The green end of a hard winter

ICS annual conference 2010

The economy, predictably enough, was high on the agenda at this year's ICS conference. That didn't mean that it was depressing, with one exception, but it did make you wonder about the "green shoots" featured on the front of the delegate pack. The conference was entitled "a new beginning...the renaissance of customer serivce", and I think an important message was that customer service may be one way for organisations to weather the financial crisis and emerge stronger than ever. Interestingly the speakers focused on simple things rather than big splashy investments. Frankly I think that's good news—it has never been possible to buy your way to great service, though many organisations have been deluded by the claims of people with a product to sell. Great service is usually cheap (often cheaper than dealing with the fallout from bad service) if you can figure out how to do it right.

> "IN ESSENCE THE RENAISSANCE WAS SIMPLY THE GREEN END OF CIVILIZATION'S HARDEST WINTERS."

a new beginning...

...the renaissance of customer service

Institute of Customer Service

> 88% OF PEOPLE BELIEVE THAT THEIR BOARD SEES A LINK BETWEEN CUSTOMER SERVICE AND PROFIT.

Jo Causon—ICS

Jo used her Chief Executive spot to position the ICS at the forefront of a "renaissance in customer service", starting with a need to demonstrate return on investment in the customer with the economic climate as it is.

Where is customer service today? Jo used figures from the January 2010 UKCSI (see last issue for more details) to argue that the recession has galvanised competition for footfall in retail, and other sectors, leading to a greater focus on the customer and gains in satisfaction. Jo also reported on an ICS survey of members which found that 88% of people believe that their board sees a link between customer service and profit—people are at least saying the right things at board level.

What keeps chief execs awake at night? From conversations Jo has had, she believes the main things are technology and the need to personalise service. I wonder to what extent these two things are complementary opposites? In other words, if we provide effective automated or self-service options, where appropriate, does that free up time for better personal service when it matters?

Where does the ICS fit into all this? Using research into member priorities last year (including focus groups moderated by yours truly) Jo has made some radical changes to the organisation in the past few months, restructuring the organisation to offer members a simpler route into ICS, improving communications, and positioning ICS as the place to go for information on customer service. Backing this up is a programme of literature reviews and research, including some new research aiming to prove the ROI of investing in customers.

> WE ARE HERE BECAUSE WE BELIEVE THAT CUSTOMER SERVICE IS IMPORTANT.

Roger Martin-Fagg—Economist

Roger gave us his thoroughly depressing, though entertainingly and clearly explained, vision for the future of the UK economy, entitled "why a sustained recovery is highly unlikely and what the coming year will look like". I'll leave Roger's explanation of how we got into this mess to one side; even though he gave the clearest explanation that I've heard of the national economy, how credit relates to GDP, and why the extent to which banks are leveraged matters. His prognosis is that we are in for a seven year period during which "it will feel tough" for individuals and businesses, a period during which we will all have to get used to working from equity again.

What does that mean for customers and employees, I wonder? Roger didn't really touch on this, but I think it's likely to mean that employee satisfaction may suffer (though job security is likely to be more important than ever). Data from the UKCSI has so far shown an increase in satisfaction during the recession...but will that last? Even if suppliers realise that customer service is vital during tough times, they will need to achieve that service with fewer resources. One likely outcome is that consumer choice is reduced—not necessarily a bad thing.

Julie Southern—Virgin Atlantic

Julie talked us through the way Virgin Atlantic coped with 2009—a traumatic year for the airline industry. She summarised the industry as consisting of a mix of perenially hopeless, state-supported, airlines with a scattering of profitable ones, and asserted "never has an industry existed which has routinely destroyed so much shareholder money."

A large part of the painful process Virgin Atlantic had to go through was losing a lot of staff (from 9,000 at the beginning of 2009 down to 7,500). Interestingly, they started this process at a time when revenues were ok, but they knew trouble was on the horizon. This meant they were in the difficult position of dealing with redundancies whilst announcing profits and even paying bonuses. They knew that the future of the business depended on keeping the cash position healthy, but they also had to look after staff morale and, of course, the brand.

The new concept that Virgin Atlantic is pinning its sales on is "discounted decadence", in other words "it's okay to treat yourself, because you know it's fantastic value". Fundamentally, though, despite an investment in new planes, Julie sees the key differentiator for the Virgin brand as its people. In the interview which followed her talk, Chris Daffy asked Julie how they "hire for attitude"—something which is often easier in theory than in practice. The answer, in Virgin Atlantic's case, is a mixture of formal psychometric methods (I'd be interested to know which ones—there's a lot of pseudoscience in this field) and informal methods based on analysing the background of stars (e.g. apparently people from divorced parents are better at customer service).

