

- P 8 "In this book, we stress the benefits to be gained from benchmarking performance against service providers in your sector and others who operate similar processes. This helps ensure that your vision is more than a simple wish to be the best service company. The vision must be defined with quantified targets.

We believe it is necessary to pay attention to four areas:

Capable systems and processes...processes and systems which waste time and resources proliferate in many service organisations.

Capable people...all too often, service organisations expect staff to be capable of coping with poor processes.

Culture...it is recognised by most experts of organisational change that real and lasting shifts only come about if there are sustained alterations in the values of the organisation.

Communication...our model for communication is holistic, taking account of all parties who have either a direct or indirect interest in service activities. It recognises existing and potential employees, suppliers, and agencies who might have an influence on the organisation's activities".

- P 13 "There is more than enough evidence to support the assertion that a strong bottom line can only be achieved in the long term by an obsession with keeping better customer promises more consistently than the competition".

- P 14 "Companies tackling service quality issues tend to fall into one of four categories:

Naturals - these are companies which have institutionalised service quality from their earliest days and have so inculcated service values that employees would not consider operating in any other way.

Aspirants - these are companies which have strong ambitions towards achieving an in-built customer orientation and are determined to become service quality leaders within their own market niches.

- P 16 Followers - these are companies which have been forced into service quality largely against their inclination...their approaches are almost invariably piecemeal initiatives, rather than a coherent, long term strategy. Followers also tend to be seen by customers as being more interested in price or profit than service.

Laggards - these are companies which have developed such poor reputations for service quality that they have to work twice as hard as aspirants....they are typically bedevilled by a culture that supports very different objectives than service...(but) can become aspirants and even, eventually naturals, if they have sufficient sense of crisis and an injection of new leadership".

- P 17 "In order to make a significant positive impact on customer service, it is of little value being 5 per cent or 10 per cent better than the competition, because this will be largely unnoticed...one of the keys to achieving differentiation in the customer's mind lies in demonstrating a consistent level of service performance substantially *above* the high points of the competition".

- P 19 "Depending on which estimates you believe, customers who stay are likely to double or treble their annual spend with a company over five to eight years".

- P 22 “The higher up the organisation, the more divorced from service reality companies tend to become”.  
“Essentially any significant effort at improvement within an organisation - be it to processes, physical assets or whatever - can usually only be justified as value-enhancing or profit-enhancing. Value enhancing improvements increase customer loyalty and attract new custom; profit-enhancing improvements increase the cost efficiency of the organisational machine”.
- P 25 “It is remarkable how long companies can continue to operate a policy, believing it to be creating customer value, when it is actually regarded by the customers as a negative factor”.
- P 28 “Many companies are having to rethink the role of service quality in the light of its failure to deliver tangible bottom-line benefits for them. Top management is inevitably asking ‘how long do you go on investing in an act of faith?’ “.
- P 29 “To provide meaningful data (ie profit-related information that can be used for management decision-making), the smaller the defined segment, the more useful it is”.
- P 33 “The reasons why a company embarks on a service quality journey will inevitably have a substantial effect on whether it succeeds or not. If top management does not have a clear, challenging vision, it cannot prioritise service-impacting decisions; it cannot harness the enthusiasm of other people in the organisation - especially middle managers, who have seen fads come and go time and again; and it cannot measure progress in any but the vaguest manner”.
- P 40 “Companies that wish to use service as part of their competitive framework have to make serious decisions. Is service quality simply a hygiene factor, something they have to have to remain a player in their chosen markets? Or is it a significant differentiating factor, one that allows the company to a clear and sustainable competitive advantage, at least for the medium term?”.
- P 48 “Michael Porter proposes that there are two basic means of competing - either through cost leadership, or through differentiation”.
- P 79 “Virtually every Western industrial and service sector that has suffered a relative decline in global market share over the past 100 years has failed to recognise in time that internal measures of improvements in key areas, such as productivity, quality, rate of new product development and so on, have become obsolete. It is not that the information to tell them is not there; it is simply that they have not looked for it, nor believed it when they found it, or not had the capability to use it in driving the standards they apply”.
- P 81 “No matter who you are, or what advantages you currently enjoy, taking your eye off the ball is almost always fatal...and competitive advantage is no more than a temporary advantage over the competition. It is always relative, and must therefore be sustained or surrendered over time”.

