

Unit 3

What is a Customer Focused Organization

Excellence in customer care cannot happen on its own. It is up to the manager to create the environment or culture where outstanding customer service can occur. In order for an organisation to be successful and to reach its full potential, the staff have to not only be competent, but also actively contribute. They should share ideas for improvement in areas such as operations, services offered or the products produced, for example. It involves everyone in the team or department, including the manager, and needs everyone's commitment.

What do we mean by the word 'culture'? Quite simple, it is 'the way things are done around here' or the way people behave towards each other in any business environment. In teams or departments, the culture is usually determined by the team leader or manager. A manager or team leader can create a motivating environment where everyone is heard, nobody feels rejected or left out, and everyone's opinion is valued.



Fig: 3.1

You cannot force people to be customer-focused, add value to the business and come up with their own ideas for improvement. You need to create an environment where people have a sense of pride in their work, where they feel that their ideas and suggestions are listened to and that feedback is given - not only for when ideas that are implemented, but also when they are not.

Rewards and recognition are obviously part of the equation, but so is the right to take risks and experiment without fear of retribution, should things go wrong. Personal development and multi-tasking are other vital components that make people feel that their organisation cares about them as individuals. And this in turn encourages them to contribute more. The style of leadership and the creation of a framework to monitor and measure performance can make all the difference.

Style Of Leadership

A 'command and control' style of leadership is useful and appropriate in certain highly-charged situations. For example, in the fire service when fire fighters are tackling a burning building. Likewise, when a surgeon is undertaking an operation, clear and concise commands are vital.

In less highly-charged situations than these, your style of leadership should be far more consultative and involving of others. Your role should be to coach and facilitate those reporting to you, to encourage them come up with their own ideas for solving problems and targeting improvement. Broadly summarized, you will see in the illustration below the key foundation skills that are required to be an effective manager.

Looking specifically at how to motivate your team, it is vital that your leadership style encompasses the following:

- visibility and openness
- the creation of a customer-focused environment
- the robustness of the information you supply
- the development of a learning environment
- enabling and empowering team members
- a 'no-blame' approach



Fig : 3.2 Management Skills

Visibility and Openness

We have already explored the need for front-line staff to offer not only value-for-money service, but also to go the extra mile whenever they can. To remain constantly up-to-date with the relevant market, you should be out there in your department or team, seeing and hearing what's happening, being a visible manager. This is not to find fault and endlessly check what front-line staff are doing, but to be there to encourage and support them so that they can offer the best possible service. You will also be able to see first-hand where problems might be occurring, and bring them to the required people's attention at team meetings. That is, if others have not already flagged the problem areas themselves. Openness is about removing fear and ensuring everyone's opinion is valued, including minority views.

The Creation of a Customer-Focused Environment

Motivation

In energizing the team to deliver superior customer service, managers have a difficult but crucial role to play. They must be seen to be personally committed to customer service; to practice what they preach. They need to create an environment where processes are customer-driven and where standards are set to deliver a consistent level of service. They need to train and develop their staff and involve everyone in

customer-focus issues. They must encourage excellence, without peering over people's shoulders, build motivation/commitment and measure, review and reward performance.

Furthermore, they often have to manage performance in an environment where staff numbers may have been reduced and thus more efforts are expected from those who remain.

Signs of Demotivation

We have probably all experienced service delivered from poorly-motivated staff. Signs of lack of motivation include apathy, indifference, lack of ownership of problems, poor performance, poor time-keeping, uncooperative attitudes and unwillingness to change. Imagine you are the manager of a busy customer service department. How do you ensure that customers receive a consistently high standard of service?

What is Motivation?

Motivation is a complex area of human energy and behaviour. There are many theories of motivation, but the underlying themes seem to be:

- Motivation comes from within; it is drawn out of individuals, not imposed on them
- Motivation is multi-dimensional and there is no single universal definition; true for all time and all people
- Some things motivate and encourage extra effort; others only cause dissatisfaction by their absence
- Clear goals are an aid to motivation. They enable individuals to know what to aim for, and feedback gives an energizing sense of progress.

Dean Spitzer (1995), author of *Super Motivation*, talks about the eight desires or motivators that all need to be met in varying degrees.

