

Techniques

Creating a customer-focused culture: some practical frameworks and tools

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Abstract

Many companies have customer service departments which act as a barrier between the company and the customer. Is customer service represented at the top? How credible is a customer satisfaction index? What effect does this have on customer service? This article discusses a tool for assessing the degree of customer focus within an organization's culture and provides a series of checklist questions.

What do a gourmet restaurant, a car service centre and the Inland Revenue have in common? Their stated objective is to provide a service to their customers, but less obvious is their own particular service culture, which underpins this and may or may not support service delivery. Culture is a vital ingredient in the service delivery process, yet for all that people talk about it, it seems to have such an intangible, hard-to-identify property. It is often defined as the "way we do things" or the "collective mindset". It is almost like "magic dust"; when you have it you are head and shoulders above the rest, when you don't you're left struggling to catch up. Virgin, British Airways and First Direct all seem to have that special something that sets them apart in the customers' eyes and even enables them to branch out into new businesses. This article looks at how to get, and how to keep, a customer-focused culture – and, in particular, how to understand the key components of the culture in your organisation. This understanding is the first step towards improvement and success in this area.

What should you expect from a service-oriented culture?:

- Everyone takes responsibility for sorting out customer issues. There isn't any buck-passing. Processes flow smoothly from one department to another.
- The environment is open: people aren't covering-up mistakes or withholding information from each other and the customer.
- Service delivery is consistent, it doesn't depend on whether you are served by a particular person. Measurement and performance management is often part of this, agreed by consent, not imposed from above.
- There is a common language and shared assumptions, which rule out ghettos and "turf" wars. In our experience this means conflicts and different assumptions are worked through, not hidden away. Personal contact is made with the customer: even in the briefest of interactions an appropriate warmth or intimacy is created.
- Leaders and opinion formers are visible in personally demonstrating customer-centric behaviour.
- Regular feedback is sought from the customer and the results acted upon.

Culture can be very resistant to change. Recently one of the authors contacted a

number of newly-established direct telephone insurance companies. These were often offshoots of rather slow, customer-indifferent groups. Even though all the technology was in place the “old” culture pervaded – unfriendly service and cumbersome ways of dealing with the customer. Why First Direct have done so well in telephone banking is that they recruited customer service staff, not those with a banking background.

Customers quickly form a lasting view of how they are dealt with, what Jan Carlzon described as the “moment of truth”. It is formed by the quality of the “smile” you receive from reception or the telephone and how easy, or difficult, it is to do business with that organisation. For example, a customer satisfaction study 18 months ago into the RAC Motoring Service revealed people who called in felt the service was unfriendly. Some organisations seem to make the whole process seem a miserable and time-consuming experience.

What is it that makes the difference? You can identify some very solid tangibles – technology, training, the product itself and how the service is designed, for example. Yet what makes service special is the people. Recruitment certainly plays a part: anyone who had a good experience at a restaurant or hotel and then has returned a year or so later, only to be disappointed by completely different staff, will attest to that. Theme restaurant TGI Fridays goes to enormous lengths to recruit people who fit the lively service culture, using selection tests, and an assessment process including an entertaining “audition” against clearly defined criteria. It rejects far more applicants than it appoints, searching for an important set of qualities. Research defines the competencies of front line service employees very much in terms of the ability to listen and empathise with the customer; even under pressure.

In the space of five years, Birmingham Midshires Building Society transformed its organisation with the introduction of a highly customer-focused service strategy which included a culture development programme. Nurturing and sustaining competent service delivery is what a service culture is all about, based on a credo of everyone “going the extra mile” for the customer.

When employees are asked to write down the most important measures of company success, do customers and profit come out

top and what relationship do they see between the two? Underpinning the behaviour customers experience is a clear set of values, which people live by. Many organisations have “gone through” values programmes and display a set of words in public places. Far fewer make the “public” and “private” values consistent. At the customer service department of software company SCO, staff group meetings were held to thrash out customer values which were translated into performance measures that staff themselves had identified. Kwikfit displays signs everywhere that say they aim for 100 per cent customer delight. Its culture genuinely supports these statements – everyone is reminded from day one that the customer comes first, and how this can be delivered in practice. It is reinforced by same-day telephone surveys of customer reactions. Harvester Restaurants hold induction days to introduce new employees to the service culture and encourages them to make a personal commitment to action.