“There is often an assumption on the part of market leaders that their position is unassailable. This translates into complacency and, as a result, they are frequently caught napping”.

Three barriers in Western companies which prevent them from looking outside the organisation for standards as identified by the McKinsey company...

The supposed superiority of invention over copying - many managers still believe that creative solutions start with blank sheets of paper.

The ‘we are unique’ syndrome - most people in business take a perverse pride in the complexities and historical accidents that made their industry and their company different from all the others. Confronted by superior practice, many prefer to argue: ‘that won’t work here, our business is different’, rather than looking for ways to modify their operation to adopt a better way.

Moral and legal sanctions against ‘industrial espionage’ - too much curiosity about another company’s practices is regarded with suspicion in the United States and Europe”.

P 83 “Benchmarking is *not* about aiming to clone the success of other companies, or indulging in industrial espionage. Nor is it measurement for measurement’s sake. The goal is to build on the success of others to improve future performance. Very simply, why waste time and effort re-inventing the wheel, when you can be refining its applications and adapting them to your particular needs?”.

Dr. Jim Adamson of NCR on benchmarking: “I got into benchmarking by studying winners. Nobody is good at everything. I came to the conclusion that you didn’t have to be the best at any of the elements. You could be second best in many and still be best overall. If you set about learning how people do things and get yourself in the upper quartile in key elements, you’ll have an unbeatable record!”.

P 85 Mohamid Zairi, Unilever lecturer in Total Quality Management at the University of Bradford Management Centre suggests that the benefits of a benchmarking study flow from an understanding of the processes, not just the outcomes...”what we are looking at” he says, “is the means not the end. All participants will be able to learn from how others approach similar tasks”.

P 88 “Critical success factors define the relatively small number of goals or objectives essential to the vision of a department, a function, or the business as a whole. Reaching a consensus on what these critical factors are is one of the most important steps towards defining which elements of a process to benchmark”.

P 93 “A service encounter is any interaction between a service organisation and its customers”.

P 101 “It is worth noting that the critical aspects of the service encounter are from the customer’s point of view. These are the places where ‘the opportunities to screw up’ (OTSU) are highest. How can we find the OTSUs?...we can ask our customers where things are most likely to go wrong, and what happens to them when they do”.

“There are two dimensions which determine criticality” (in relation to the identification of OTSUs): first the importance to the customer of something going wrong at that stage, and the second the probability of an incident occurring”.

P 122 “We have found the list of service quality dimensions suggested by Berry, Parasuraman and Zeithaml to be a good starting point for providing more detail to a description of service quality. They describe the dimensions of service quality as:

Reliability	Responsiveness	Competence
Access	Courtesy	Communication
Credibility	Security	Understanding the customer
Tangibles”.		

P 124 “The costs of poor quality are conservatively estimated for most organisations to be in excess of 25% of turnover. We measure quality costs in four categories:

Failure costs:	the costs of putting things right after they have gone wrong by replacing products or offering restitution for poor service.
Appraisal costs:	the costs of monitoring how well we are performing. They do not add value, but may help to minimise future failure costs.
Prevention costs:	the costs associated with improving quality through training and changing the way things are done.
Psychological costs:	these can best be described as the ‘cost of hassle’ for service staff or customers”.

P 128 “Without some form of measurement, it is impossible to know how well a service is performing.

Whichever measurement system is used, it is better to focus quality measures linked to the most important aspects of customer service. The premise behind this thinking is that what gets measured gets done”.

P 131 “If there is one universal truth in service delivery it is this: things will go wrong. No matter how perfectly your staff, systems and quality procedures are geared up to getting things right first time, every time, events will, at some point, conspire against you”.

“So many Total Quality Management programmes concentrate so much on getting service delivery right every time that they neglect to look at, and plan for, the consequences of failure. Customer complaints, when they do arise, are hidden, skimmed over, or treated as aberrations. They are not solved effectively as there is no system in place to deal with them”.

