

# The Review

INSIGHTS, IDEAS & INFORMATION

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White Maple is a strategy consulting firm. We aim to deliver results for clients that produce lasting improvements to performance through facilitating alignment between strategy, the market and brand, and the organisation's people, structure and processes.



We focus on working with service organisations. Principal sectors include:

- Commercial (business-to-business)
- Government
- Member organisations and charities
- Professional services

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## Invest in customer service: why bother?

BY DAVID HALLIDAY

You would think that after all the time and money that has been spent on achieving excellence in customer service, we would see some evidence of success. Yet the startling truth is that customers are now generally less satisfied than they have ever been about the standard of service they receive and are more inclined to complain about it. In this context, this article explores two key questions: why bother investing in improving service? And, how can we approach it differently?

Recent research suggests that many companies are losing between 20 and 30% of their customers every year, and that 40% of customers would pay extra for better service. Another survey found that 70% of customer service improvement programmes deliver no discernable benefit to either customer or service provider. And a further study has shown that 60% of us think that standards of service are declining – a finding that is confirmed by the fact that customer complaints have more than doubled over the last decade.

### "... A CATASTROPHIC FAILURE TO PROVIDE A RETURN!"

Looked at from an investment point of view, you would have to say that this all adds up to a catastrophic failure to provide a return!

We have seen this investment, and the accompanying failure, in all sectors. In consumer markets we have seen substantial investment in CRM (Customer Relationship Management) systems and staff training in the belief that if you capture and use lots of information about your customers and train your staff to be pleasant, your customers are going to be eternally grateful.

In the business-to-business sector, we have seen attempts to introduce key account management and we have heard protestations about working in partnership, but they assume that customer service is something you do to your customers, when actually it is something you do with them.

And in the public sector, there is a lot said about putting the service-user – the patient, the householder, the voter – first and offering them choice while at the same time issuing performance targets to the public body that ensure that they are going to be put second, at best.

To me, there are therefore two critical questions we need to be answering:

- Why bother?
- How can we approach it differently?

### WHY BOTHER?

Some might say that if the holy grail of customer service excellence is so elusive, why bother to try and find it. We've done all right so far with the standard of service we provide, so let's leave well alone.

The problem is that analysis of high performing businesses (those experiencing sustained growth in sales and profits) shows that there is a clear connection between the way their service is viewed by their customers, and the success they enjoy.

A leading consultancy analysed the value of customer loyalty and found that a 5% increase in customer retention can increase profits by between 25 and 90% (that's not a typo – 90%). Research into the reasons why customers defected found that two-thirds of them were to do with service inadequacies. Recent research by another consultancy has shown that 85% of a brand image is attributable to the nature of the customer's experience in dealing with the brand in question.

The data justifying why customer service should be number one in all our priorities is as endless as it is compelling.

And here perhaps is our first clue about what you might be doing differently to improve customer service. Do you know what the potential value is to your organisation through delivering better service? How do you measure it? Are your people aware? Is their performance managed against its contribution to customer service value? Do you know the lifetime value of your customers (expressed not just in terms of how much they could buy, but also in terms of how much they could recommend)?

So there are already two answers to the why bother question:

- it is the prime route to lasting success; and
- the fact that you do not know and/or haven't communicated why your people should bother may well be one of the reasons why there is scope for improvement in the service you provide.

## "STOP LOOKING FOR QUICK FIXES"

### CUSTOMER SERVICE

Some sources of further information and ideas about customer service (all the books are available through [www.amazon.co.uk](http://www.amazon.co.uk)):

#### Customer Intimacy

See the reference to this book in the main article.

By Fred Wiersema. Harper Collins, 1998.

#### Brand Manners

How to create a branded service culture that consistently exceeds expectations.

By Hamish Pringle & William Gordon. Wiley, 2001.

#### The Customer Driven Company: Moving from Talk to Action

"Recognized as the Bible of customer service".

By Richard C. Whiteley. Perseus Publishing, 1993.

#### The Loyalty Effect: The Hidden Force behind Growth, Profits and Lasting Value

About how loyalty to customers, employees and investors has a direct effect on the bottom line.

By Frederick Reichheld. Harvard Business School Press, 2001.

#### Fabled Service: Ordinary Acts, Extraordinary Outcomes

Helps you assess your needs and select activities to improve weak areas in your current customer service.

By Betsy Sanders. Jossey Bass Wiley, 1997.

#### The CRM Pocketbook

"A refreshing change from the constant garbage that is spouted on the subject".

By Charles Turner & David Alexander. Management Pocketbooks, 2001.