These desires are shown below:

Spitzer's eight motivators/desires	Definitions
Activity	People want to be active and involved. In their personal lives, most people avoid boredom and monotony. Yet at work employees are expected to accept boring, repetitious, monotonous jobs without complaint.
Ownership	Owning things makes people feel better about themselves. 'Psychological' ownership is even more important than 'physical' ownership. They want input into their work and want to feel responsible for their jobs.
Power	People want to control their destiny.

Affiliation	They don't want to feel powerless over external forces shaping their lives. With fewer top-down control organizations, more and more employees are demanding their freedom back.
Competence	People are social creatures. They like to interact and socialize with one another, although the degree of sociability will vary. Social support and nurturing relationships are among the many benefits provided by work.
Achievement	This is the core of self-esteem. People welcome opportunities to feel more competent. Work can provide these opportunities.
Recognition	It is important for us to succeed at something. Under the right conditions, employees will be willing to work hard and overcome obstacles to achieve goals.
Meaning	People want to feel appreciated by others and be positively recognized for their efforts. Recognition is a powerful force, which has the capability to unleash energy and motivation.
	People want a reason for doing something. They want reassurance that their efforts, however small, are making a difference.

Spitzer suggests some strategies that managers can use to satisfy these desires once they are known:

1. Desire for activity:
 - Make work more active.
 - Build fun into work.
 - Ask for people's input.
 - Add variety to work.
2. Desire for ownership:
 - Give people a stake in the firm's success.
 - Let people make choices more often.
3. Desire for power:
 - Give people responsibility for their work.
 - Provide leadership opportunities.

4. Desire for affiliation:
 - Offer opportunities to socialize.
 - Create a powerful team identity.
5. Desire for competence:
 - Use people's hidden strengths
 - Provide learning opportunities.
 - Tolerate mistakes.
6. Desire for achievement:
 - Provide objective performance measures.
 - Let people set goals for themselves.
 - Encourage team members to improve.
 - Challenge people to stretch their limits.
7. Desire for recognition:
 - Provide encouragement.
 - Show your appreciation.
8. Desire for meaning:
 - Show people the significance of their work.

Adopt a Flexible Approach

In the same way as managers encourage their staff to treat customers as individuals, effective managers remember to be flexible in the style and approach they use with each of their staff members. Research suggests that extroverts respond better to praise and public recognition, while introverts are more influenced by censure and prefer private praise. It is often the 'hard' factors that organizations focus on, when it comes to deciding how to motivate and reward their staff, using incentives like enhanced working conditions or improved status.

Intrinsic factors, such as sense of purpose, feeling of achievement, advancement, recognition and responsibility in a job are often overlooked, as they're thought to belong to the 'touchy, feely' school of management, which is less easy to control.

Interestingly, research shows that demotivated employees are most concerned about 'soft issues' when they are in the workplace. When they become so demotivated that they decide to change jobs, it is the 'hard' factors which they cite as reasons for leaving.

Surveys

Involving employees in the design of incentives ensures greater ownership for the scheme. The first step is to ask employees what motivates them and why. This can be done either on an individual or team basis, using attitude surveys, focus groups or cross-functional task groups. The task of every effective

manager is to understand what motivates his or her team. Head office staff at ASDA, for example, identified that a meaningful reward for good service would be reserved parking at the front of the building. This was because there were limited parking spaces at the head office.

Performance Management

Good performance over time will only come from well-motivated staff. Performance management is an approach which allows managers to impact their goals and responsibilities in serving the customer, both internally and externally. This involves clarifying business goals and customer needs, then agreeing on individual objectives and standards of performance. With coaching, development and rewards, improved performance is possible from employees who know:

- What is expected of them
- How they are doing
- What they need to do next
- What help they will receive.

Reviews

Once key result areas and measures of success have been set, it is not sufficient to review them only once a year. Reviews should take place on an ongoing basis, with new key result areas and further measures being set on the way. Many organizations now review performance on a six-monthly cycle, as well as holding regular informal discussions.

The process of review should be:

- two-way;
- forward-looking, as well as reviewing the past;
- an opportunity for honest feedback, as long as this is timed near to the event and focused on behaviours not personalities;
- an opportunity to identify training and development opportunities;
- motivational.