P 132 “Market research in a number of sectors has shown that investment in service recovery invariably pays off in profits. It’s a simple equation: good recovery from mistakes builds customer loyalty; and customer loyalty is good for profits”.

“Yet despite the huge costs involved in replacing lost business, and the general agreement that customer retention is a good thing...fewer than 10% of companies even bother to measure the number of customers they lose each year. Even fewer ask customers why they go, and probably don’t realise the extent to which bad service, or service which is badly recovered, is at fault in driving away customers”.

“For an average firm, fewer than 10% of customers quit because they received a better offer from a competitor, fewer than 10% quit for reasons unrelated to service quality, such as moving out of the area or changing jobs, and under 15% quit because they were dissatisfied with the promised service package or the product. The rest, more than 65%, quit because of the way they were treated”.

P 133 “But customers are remarkably tolerant. They won’t, as a rule, abandon a supplier after a single mistake, and will usually remain quite loyal if that mistake is rectified”.

“Good recovery pays off in terms of word-of mouth advertising as well. We have all heard that a satisfied customer will tell five others about it, while an unhappy customer will tell ten. It has also been estimated that a customer who has experienced good recovery will tell three others about it”.

P 135 “There are three main aspects to good service recovery: getting your service systems right in the first place, to minimise the need for recovery; dealing effectively with complaints; and anticipating the need for recovery by having systems in place to handle it”.

“All service delivery problems spring from one of the following sources: internal supplier errors, customer dishonesty, customer errors, insufficient capacity, or insufficient skills or knowledge to do the job”.

P 137 “An American survey indicates that simply making it easier for customers to complain can increase customer retention by as much as 10%. Actually responding to the complaint can boost retention up to 75%. If the customer is well satisfied, retention increases to 95%”.

“Typically, customers of poor customer service organisations, having low expectations of the company, will not waste their time with complaints. They generally find it easier to go elsewhere for service. If complaints are made, the service managers will tend to hide or repress them, for fear that, if they come to light, they will affect their performance ratings”.

P 138 “Some excellent service providers would never dream of waiting for a customer complaint if they spotted an error themselves”.

P 139 “Staff also need to have a clear idea of what their own service team is capable of. A team that is motivated to take responsibility for satisfying customers, and knows how to anticipate service failures and recover from them, will clearly be more successful than an untrained team left to their own devices”.

- P 140 "At the very least, front-line staff should be able to handle the basic recovery process:
1. Acknowledge the problem.
  2. Define the problem.
  3. Generate options for on-the-spot-resolution.
  4. Develop a solution, or alternative solutions, with the customer.
  5. Follow through.
- P 141 "Staff can't be expected to take on the responsibility of recovering from service failures without the support and encouragement of management".
- P 147 "We are often surprised to see that managers we work with do not have a clear picture of how costs are incurred in their organisations. This is not to say they do not know what they are doing, but rather that cost information is not available to them in a useful form".
- P 153 "Those companies that do capture the emotional commitment of their employees do not automatically see radical improvements in service quality - after all, enthusiasm is of little practical value unless it is supported by customer-oriented structures and systems. But they do lay down the groundwork for rapid cultural change".
- "Facing up to these issues requires the company to examine closely how it tackles five key areas of people management:
1. Selection and recruitment (why struggle to change the nature of people with very poor customer orientation, when you could hire people who are naturally customer-driven?).
  2. Training and development (giving people the skills and confidence to behave in customer-responsive ways).
  3. Front-line support systems (does the organisation itself help or hinder the desired behaviours?).
  4. Empowerment (enhancing discretionary decision-making where it has greatest impact).
  5. Rewarding and motivating".
- P 154 "Selection on natural customer-responsiveness is not an exact science and there are plenty of examples of people who, while loved by their customers, are loathed by co-workers and do not deliver the goods on the company's behalf".
- P 156 "If the job description doesn't emphasise service goals, you are only likely to attract or select people with strong customer responsive characteristics by accident. A service-oriented job description is also likely to lead to recruitment advertising that emphasises customer-handling skills".
- P 157 "Our observations of effective training approaches within the service quality area indicate that they are:
- Designed to meet the specific requirements of defined customer groups.
  - Designed with the active involvement of managers and other staff.
  - Designed to include measurement and feedback systems from the start.
  - Carried out in teams".
- P 159 "It is difficult to escape the conclusion that much of this training is wasted because employees cannot sustain the new behaviours they have been taught because the infrastructure surrounding their jobs does not allow them to".
- P 169 On empowerment as a means of assisting customer service: "used badly, it can be seen by staff as simply more responsibility for no additional reward. Used well, and it can accomplish what it is meant to, and concentrate power in the hands of the people who need it most to get the job done".