#### Building Great Customer Experiences

Explores the role of emotion in customer experience and offers "Seven Philosophies for Building Great Customer Experience™".

By Colin Shaw & John Ivens. Palgrave Macmillan, 2002.

#### Chartered Institute of Marketing

[www.cim.co.uk](http://www.cim.co.uk)

From the home page go to the "Canons of Knowledge". You will find all sorts of resources in the Services Marketing and CRM sections of the "Knowledge Hub".

Then there is a third one. When we talk to customers about service, and about what they value about it, they always describe it in terms of their experiences in dealing with service providers' people. It is expressed in terms of the human interaction.

As Fred Wiersema, in his excellent book "Customer Intimacy" puts it: "Customers' impressions during the cycle of acquiring, owning and ultimately discarding the product – what I call the customers' get it, use it and fix it experiences – contribute to their perception of value. By understanding each customer's experience through an entire cycle, a supplier can cast a larger net around the customer's real needs."

So service is at the heart of why the customer buys, and whether they decide to buy again, buy more and recommend the supplier to others. It is therefore an intrinsic part of selling and a key determinant of sales performance.

So if we are interested in sales and profits, we need to bother with service. Even if we are a not-for-profit organisation, interested in the goodwill of our users and stakeholders, we need to bother for the same reasons.



### HOW CAN WE APPROACH IT DIFFERENTLY?

Having studied the organisations that have had some success, and those that have not, and had some experience of working with clients to develop their service, I do not believe there is one magic formula or a simple solution.

And perhaps this is the first thing we need to do differently. Stop looking for quick fixes, or short term initiatives, and be sceptical about anyone who comes up with one-size-fits-all solutions.

This is not to say that progress cannot be rapid. It can, but to make that progress sustainable there are often

fundamental changes needed within the organisation... changes that may not be comfortable for many roles and functions.

Some of the different approaches you may need to consider are:

**Stop** trying to determine in your boardroom how to deliver great service.

**Start** engaging the people in your front line in defining and creating great service.

**Stop** telling your staff to think about customers.

**Start** helping them to think like customers.

**Stop** telling your staff to be advocates for the organisation.

**Start** helping them to be advocates for their customers.

**Stop** complicating your organisation with meaningless titles and functions.

**Start** seeing your organisation as having only two roles in it: serving the customer/user and helping someone to do so.

**Stop** talking about customer service programmes and initiatives.

**Start** talking about service as being what you do, and improvement to it as being your constant quest.

**Stop** looking at ways of improving service processes and systems.

**Start** working on the attitude and behaviour of your people and how it can deliver great service.

**Stop** focusing on the physical aspects of service – "what the customer gets from you".

**Start** working on the emotions you want to engender – "how the customer feels afterwards".

**Stop** focusing on the big promise.

**Start** analysing and working on every single interaction the customer has with you – every touch and thought point.

**Stop** looking at what suits you.

**Start** working from looking at yourselves from the customer point-of-view.

### SO OVERALL...

Be open to the possibility of seeing and doing things in a different way, and of challenging attitudes and behaviours at all levels of the organisation. That is the difficult bit, but crack it and the rest becomes a whole lot easier!

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# Awaydays: getting a good return

BY NATASHA MARTIN

Awaydays, or “management retreats”, are now common practice. This article aims to help you to get a good return from your investments of time and money in awaydays. It highlights some of the things that can go wrong and it gives some suggestions for effective awayday organisation.

Awaydays can be very effective for gaining consensus on strategic direction and identifying the critical issues that an organisation needs to address. They can also be used to develop teamwork and solve specific problems. In addition to facilitating creative thinking, awaydays can act as catalysts for change and action.

## POTENTIAL PROBLEMS

However, there are also potential problems and pitfalls. These can include:

- people not contributing, or even being actively troublesome because, for some reason, they do not want to be at the meeting or because they do not agree with the programme;
- delegates walking out because they are so angry or distressed by the discussions;
- delegates being distracted or disruptive by answering or making telephone calls;
- speakers or exercises/tasks being inappropriate or unacceptable to participants;
- trying to cram too much into the available time and not allowing sufficient time for discussion and flexibility to address new issues as they arise;
- the venue! Typical problems include: inconvenient location; too posh (not a brilliant idea when a key issue is cost reduction); too down-market (perhaps not the best for celebrating success); poor service; equipment that won't work; and meeting rooms with insufficient natural light;
- confusion about the objectives of the awayday and the specific outputs that are wanted.

## SUGGESTIONS

Here are some ideas for helping to ensure that your awayday is productive and positive.