Culture is often reinforced repeatedly. British Airways is one of an increasing number of service leaders to have adopted a balanced business scorecard which seeks to put customer focus on an equal footing with finance, employee satisfaction and operational measures. Events are held to drive home the service message. Hi-fi retailer Richer Sounds has frequent lively team meetings to motivate and focus customer delivery.

Service culture checklist

The following checklist summarises our experience of some of the things you need to do if you are to promote a service culture:

- Recognise the substantial impact of culture on service delivery.
- Identify your organisation’s culture, its strengths and weaknesses.
- It is easier to build on the culture you have than attempt a complete demolition. This requires a recognition that all culture has its good points and enablers, as well as bad points and blockers. We were recently reminded of this in our work with a privatised rail company. An “old hand” engineer said to us, “If only my managers would recognise it wasn’t all bad in British Rail”.
- Be prepared to “let go” of aspects of your organisation’s culture which, though valuable in the past, are no longer useful.

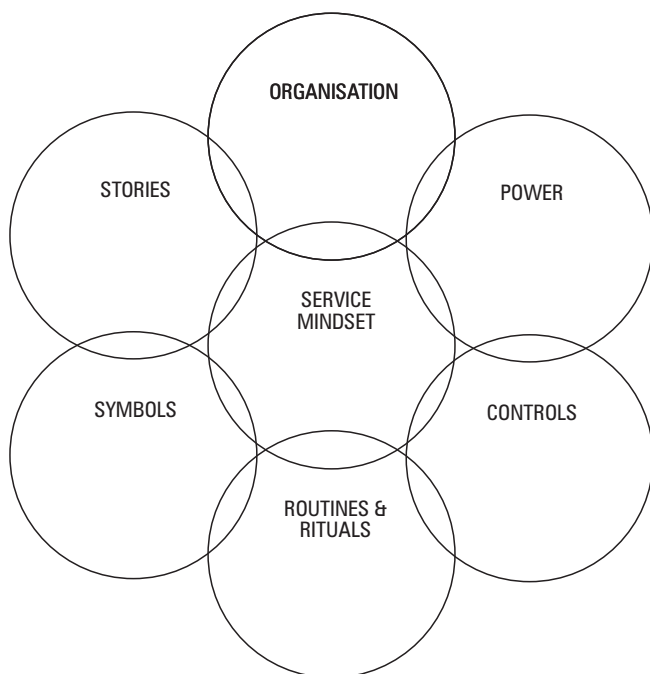
- Think carefully what behaviour is rewarded in your organisation and what impact this has on customer satisfaction.
- Strengthen and reinforce the customer-focused culture through organised events and the day-to-day management of service performance.
- Actions speak louder than words – leaders must walk the talk, demonstrate customer service in big and small ways. Most leaders fall short here and then wonder why other people don't take seriously their exhortations on the customer.
- Listen to the customer – everyone says they do but few regularly do so and take on board the messages.

How to strengthen your service culture

Cranfield School of Management has developed a powerful diagnostic tool to pinpoint the degree of customer focus in an organisation. It is called the Culture Web (see Figure 1) and at the centre is your view of the customer and the world. It is revealed by examining, in service teams or management groups, a series of seven interlocking components that together make up culture.

Using the Culture Web as a framework for talking about culture we can identify aspects of organisational life that help or hinder a customer-responsive culture.

Figure 1 The service culture web



The paradigm and mindset

How organisations view the world will clearly have a direct impact on the way that their people deal with customers. A recent radio programme investigated the trend for London restaurants to charge for “no shows”, no matter what the reason for cancellation. An owner defended the practice, but suggested that they might be able to review the practice once customers had “learnt how to behave properly”. Consider the impact this owner's attitude might have on the way his staff viewed the customer.

Behind attitudes to the customer are assumptions that often go unchallenged because they appear to have worked for us. It is only when a newcomer joins the organisation or a competitor changes the rules of the game that these basic assumptions are reviewed.

Direct service operations provide a good example. Until recently the paradigm of the insurance industry was an unchallenged belief that most business would be carried out through branches or brokers. Direct Line challenged that paradigm, recognising that customers wanted the flexibility of dealing without an intermediary at times that suited them.

We frequently come across two mindsets which kill good service:

- “It would be all right if it weren't for the customers”. Sadly, it seems that many organisations' psyches contain a belief that customers are trouble. A true belief that customer service really is a major priority is harder to find than it should be.
- “We know what the customers want”. This is potentially a more dangerous assumption. It tends to breed a blinkered attitude, making it impossible to pick up the signals that the market may be changing while we are not.

