

Rethinking Customer Service for Now and the Future

Customer service is a big business. It will continue to be well into the future with the customer environment becoming more dynamic, competitive and accelerated as well as driven by customer expectation and technology. The digitation of business is rapidly transforming business and customer solutions; many will be driven by the expectation of customers.

If we think about customer service in 2020, we can expect to see a heightened need for internal and external service through different channels, and an expanded use of the internet and social media. We will see a rise in the power and influence of customers using social media and the potential consequences to the brand in circumstances where poor customer service has been identified and circulated. We will see expert online users who may be challenging to manage. Customer service will also need to manage the transitioning of the state of the art of technology within organisations where they are struggling to meet this heightened demand.

The new environment will require a greater social media-savvy customer focus from the community and customer managers to maintain the organisation's brand and reputation in this unfolding dynamic sector.

PBC is currently commencing a research project to identify the unique requirements of this new breed of customer service professionals.

In this blog, the impact that customer service has on the bottom line, measuring service orientation, engagement and culture will be discussed.

Impact on the bottom line

Some interesting **current** research indicates that only **1 in 26** customers complain; however, each complaint represents **10 more** customers who have the same issue. Most businesses lose 30% of customers before or at the repurchase stage due to poor service delivery. These are the customers that shop around.

Customer service goes right to the bottom line. A. Bain and Co's statistics found a **5% increase in client retention yields profits in net present value between 20% and 25%**, whilst Harvard Business Review recently published that "a company not only has to deliver quality service to attract and keep customers, it also has to be distinctive – a benefit that grows in significance as a firm builds a reputation within its region and industry, and across the marketplace. Retaining customers keeps costs down and can increase profits **25% to 85%**, so managers need to focus both on attracting new customers and retaining existing ones."

Researchers predict that these customer matrices could double with the impact of social media due to the ease of complaining and the impact on organisations that do not have an appropriate strategy in place.

Organisations seeking solutions, work on *Policies, Product, Premises and Processes*, all of which are important and can often be replicated. However, we suggest the biggest opportunity for organisations is to invest in *People*. This investment needs to occur across the employee lifecycle. Organisations that select, develop and lead people, and have a real talent for customer service excellence, see a greater return on investment and organisation engagement. Capable, highly trained employees are three times more likely to generate repeat business than any other factors.

This is particularly important where products and service convey intangible benefits such as a sense of caring, courtesy, willingness to help others and the ability to solve problems, for example call centres, direct customer service environments, hospitality, banking and finance, retail and online situations. These people have a greater need to render high quality service than a company where its products and services are transactional or where price is the major factor.

Measuring Service Orientation

Dr Joyce Hogan pioneered work in the early 1980s identifying the unique characteristics involved in scientifically assessing service orientation. Hogan presented a theory of personality designed explicitly to link traits to work performance, identifying a set of attitudes and behaviours that affect the quality of interaction between customers, employees and peers. They include courtesy, consideration, tact, patience, perception of client needs and the ability to accurately communicate information during times of stress. Conversely, personnel who are irritable, thoughtless, cranky, imperceptive and abrasive not only upset clients but will tend to erode the morale of staff with whom they work. These people are better suited to other roles where their talents could be better utilised.

Since that time, hundreds of studies have been conducted globally across various industries such as healthcare, hospitality, banking, finance, IT, professional services, insurance, retail, human services, aviation, transport and logistics with consistent results. Hogan has worked with organisations to improve their customer service and employee engagement through selecting individuals with talent for customer service and leaders who can create a high performing team to deliver customer service. These individuals have unique profiles that differentiate them from the general population.

Our conclusion is that these people are driven to give great service through direct relationships with customers. Their personalities are well suited to giving service, building relationships, managing expectations, handling complaints and creating those special 'moments of truth' that create favourable impressions, repeat business and referrals. (These people have a high degree of EQ).

Peter Berry Consultancy and Hogan Assessment Systems partnered with the International Customer Service Professionals (ICSP) to conduct a profiling study to find out what it takes to be a high-performing customer service professional and what it takes to supervise a high-performing customer service team. This was the first major study of Australian customer service professionals using a valid and reliable personality assessment across a range of industry sectors and customer roles.