**Awayday objectives.** Ensure that the objectives for the awayday are clear and agreed. If the awayday is part of a broader process (e.g. strategy development), the objectives will, of course, need to be integrated with that wider process. It is usually a very good idea to consult with attendees early in the event planning process. Don't

be too ambitious with what you want to achieve at the meeting. Manage expectations: it is better to over-achieve.

**Time.** Think carefully about time in terms of:

- how much time is needed for the awayday. Awaydays can, of course, need more than just a single day! Allow slightly more time than you think is strictly necessary (you can always finish early or give more free time). But you don't want to allow too much time either; if the pace is too slow delegates will get bored and distracted and you will be open to accusations of wasting time and money;
- the days of the week that you hold the awayday. Although having off-site meetings on weekends is common, do not take acceptance of this for granted. It might even be that, if your firm is trying to promote “quality of life”, you restrict awaydays to weekdays.

**The venue.** Make sure that it is reasonably convenient for everybody. You need to pitch the style and perceived expense of the venue to fit with the objectives and style of the awayday. Real basics are ensuring that the meeting rooms are big enough and have sufficient natural light. If at all possible, visit the venue in advance. Save yourself effort by giving the venue search task to a venue booking agency; this service is usually free.

**A facilitator.** How the awayday is chaired or facilitated can make or break it. If someone internal is going to fulfil this role, ensure that they are experienced and/or have had facilitation training. An external facilitator allows everybody internally to participate fully. An effective facilitator will not only ensure that key points are raised and appropriately discussed, but can also raise issues that may be particularly sensitive. A good facilitator can also add value by providing insights, ideas, humour, energy and managing the meeting's tempo. You will normally get the best value out of the facilitator if she/he is involved with designing the event.

**Guest speakers.** Basic rules apply for these. Number one is: give them a decent brief. Too often guest speakers find themselves in a situation where either their style and/or content is off the mark. Number two is: don't rely on their CV; check that they are good presenters too.

**Syndicate work.** Small group, or syndicate, work is a common feature of awayday programmes. Smaller groups can have many benefits including: creating opportunities for everyone to contribute; generating ideas; and enabling colleagues to meet and talk to each other. Some issues to consider are:

- make sure that the tasks (and how they relate to the overall objectives of the awayday) are clear and precise;
- give them enough time! The most frequent complaint is that there was not enough time in the syndicate sessions to give proper consideration to important issues;
- give syndicate chairpeople appropriate briefing and training;
- if someone (such as the facilitator) is going to visit the groups as they work, do explain why they are doing this.

**Post-event communication.** Back at the ranch people might have been thinking that you have all been away on a jolly! Or they might be worrying about your decisions. There are almost certainly other people at the firm who want, or need, to know something about what happened on the awayday. Before you finish the programme, allow time to develop a communications plan.

**Awayday evaluation.** Having made the investment, you will want to evaluate the extent to which delegates perceive that the awayday has achieved its objectives. If you seek feedback using a questionnaire, ask people to return them before they leave. You might get more considered feedback if you also, or alternatively, follow up with participants a few days later.

**Making it happen.** Not all awaydays are about agreeing action. But, so often, actions are agreed and then not implemented. At the meeting decide how actions are going to be managed. And if actions are suggested for absent colleagues (always a good reason for turning up!), don't forget to tell them (it has been done!).

Awaydays can be powerful tools for not only planning a firm's future but also for resolving more specific issues. They can also have added benefits in terms of assisting effective teamwork and developing the firm's culture. However, they are not without their risks. Careful planning and skilful management will give you a good return on your investment.

**NATASHA MARTIN** joined White Maple Consulting as a colleague in June. In addition to providing support on client projects, she manages our office and administration systems. She has previously held senior marketing management positions with a number of international businesses. Natasha holds a degree in Management Sciences and has an MA in Philosophy.

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## Book Reviews

For this issue, two very different books with strategy in their titles. Kourdi's takes a fairly academic (yet also practical) look at the context and techniques of strategic decision-making. Waugh's has a hard-nosed (and sometimes idiosyncratic) focus on strategies and tactics for selling professional services.

### Business Strategy. A Guide to Effective Decision-making

By Jeremy Kourdi

This book is about strategic decision making. The first part of the book explores the forces that shape major decisions. The review of seven key approaches to decision-making is illuminating; Kourdi does not promote any one approach as being the most effective but concludes that "in a complex world a mix of styles is needed".