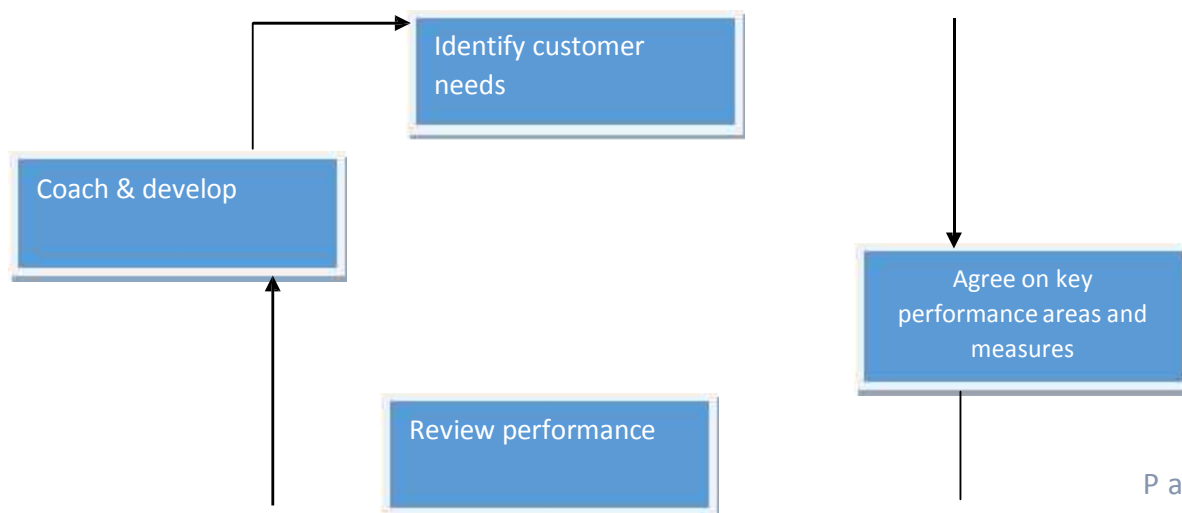




Fig. 3.3 Performance management cycle

Importantly, for customer service to be fully integrated into the culture of the organization, it should always be included as a criterion for review.

360-Degree Appraisal

Best-practice organisations have adopted upward appraisal, or multi-rater 360-degree appraisal, as a means of encouraging greater customer focus.

The advantages of multi-rater appraisal are:

- It provides more explicit understanding of customer needs
- It provides specific targets for employee development which can be measured
- It creates mutual cooperation between supplier and customer.

The disadvantages can be that:

- Feedback for different groups can be confusing or conflicting
- The administration process can be lengthy or time-consuming
- The process requires the commitment of senior management, extensive training and testing.

Coaching and Development

Reviewing performance will not bring about customer-focused behaviours, unless the actions that have been agreed on *are* taken. This will often involve the manager coaching his or her staff to reach their goals.

Coaching is not instructing. It involves helping and supporting the members of staff to reach the goals that *they* set for themselves. The manager has a role to play in helping each member of staff to:

- set his/her own goals
- see where he or she is now
- review the options of how to get there
- decide on the option which is right for him or her.

The key skills of the coach include:

- empathy
- a genuine desire to help the individual
- active listening
- questioning

- understanding of the options available
- being non-judgmental.

Developing a Reward and Recognition Scheme

Effective customer-oriented performance needs to be recognized and rewarded. The compensation and benefits an organization provides its employees with should reflect the importance given to customer-oriented behaviours.

Who Gets Rewarded Gets Attention

The old adage, 'what gets measured gets done' can also be interpreted as, 'who gets rewarded gets attention.' Once you have established the motivational factors within your organization, the next step is to select incentives that can help achieve greater customer satisfaction. This way, you satisfy the company as well as its employees.

- **Who** (which employee/individual?)
- **What** (what kind of reward?)
- **Where** (which area/branch?)
- **When** (time period, such as monthly/yearly etc.)
- **Why** (why should the reward be given/what service would be entitled to receive a reward?)