Key questions:

- Is the real focus on satisfying customer needs – or delivering what we do (and have always done)? For example, some business schools and training consultancies have fallen into the trap of delivering their successful programmes year after year instead of helping organisations and individuals to change and develop.
- Is there a belief that strong customer relationships are essential for long-term survival and profit, or is short-term profit the

overriding goal? (This leads to an internal focus on costs, not the customer.)

- What are the central preoccupations of the organisation? Where does the customer fit in? What is the CEO obsessed with – for example is it innovation? Profit? Status symbols?

Organisation

The way a company is organised can have a profound effect on how easy it is to do business with. Many companies have customer service organisations which act as a barrier between the company and the customer. Customer complaints may be handled “efficiently” by this group, but very few people meet and deal with customers or hear what really upsets them. In contrast, Birmingham Midshires Building Society makes a principle of handing complaints to the people who process the work rather than employing a separate complaints department.

Much of the value in recent business process re-engineering (BPR) projects has been a greater emphasis on linking together processes and activities which contribute to customer value rather than functional expertise and generation of customer focus rather than operational focus. An example is the creation of teams to handle the entirety of a group of customer transactions. At Cigma in Greenock, a company which handles employee benefits for corporate clients, there used to be functional groups, handling sales, service and credit control separately. Today, client-focused teams have led to quality and productivity improvements.

Key questions:

- Why has your organisation structure evolved to its present form? Is it driven by functional or regional requirements or by processes which are customer focused?
- Do your organisational structures prevent customers getting in touch with those who make decisions in the organisation?
- If you were the customer, does the organisational structure make it easy for you to do business?

Power structures

- This aspect of the organisation’s culture is particularly important when it comes to changing the way things are done. Power structures may have nothing to do with the way the organisation chart is drawn: some individuals appear to have far more power

than their status would suggest, either because of the force of their personality or because they exert some power based on expertise. The problem arises when this works against the customers’ interests: some employees delight in withholding information from customers because this seems to give them perverse satisfaction. Managers must be alert to this, as it is often a signal that these employees feel undervalued by customers and organisation alike.

An individual manager is able to block much needed change because it may dilute his or her traditional power base. In working with a water company it became clear that a major factor in the delivery of a customer service strategy was the extent to which a group of relatively junior engineers would buy into a new customer emphasis. This group had the ability to re-interpret and prevent anything happening which didn’t fit their views. The implementation of the service strategy therefore had to allow time for building understanding and commitment from this group.

Of course, power can be used very positively to engender customer focus. No one can dispute the influence of Sir Colin Marshall at British Airways or Sir Tom Farmer at Kwik Fit in driving through improvements in customer service.

Key questions:

- Who has the power? Is customer service represented at the top?
- How much power do front-line employees have over service delivery? Who has decision-making power?
- In designing new services, which is most important – the voice of the customer or the influence of empire builders?

Controls

Most of us are aware of the importance of measuring and managing service performance. Tony Hughes, operations director of Bass Taverns’ frequently uses the quote “What gets measured gets managed, but what gets rewarded gets done”. In reality, a Cranfield survey suggests financial measures far outweigh any other measure in most companies.

Positive examples may be provided by those companies which have consistently rewarded people for customer satisfaction performance. A company that has unwaveringly recognised customer

satisfaction performance is Rank Xerox, which has consistently measured its performance against four key performance indicators: customer satisfaction, employee satisfaction, market share, and return on assets. It has built up its business by putting the priority very much in that order, with the firm belief that satisfying customers and employees leads to enhanced market share and therefore return on assets. Avis has consciously designed non-financial measures, such as telephone friendliness, which are weighed as equally important as “hard” sales and financial data. BT Mobile has a wide ranging “dashboard” approach in its company performance indicators: key measures are employee satisfaction and internal quality.

Kwik Fit has focused the efforts of branch managers and staff on profitable customer service by removing branch management of inventory control and administration and putting them centrally. To maintain a business and customer focus, each group of branches had its own “profit and loss” account and measures against the mission of “100 per cent customer delight”.

A prime control is often headcount – senior managers often use it to manage cost, but it does not relate well to business development. One water company imposed strict headcount restrictions which led to a succession of temporary service staff, and hence deterioration of service from demotivated short-term staff.