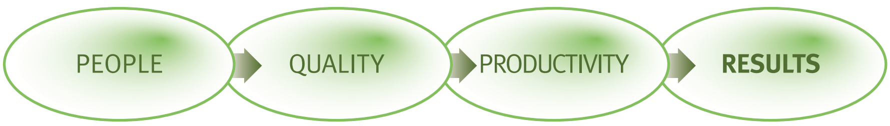
Lynne Copp—The Worklife Company

Lynne started with a simple question—why do people dread coming to work on a Monday morning? She took the platitude that most people come to work to do a good job, and turned it into a subtle and insightful point—people's work ethic, like any other characteristic, is normally distributed. Managers spend up to 85% of their time on the bottom 3% of that distribution (what we might call the actively disengaged). The big question is whether we set up our organisational cultures to manage the 97% or the 3%.

The current paradigm, Lynne argues, is "performance culture"—managers' job is to stare at numbers all day. People are referred to as "headcount" or even, at one organisation, WCRTs—"walking cost reduction targets". Companies want more for less, which results in increased workload (does the work go away just because you've made redundancies?) and a long hours culture. Lynne quotes stats showing that we work 46% longer hours than EU countries, and we're 27% LESS productive because of it. Long hours is "the only addiction we reward", and one that has a direct correlation to illness. It also leads to reduced innovation and efficiency as well as poor service. Ultimately, Lynne argues, the price is increased absenteeism which means increased costs, leading either to cuts in service or another round of downsizing—a potential death spiral.

So what's the future? Lynne hopes that the pendulum is swinging towards a focus on people—flexible working, worklife balance and so on. The goal is an "engaging culture", which has the same four dimensions as the performance culture, but a different starting point.

Engaging Culture



Start with a compelling vision, then ask yourself what kind of people you need. Following that, some of the essentials for creating an engaging culture:

- External focus
- Innovation and collaboration
- Play to strengths (focusing on weaknesses just makes everyone average)
- Flexible mindset—what are you doing to keep yourself ahead?

The payoff is that 75% of current processes are waste. As Lynne puts it, "imagine if you had 75% of your time back. Imagine if you had a third!"

Steve Settle & Jo Tomb—Toyota

Of the first day's breakout sessions I chose to attend the one by Toyota, who threw out their original talk ("From measurement to action") and tackled their recent recall crisis instead. It was an interesting use of an existing platform as part of a strategy of tackling a difficult situation, in which the company clearly feels it has been unfairly treated.

> WHAT HAPPENED IN THE US WAS COMING THROUGH THE PRESS QUICKER THAN THROUGH THE COMPANY.

Steve began by outlining what lay behind the recall—in a handful of cases (20 reported across the whole of Europe) the accelerator pedal could stick. He also wanted to place this in context—in the last 2 years there have been 300 safety recalls in the UK, of which Toyota have had 4. He encouraged us to have a look at the VOSA site to understand the severity of some of the others by comparison. The unspoken point? This was a press-fueled storm in a teacup. He went on to say that the Pius recall was not for safety reasons, in fact VOSA refused to allow Toyota to register it as a safety recall, but just that the braking system "felt funny" to some drivers under some circumstances. According to Steve the most accurate reporting during the crisis was in the Sun. The impact of the press on their business was very tangible—the day after the most alarmist headline in the Daily Mail ("Don't drive your Toyota") call volumes rose from an average of 700 to 14,000.

Interestingly, the impact on staff morale seems to have been basically positive—pulling together in the face of a crisis. During the crisis everyone worked weekends, extended opening hours, and all hands manned the phones. The network was challenged to handle 6,000 repairs a day, wihle Toyota had to source 50,000 parts (in three different sizes) in three days and train 1,200 technicians in making the repair in the right way.

Ashridge Business School

For my second breakout session, I chose the session by Ashridge Business School discussing their research for ICS into the return on investment in customer service. They had little to say so far—this was more of a launch than a presentation of findings—but this is definitely a programme to watch. Having completed a literature search to build a theoretical model and a survey, they plan to move on to detailed case studies. Head to the ICS website to find out more.

Usefully, and unusually, their conceptual model starts with what they call "activities" rather than "drivers"—in other words they want to be able to quantify the impact of things that organisations DO, rather than the impact of outcomes such as satisfaction.

The ROI of Service?

Liz Jackson—Great Guns Marketing

You might recognise Liz's name from her appearance on The Secret Millionaire. Liz shared her life story, starting with 1 GCSE in Drama. Discovering that, though she might be rubbish at spelling and grammar, she was great on the phone Liz went on to found Great Guns Marketing in 1998. Her advice for personal success? There's no such thing as luck. Don't be the nearly man or woman ("last year I nearly sailed around the world"). If you think you can, or you think you can't, you're right! What about running a business?

"SMART goals are absolute pants."

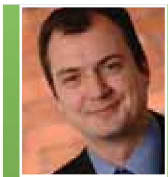
"You don't learn anything from success."

"There's no such thing as a perfect person, but there is a perfect team."

"When you recruit people who are better than you it can make you feel inadequate."

Her talk was littered with gems, some of which you can see above, but perhaps my favourite was "I don't think you ever stop selling to a customer"—you have to work constantly to understand their needs, have the courage to sit down with them when things go wrong and talk about it. S

> I DON'T THINK YOU EVER STOP SELLING TO A CUSTOMER.



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