Many businesses adopt reward schemes in addition to performance management techniques, which run alongside existing compensation and benefits packages to encourage excellent service. Whenever an organization develops a reward scheme for customer service, a number of factors should be considered:

- What is the objective of the reward scheme and who is it intended to reward?
- Will the reward cover the entire organization or a specific department?
- Who should make the reward? Customer, staff, management or colleagues?
- Do the rewards fit in with the values of the organization?
- Are they to be based on recognition, physical gifts or monetary benefits?
- What is the budget for the reward and who will be responsible for allocating the reward?
- Is the reward fair to everyone?
- How long will the reward scheme operate?
- Will the scheme set a precedent and therefore be difficult to replace?
- How frequently will staff be rewarded?
- How will the reward be communicated?

Payment for achievement of customer service objectives can have a powerful impact on ensuring goals and targets are met. Companies like IBM and Xerox link pay some employees in accordance with levels of customer satisfaction. Within some companies, every time a customer ticks 'excellent'

in a feedback form, the sales assistant involved gets an extra £3, for example.

Team or Individual

Managers who devise customer service reward schemes should consider carefully whether to award teams or individuals. Rewarding teams encourages collaboration and achievement of team goals, but it can discourage individual effort.

Individual customer service awards for outstanding performance can lead to definite improvements, if the culture is right. However, such schemes need to have clear and fair selection criteria, if they are to avoid demotivating others who may wonder why they have not been chosen.

Rewards can be offered when teams reach improvement targets, or for specific achievements such as speed of telephone response, friendliness and courtesy with customers etc. Such rewards can be made to both teams and individuals. Importantly, they must be seen by those involved to be relevant and fair.

Selecting the Appropriate Criteria

Make certain that the target level of customer service is not attained at the expense of other aspects of the service. For example, the improvement of overall telephone response is a more customer-oriented achievement than the *speed* of answering the telephone. In the latter case, the customer's call may be answered quickly, but the customer may be kept holding and may not be transferred efficiently.

When to use Rewards

Research shows that a reward is best given when it is SMART:

- **Simple**, sincere
- **Meaningful**
- **Appropriate**
- **Relevant**
- **Timely**

The Spectrum of Rewards

Recognition plays an important part in raising the status of service quality throughout an organization, and the manager or team leader plays a key role in acknowledging good performance. Recognition is often a valuable reward for employees, and is an incentive in itself for an employee to perform well. When deciding on a recognition scheme for an organization, a tailored approach is the most successful. Different

approaches and emphases are needed for different types of business activity, the characteristics of the people within a service organization, economic factors and other individual variables.

The nature of the business will determine the nature of the rewards and recognition scheme.

There are different types of recognition and reward schemes being used by organizations to keep their employees happy. Some of these include:

- Recognition.
- Symbols/Tokens.
- Tangible Benefits.

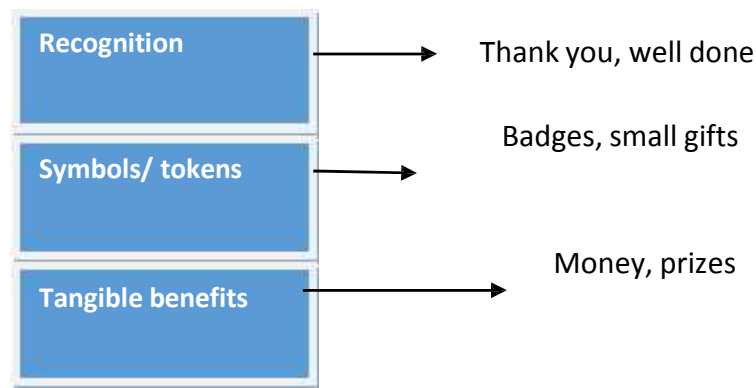


Fig: 3.4

Types of Rewards

Recognition

Recognizing excellent service is an important motivator. Saying 'well done' gives value to the person who has provided the service. The most appropriate means of recognition will vary according to who the member of staff is and the nature of the organization and does not necessarily have to be a physical, tangible thing. While saying 'thank you' and 'well done' is sufficient to motivate and recognize many people's efforts, other's may feel motivated by seeing their names in print or shaking the chairman's hand.

Symbols and Tokens

In many companies, the recognition of service achievement goes hand-in-hand with symbols of achievement - be it a change in title, a certificate or a published written statement. The symbol of achievement may be very small – a bunch of flowers, a special card, a badge – but whatever the symbol, it must provide an accolade for the receiver.

Recognizing the attainment of skill and competency levels after training courses by issuing certificates, plaques or badges is another effective means of motivation.