Key questions:

- Which control system or key performance indicator is the one which people look at before everything else? How credible is a customer satisfaction index? What behaviour do you observe as a result? Does this enhance or detract from customer focus?
- Are controls for internal purposes? Are they for the benefit of the board or accounts function? Whose benefit is it for?
- Are controls centralised/decentralised? Loose or tight? What effect does this have on customer service?

Routines and rituals

What are the patterns of behaviour in the organisation which impact on how we deal with the customer? These are the activities which are not necessarily in the company procedure manual but nevertheless have special significance for the organisation. They might range from the “informal system” such

as ways of getting round red tape, to celebrations of success such as pub nights or parties.

The managing director of Credit Card Sentinel, Philip Williams, sends thank you cards to people that have done well, a relatively inexpensive exercise which has tremendous returns in employee satisfaction. Avis practises “visible management”, where head office managers spend time each year in the field helping to rent cars.

Other routines and rituals erode the relationship with the customer; they become a way of dealing with the difficulties of the job at the expense of the customer. An example is provided by hospitals who employ rituals such as asking everyone to put on pyjamas and night clothes even when their condition does not require it. One interpretation of this ritual may be to establish an ordered regime, with uniformed doctors and nurses in charge.

In the middle of an appointment to buy a child’s first school uniform the sales assistant announced she was going to her tea break. What does it say about the importance of the customer?

Key questions:

- What routines do we have which send unfriendly messages to the customer?
- Have rituals developed from past practice which today work against the customer?
- How often are customer successes celebrated and rewarded? What about failures and problems being dealt with?

Symbols

Symbols are very important in organisational life. Who has a parking space or a fitted carpet in their office (or who has an office at all) become major talking points. They take on a life of their own, as anyone who has been involved with a company car scheme will testify! Symbols may be a human role model, so certain charismatic leaders may become symbols of change. Richard Branson of Virgin would surely be a good example of a bold, unstuffy champion of the customer.

The power of symbols became obvious in a security alarm company. In this case sales staff were given cars, service engineers drove vans. It sent a clear message that service was the poor relation. It was changed by providing service engineers with estate cars which could be for private as well as company use.

In Bass Taverns, certificates of competence were introduced to service providers with

some fanfare and became a symbol of success. Staff self-esteem began to rise as they felt better about their contribution, and ownership of customer issues increased, which showed itself in customer satisfaction and business performance.

For anyone involved in an automobile accident, there is a lengthy and inconvenient process to get your car repaired, involving questions, arguments and forms. Recently an American insurance company has changed these rituals – it simply videos the accident damage and resolves the matter in hours with minimal paper work.

Key questions:

- What do our everyday symbols say to our customers and the way we think about them? For example, the high, forbidding reception desk, the Post Office queue, the sleepy bookshop with a cat snoozing in a corner.
- Do past symbols link in with our current business strategy and how we want to be perceived?
- What contractory messages do we send? For example, we have seen a notice expressing the importance customer satisfaction prominent behind chatting receptionists and unanswered phones.

Stories

What stories people tell say a lot about customer attitudes in the organisation. These are sometimes called the “war stories” and are generally told to new starters. They may be positive (“we’re ahead of the competition, this is a good place to work”) or negative (“welcome to the mad house, don’t take any risks, keep your head down”).

In some companies, stories circulate of staff who have been disciplined for giving relatively small refunds because they didn’t follow company red tape.

Some organisations have successfully influenced their service culture by communi-

cating a new set of stories linking acts of customer service to business success: a Federal Express employee taking the initiative by hiring a helicopter to get an essential package to a customer; an employee of Marriott Hotels travelling all across town late at night to buy a familiar brand of hot chocolate for a sleepless guest.

Key questions:

- What do company stories reflect about your treatment of your customers?
- How would stories reflect successful service “heroes” or role models?
- What are the themes of the stories which circulate? Do customers feature, if so how?

Actions for a customer-focused culture

Organisational culture is always evolving; it is being reinforced, created and re-created every time an employee represents their company to the customer. The best way to understand your company culture is through dialogue with other people in the organisation and with customers.

The culture web provides an accessible framework for this conversation. Usually it helps to have an external facilitator to guide the discussion and to challenge, clarify assumptions and test what people mean.

We recommend a stepped process which will produce a plan of action:

- Map the existing culture using the service culture web.
- Review what you have put in this web and talk over with colleagues what helps and hinders customer ownership, responsiveness and focus.
- Agree what needs to change to strengthen a service mindset.
- Look for actions to take in each aspect of the web that makes up the whole service culture.
- Track change, using agreed measures.