


# INTELLIGENCE

## Strategic Service

By Eva Kaplan-Leiserson

Better-than-average customer service can make your company more profitable. That's a bold assertion, but there's plenty of evidence backing it up. Last month's column discussed some customer service woes and joys and asserted that customer service excellence can help a company stand out and attract and re-


tain customers. This month, I provide examples of companies that are using customer service as a strategic business advantage.

For last month's article,  "Just One Thing," *Intelligence*, T+D October.

**Air France.** While the airline industry has struggled post-9/11, Air France has demon-

strated resilience after making customer service a priority. The company recently retrained its staff to reduce flight delays and improve interaction with customers. The result was more passengers and the continued profitability of the company. *Financial Times Management* reports that Air France mar-

How companies are using customer service as a business advantage.

keting director Soline de Montremy believes “customer service is central to [company] performance.” Southwest Airlines. Known for its customer service focus, Southwest is the only major airline to report profits in every quarter since 9/11 and one of the few airlines not forced to lay off employees. A *CIO* magazine article says that Southwest attributes much of its success to its service emphasis. For other key factors in the company’s success,  “Recession

Survivors,” *T+D* October.

**Inn at Little Washington.** This restaurant is ranked by *Zagat’s* as the best hotel dining room in the United States: “Heaven comes in second place, and it’s not really close.” One secret to the inn’s success is its obsession with pleasing its customers. When each customer arrives, his or her mood is ranked so that restaurant staff can strive to raise it. Tricks include offering extra desserts, a


visit from one of the owners, free champagne, or a kitchen visit. The inn’s service mentality is famous and brings in customers—and money.

If you want to improve your company’s customer service, the first step is to ensure that representatives meet customers’ needs in a friendly way, make few errors, and solve any problems efficiently. That will help your organization retain its current customers. But if you want to have a true competitive advantage, if you want people to select your company over all others, consider how you can offer stellar customer service.

One strategy: Hire for attitude, not talent. The Inn at Little Washington, Southwest Airlines, and the doctor’s office I mentioned last month all point to that as a secret to their success. Employees can be trained in skills and knowledge, but a helpful, friendly, and genuinely caring attitude can’t be learned.

Studies show that friendlier workers are actually more productive. A researcher whose report was published in the *Journal of Personality and Social Psychology* says friendly workers “pay attention to indirect meanings, work well with other cultures, and are perceived as trustworthy.”

In short, stellar service just makes sense. To distinguish itself, your company can drive its prices down only so far or raise the quality of its goods only so high. But the degree to which your organization makes customers feel valued is infinitely increasable.

 [Additional Sources/ USA Today, Inc., Reuters](#)

## Tying Employee Incentives to Customer Satisfaction

Another suggestion for improving your organization’s customer service comes from Walker Information, a company that provides customer loyalty management solutions. Walker suggests using customer satisfaction ratings for employee performance reviews and bonus programs. Here are some tips on how to do it effectively.

**Carefully select measures.** They should be simple and easily understood, factors that employees can affect, and known to drive successful business performance.

**Make goals fair, reasonable, and attainable.** Involve employees in goal setting when possible. 

## Thing One and Thing Two

Last month’s column claimed that providing good customer service was the “just one thing” that companies need to succeed. Thing two (with apologies to Dr. Seuss) is what customers need to focus on in return: feedback.

We shouldn’t complain about bad customer service if we don’t let companies know (calmly and politely) how they’ve left us unsatisfied or how they’ve pleased us. Often, people are quick to point out the first but ignore the second.

The next time you receive particularly good service, ask to speak to the supervisor of the person helping you, explaining that you want to submit praise and not a complaint. Taking just a few minutes of your time to offer positive feedback makes the representative feel good and lets the company know that its policies and training are working, or that its selection of employees was successful. Chances are, that will guarantee good service.

»»» Use the program as a carrot, not a stick. The initiative will be more successful if it motivates employees to excel at their jobs.

**Build support by involving employees in program development.**  
If workers feel they have ownership of the program, it will be more effective.

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## Survey Says Learning Curves

Mellon Financial Corporation conducted a study on the costs of getting employees up-to-speed in new positions. Respondents, two-thirds of which were in HR positions, were asked to estimate the time to full productivity for internal and external hires in eight standard job categories, including executives, managers, professionals, customer service representatives, and more.

The findings:

- Not surprisingly, the more complex the job, the longer the learning curve. The median time to full productivity for externally hired executives was 26 weeks; for externally hired operatives, only four weeks.
- For most jobs, external hires took one-and-a-half to two times longer to get up-to-speed than internal hires.
- Examining the learning curve length and shape yields number of unproductive days, which can be converted into lost revenue. By Mellon's calculations, the funds lost due to learning curves could total up to 2.5 percent of a company's total revenue.

To reduce the impact of learning curves, organizations can work to

- reduce turnover
- increase the number of internal hires
- team new hires with mentors
- codify the insights of experts.

«» For more information, contact Ruth Williams at [williams.r3@mellon.com](mailto:williams.r3@mellon.com).