Tangible Rewards

Many companies link the attainment of customer satisfaction to the provision of cash awards, merchandise, holidays and other tangible rewards. Although these have been shown to work, research shows that they often only have a short-term effect on motivation. Incentives can often be creative and often include prizes like mystery weekends, film production courses and treasure hunts in chauffeur-driven vintage cars.

Criteria for Rewards

Criteria for rewards can depend on customer, management and peer group nominations. In many retail outlets, customers are asked to nominate individual staff for awards.

European Foundation for Quality Management (EFQM) and the Balanced Scorecard

Many organizations adopt a quality framework to assess their progress towards service quality. The EFQM model and the balanced scorecard provide a measure of progress in developing service quality.

The Benefits Agency has developed a Quality Framework of its own, based on the EFQM model. The framework is broken down into four areas:

- customer service
- caring for staff
- bias for action
- value for money.

The framework was designed to give individual units the freedom to assess their progress towards service excellence, while concentrating on areas that may need improvement. Each unit assesses its performance against these criteria and the Quality Awards are made after external validation.

Partnership Rewards

More often than not, reward and recognition programs are focused on employees. Innovative companies recognize that suppliers and third-parties connected with the business are equally as likely to benefit from incentive schemes as employees. This is particularly important as the trend towards outsourcing continues to increase. Incentive schemes do not have to be money-based. The training and development department of one major bank invites its suppliers on a six-monthly basis to a special evening. It chooses two suppliers it sees as having provided outstanding service over the past six months to make a presentation of their work to the rest of the suppliers, plus a group of managers from the business. The evening includes a briefing from the training and development director on future strategy and concludes with a dinner.

Flexible Benefits

Flexible benefits are also an increasingly important way of recognizing an employee's value. In recognition of the need to give employees greater choice, Price Waterhouse Cooper developed a flexible benefits plan

giving employees the option to choose from a holiday, car, childcare vouchers, retail vouchers, travel, medical and dental insurance, permanent health insurance, personal accident insurance, life assurance, pensions and cash.

Review and Renew

There comes a time with all incentive programs when they cease to motivate and energise employees. It is important to recognize that 12 months down the line, what may have originally been a powerful scheme may have lost its power and appeal.

The Framework to Monitor and Measure Performance

People do not like to work in a vacuum. They want to have a sense of purpose, know what they have to achieve, and understand where they are in relation to achieving an agreed outcome. This means that some form of monitoring and measurement needs to be in place for the various tasks and activities that are undertaken by any team or department. A manager needs to have a reliable and regular measure in place, so that he/she can assess work flows and set objectives and targets for the future.

With a constant eye on the customer, measures should be created that are both appropriate and realistic for a team to achieve. Timelines should also be prepared by managers to motivate the employees to push and work hard to get the job done in time.

The organization needs to establish some standards, according to which the performance of employees can be measured. Some examples of such standards are:

Response to Incoming Mail

The organization can set a standard time which each employee should follow when responding to mail. If there is a complexity or problem due to which more time will be required for response, it should be clarified as soon as possible.

Queuing System

In a retail situation, like at the post office, how long customers might expect to be in a queue prior to being served.

Dispatch

What is the procedure if a delivery is delayed? How are customers informed, by whom and when? These are all things that must be made clear.

Sales

For an incoming business enquiry, the appropriate person from within the company will respond within 48 hours. Monitoring and measuring will result in the processes and procedures being put in place. These should be regularly reviewed to ensure they have not become too cumbersome, which could inhibit the ability of front-line staff to serve the customer in an effective and efficient way.

To summarise, the key difference that makes a well-motivated and customer-focused team is not what they do, but how they do it. It is up to managers to create a culture and environment for people to flourish and to give them the opportunity to grow, develop, and learn from their mistakes. Create a clear sense of direction, give people information in a manner they can understand and show them that you will stand by and protect them when times get tough.

Further Reading:

- ✓ *Becoming a Customer-focused Organization, (1964), By Craig Cochran*
- ✓ *Passionate and Profitable: Why Customer Strategies Fail and Ten Steps to Do, (2005), By Lior Arussy*
- ✓ *That's Customer Focus!: The Overworked and Under-appreciated Manager's Guide (2007), By F. Ray Miller, Laura E. Miller*