- P 173 "In practical terms, empowerment demands a whole new set of behaviours, which have to be cascaded down the management structure. It starts with having a board that actually thinks and behaves like a board. Instead of concerning itself with a multitude of operational activities, the board confines itself to the strategic issues, which are the essence of effective direction".
- P 174 "Essentially, the leader needs to go through a transition in management style that looks something like the following:  
Telling...selling...coaching...enabling...empowering.
- P 176 "The experience of organisations which have managed to empower employees suggests that it takes time and concentrated effort. Amongst the lessons learned:
- \* People don't necessarily want to be empowered.
  - \* Empowering someone else is actually an impossibility. No-one *has* to accept power.
  - \* People can often take additional power only in small doses.
  - \* Consistency is essential. Managers at all levels have to learn not only to give up control of tasks, but to resist the temptation to seize back control when they don't agree with the decisions made.
  - \* You can't simply adapt the rulebooks; you have to throw them away and start again.
  - \* Complete empowerment isn't for everyone, nor is it suitable for all organisations".
- P 180 "While a mission statement can play a valuable role in expressing an organisation's culture, or intended culture, it should never be confused as a substitute for it".
- "If formulated and used correctly, a mission can act as a powerful tool in improving service levels by helping employees and customers visualise what the organisation is trying to achieve. All too often, however, mission statements are allowed to sink to the level of woolly platitudes".
- P 181 "A culture must be understood before it can be changed".
- P 195 "Studies by the American technical research organisation TARP, have found that dissatisfied customers tell twice as many people about their negative experiences as do satisfied customers about their positive ones".
- P 197 "Well-focused sponsorship can re-inforce a corporate service brand by emphasising the company's commitment to a relevant set of ideals".
- P 200 "The difference between advertising and partnership communications is that the customer perceives the latter to be mutually and equally beneficial, rather than primarily of benefit to the supplier company".
- P 203 "The reasons customers don't tell you what's right and wrong have been well-documented in a variety of studies. Basically, they can be summed up as:
- \* Why should I create more stress/work for myself?
  - \* It won't change anything.
  - \* You're not interested anyway.
  - \* Why should I help you improve your business? I don't owe you any favours.
  - \* You don't make it easy for me to tell what I think - (you may even make it difficult)".

P 204 “Anything that makes it easier and more comfortable for customers to fill in questionnaires is likely to stimulate a greater and more informative response.”

“Typically however, companies tend to go out of their way to make it difficult for customers to give feedback”.

P 205 “Even where there is direct personal interaction with the customer, eliciting honest reactions can be very difficult. The environment has to be one which gives customers the confidence to speak out and which reassures them that the organisation and its representatives are interested and want to hear what they have to say”.

P 211 “One of the characteristics of customer care programmes that ‘bomb’ with employees is that they start with a massive communications campaign full of hopes and aspirations. By contrast, the most successful approaches in terms of eliciting employee support and commitment tend to be those whose top management has already started the process of change and starts the communication process by explaining what has already been done”.

P 212 “Although it is a second-best solution (there is no opportunity to ask questions) a well-crafted video can still capture, and sometimes emphasise, the customer’s feelings”.

P 213 “...the problem” (with identifying customer’s difficulties and concerns) “is that people can rapidly become desensitised to customer problems unless there is a mechanism to oblige them to listen”.