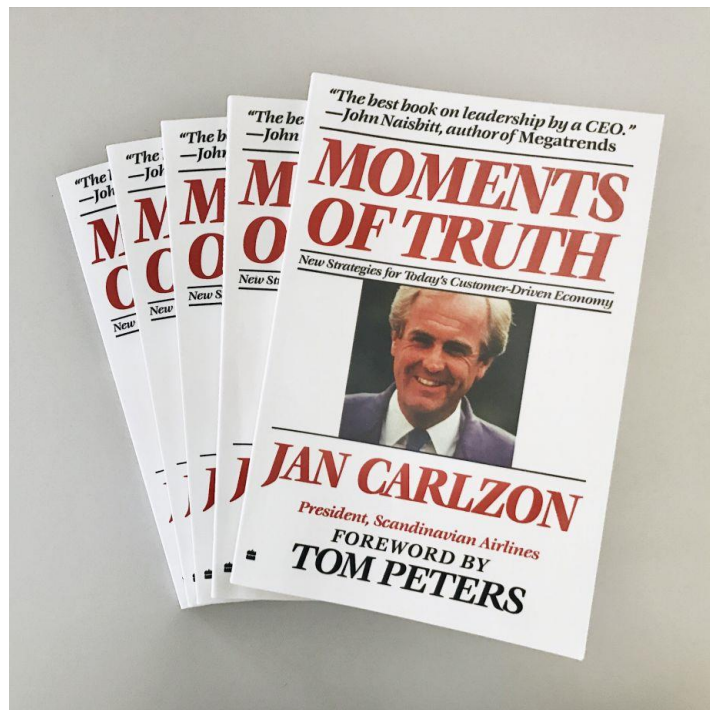
CHRYSLER-PLYMOUTH-DOODGE
DOODGE TRUCKS-JEEP-SABRE

Lee Iacocca .

Following a very successful career at Ford Motor Corp he went on to revive the ailing Chrysler corporation by again focussing not only on the quality of the product but also on the quality of the service. One of the issues that any manufacturer/supplier that does not own their distribution chain but uses third party independently owned distributors or franchisees is the issue of corporate disobedience. While many things can be covered in the legalities of a distribution contract highlighting the importance of service quality performance has always more difficult. Lee Iacocca addressed it with the Chrysler Car Buyer's Bill of Rights, at the time a revolutionary step change in the auto industry.

Lee Iacocca was famous for many quotes but in trying to help dealers to understand the vital link between service quality and revenue he stated " *When someone comes into one of our dealerships and drops \$10,000 for one of our cars you had better make sure he leaves with a smile on his face*"

Jan Carlzon. In the 1980's Jan Carlzon The president and CEO of Scandinavian Airlines sought to restructure an ailing organization to ensure that customer needs take priority, employees who deal directly with customers have the skills required , and how it was important to manage and develop employee motivation. When he took over as CEO at SAS the organisation was losing money. It was turned back to profit within a year and one of the key planks in his strategy was customer focus with the development, recognition and motivation of the employees who interacted on a daily basis with their customers. His book "Moments of Truth" is still a valuable reference for any leader seeking to refocus their organisation on the customer experience.



On Going Development

Leaders like Lennard, Iaccoca and Carlzon helped to take total quality from the realms of manufacture into the areas of customer service management, employee engagement and motivation and performance measurement. Since the 1980's the management of service quality has been through a number of developments. Initially perceived by some to be a passing management consultancy led trend, like management by objectives (MBO) management by walking around (MWOB) managing for results (MFR) it is now firmly established as a core management and leadership fundamental. Over the last 40 years it has undergone a number of name nuances, largely driven by either customer research, exploration and expansion of some of the key elements within the management process or the business development needs of major international consultancies. Some of these are listed below

Evolution Steps	Exploring
Customer Service	The Customer is Always Right The starting point
Customer Focus and Satisfaction	The attempt to focus the whole organisation on the customer. One day all employee motivational communication events e.g. "A Day in the Life of....."
Customer Loyalty/Value	Awareness of the Lifetime Value Models expressing the value of a customer on more than a single transaction basis
Service Quality Management	The 5 P's The First Real management model Integrated skill development from leadership, management and employees using the same model The first structured measurement processes The first independently certified international management standard Benchmarking both Intra and Cross Industry
Customer Engagement	Introduction of a wider understanding of the customer's physical and emotional needs and expectations
Customer Experience	Exploring, tracking and managing the whole customer journey including in a multi channel environment and the application of AI
Customer Happiness	An influence from the World Happiness report
Customer Personas	Creating a profile of a customer or customer group based on a number of performance predictors like, background, demographics and behaviour style

Looking Ahead

As customer service leaders, managers and staff move into an ever developing multi channel environment the name of the approach to the management and delivery of customer service may well keep evolving, however like Shakespeare's famous rose the name is unlikely to have any fundamental effect on the core essentials of the topic.

1. The customer is still always right because....
2. The customer is the only source of revenue
3. The customer decides .. This time and the next and is now even better equipped with information and choice to do so
4. Customer experience and satisfaction is based on the PERFORMANCE of the organisation in delivering what is IMPORTANT to the customer.
5. Your competition only wants your best customers

It is interesting turn of the full circle that the newest work on customer persona analysis with sophisticated technology enabling it to be developed to ever finer granularity is exactly the same thing that the grocer in the good old days carried in his head with no technological support at all.

What is Still Missing?

Given that this topic has always been around and as stated here been on the business management agenda for over fifty years. Also given the estimated global value of retail sales being over \$25 trillion there is plenty of customer contact for the estimated around one billion employees engaged in wholesale and retail.

It is therefore interesting that there is one startling omission from the vast array of research, technical, analytical, consultancy and operational resources available to support those engaged in the delivery of service quality and an upper quartile customer experience.

The omission is that there appears to be no higher level academic qualification of the management of service quality either at university or business school. So among those interested in becoming involved in the topic or those thrust into the role there appears no one in the world with a higher level educational qualification to do so. It is necessary to pass a test to be able to ride a motorcycle but possible to manage the customer experiences of a multi million dollar organisation with no qualifications at all.

The ICXI One Question Quiz

Does your organisation still use Covid 19 as an excuse for poor service quality ? YES

If " YES" your organisation is probably highly vulnerable to competitors NO