We looked at:

1. What makes an effective high performing customer service professional and supervisor compared to the general population.
2. The distinction between high performing customer service professionals and those who manage them to understand their unique personality type.
3. Benchmarking the Australian customer service professionals against Hogan's extensive database which holds data on millions of people from 40 countries who have taken the Hogan assessments. This includes Fortune 100 companies in the US, representative samples worldwide and some of Australia's best known brands.
4. Benchmarking against other Australian norms, in particular, other Managers.

Proven performers and supervisors of high performers were nominated and invited to complete the profiling tools provided by Hogan Assessment Systems. Participants met strict selection criteria and held a proven track record in excellence in delivering or managing customer service professionals. Many of the participants were regarded as customer service champions and/or had received awards for customer service excellence.

Customer service personnel are the primary interface and visible 'face' for organisations; however research indicates that not all employees are suitable for customer service roles. The level of customer satisfaction and cost to organisations from having employees who are average or low fit for customer service roles results in reduced levels of customer service and customer satisfaction, reduced sales, potential weakening of brand positioning and higher employee turnover.

Half of the analyses involved the results of the Job Evaluation Tool, in which customer service professionals (incumbents) and supervisors, separately, were asked to profile what an ideal incumbent/supervisor would be like.

The other half of the analyses came from the incumbents/supervisors assessing themselves with Hogan's psychometric assessments. High-performing customer service professionals took the Hogan Personality Inventory (HPI) and the Motives, Values, Preferences Inventory (MVPI), and the supervisors completed the HPI, MVPI and the Hogan Development Survey (HDS). As the HDS is designed to be taken by individuals responsible for leading others, only supervisors completed this assessment.

Having the two sources of information provides an opportunity for a unique perspective into what high-performing customer service professionals and supervisors think they should be like and what they are actually like.

Details of the full study are available on the Home of Service website shortly or [Click here for the White Paper on Customer Service Professionals](#)

Engagement and Culture

A recent report, the Employee Engagement Capabilities study released in 2013 and involving 1,500 companies, found that organisations with the highest levels of engagement outperformed others in every commercial metric. Specifically, among employers with 80 per cent or greater engagement:

- 68.4% reported an increase in productivity
- 64.1% reported increased customer satisfaction
- 63.2% increased their ability to attract talent
- 63.2% increased customer loyalty
- 60.7% saw their percentage profit rise
- 50.5% improved staff retention
- 50.4% had higher sales and turnover

For the third year running, the report showed that "culture" is the capability where the top-performing companies "have the most depth".

An "overwhelming majority" of participating organisations also reported that culture is the key to their performance, it adds.

The research indicated that for a solid culture, organisations need the following:

1. Shared values
2. Live behaviours that match the values
3. Unique rituals and practices that bring them alive
4. Language and stories to help remember them
5. Visual identities that make individuals connect and look like them

This study further supports Hogan's research that indicates the role of the leader in creating a high performing culture is essential. Leadership is not about being in charge, it's about building a high performing team that can outperform the competition. Good leadership involves developing a good strategy, a positive culture and values. Dr Hogan recently said, "Good values are good for business, bad values are bad for business."

Additionally, at a conference for customer service professionals, Dr Robert Hogan told those present:

- To enhance customer service, hire people with talent for customer service
- Hire good managers to supervise them
- Review and evaluate your performance in these two areas

Dr Hogan said, "If you don't take care of your staff you won't be able to take care of your customers." He cited a comment from a flight attendant on a long haul flight, "They look after us and it is our job to look after you."

Summary

We believe that personality predicts performance. Happy people produce happy customers and healthy bottom line results. Selection, development and retention of high performing customer service professionals are key to customer engagement and retention which translates into financial performance. Personality assessment can help to develop a winning team.

This paper has referenced numerous surveys, research and reports. The conclusion is overwhelming - organisations need to ensure they employ people who have the unique requirements for the roles they are best suited for. By selecting and developing employees and leaders, organisations can improve their customer satisfaction and the bottom line. As we move into one of the most challenging periods where consequences of poor customer service

may have immediate public exposure, organisations need to ensure customer facing employees are of the highest standard. Their performance potentially will be on show to millions!

Our next piece will be on employee value proposition, selecting and inducting to best practice standards. This piece will include tips on how to implement cost effective solutions for in-house staff and contract staff to ensure consistency of service delivery.

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