Strategic decisions are "rarely straightforward or simple": the chapter on pitfalls and traps should help to avoid some of the worst mistakes arising from flawed thinking, inadequate leadership and cultural challenges (e.g. disguised or suppressed dissent) and groupthink (particularly likely amongst close-knit groups).

There is also a very useful discussion about rational and intuitive decision-making. Because strategic decisions are usually complex and ambiguous, and are made in fast-changing situations, instinct and intuition are important forms of tacit knowledge that complement a rational, planned and information-led approach.

The second part of the book summarises a series of tools and techniques that may be used when making strategic decisions. Some of the issues covered include: problem solving; scenario thinking; growth strategy options; managing finance and risk; and leadership.

If you are looking for a prescriptive process for developing a business strategy, this book is not for you. However, as a general background and guide to effective strategic decision-making, Kourdi has produced an easy-to-read and practical book which will be very valuable to both the novice and seasoned leader.

OVERALL RATING 

The Economist/Profile Books, 2003. £20

### 101 Marketing Strategies...

By Troy Waugh

We are reviewing *101 Marketing Strategies for Accounting, Law, Consulting, and Professional Service Firms* because many of our clients and other friends are involved with marketing and selling professional services. However, much of the content is also relevant to wider audiences (including purchasers of professional services!).

The book is divided into 101 short sections. Each section gives ideas for effective selling. Here are a few of the topics that are covered:

- the seven deadly sins of prospecting;
- "big hat, no cattle" (i.e. wealthy prospects don't flash their wealth and vice versa);
- market pricing based on value;
- focus on client profits.

Call your British reviewer old fashioned, but some of the ideas are probably just too off-the-wall and/or American! Here's something from the appendix on receptionist training: "1. Rename your receptionist Director of First Impressions"... maybe, but then again...? Or, in the section with tips for accessing decision makers, Waugh suggests calling the prospects at 11 p.m. and leaving an "enticing voicemail"; the theory is that the prospect will wonder "what kind of crazy person" was thinking of them at 11 p.m. and will thus return the call. Hmm.

You may find the Stateside-style, tone and some of the ideas of *101 Marketing Strategies...* slightly jarring (or even a bit of a giggle!). But if you can get over that, you can dip into it to find many sensible and actionable suggestions for profitable business development.

OVERALL RATING 

John Wiley & Sons, 2004. £19.99

### WEB SITES

If you have a PDA (Personal Digital Assistant), you can download from the internet thousands of applications for business, travel, personal productivity, reference and pleasure. Here are a few ideas, including some online stores.

**Avantgo**  
[www.avantgo.com](http://www.avantgo.com)

A free service that can deliver hundreds of mobile web sites to your PDA. Sites available cover, for example, news (e.g. BBC), travel, finance, weather, sport and entertainment.

OVERALL RATING 

**Code City**  
[www.codecity.net](http://www.codecity.net)

You can download for about \$12 a product called CityTime. A world map shows where it is day and night across the world in real time. Many other features. Very handy for international business people and travellers.

OVERALL RATING 

**Handango**  
[www.handango.com](http://www.handango.com)

One of the leading providers of downloads for PDAs (and phones) with any of the leading operating systems. So much choice!

OVERALL RATING 

**pdatopsoft**  
[www.pdatopsoft.com](http://www.pdatopsoft.com)

A source of thousands of programmes for PDA users to get more out of their devices. Includes a useful "Tips & Tricks" section for PDA novices (and geeks!).

OVERALL RATING 

**Palmsource**  
[www.palmsource.com](http://www.palmsource.com)

If you have a Palm, go to their Software Store where, in addition to free stuff, you can find anything from spreadsheets and dictionaries to games and special interest applications.

OVERALL RATING 

**Handmark**  
[www.handmark.com](http://www.handmark.com)

Their slogan is "tools & toys for a mobile generation™". They certainly have a lot to offer (including Handmark Express™ that, for an annual fee, downloads information to your PDA).

OVERALL RATING 

### WHITE MAPLE NEWS

**1** We have a commitment to donate 1% of net profits after tax to selected charities. We are again supporting The Alzheimer's Society, Macmillan Cancer Relief and Save the Children. Clients during our last financial year will again be invited to indicate how the fund should be allocated between the three charities.

**2** This July we are celebrating completion of our second full year of trading. We are very grateful for the support of all our clients, suppliers, associates and other friends. Thank you!

**3** Three quotes from recent client letters and emails:

*"The review has been very beneficial for us in developing our future strategy".*

*"I am delighted with the report; it will be very useful".*

*"...the whole process went very well... people who were very sceptical beforehand... have been won over".*