

# customer focus

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## The changing face

dealing with a growing army  
of 'monster' customers

### Forensic about the customer

director-general of the CBI John Cridland  
on getting the right focus

### A perfect storm

Ernst & Young explore the dual challenge  
of rising customer expectations and a  
squeeze on profits



Institute of  
Customer Service

# the changing face of the customer

One of the striking presentations at the Institute's annual conference in March was given by Dr Nicola Millard from BT. She looked at how customers are more informed, networked and able to use a multitude of channels to both secure the information they need – and challenge services or goods which do not match their increasingly sophisticated expectations.

Her article about the emergence of these 'monster' customers on page 4 reflects what is an over-arching theme for this edition of *customer focus* – the changing face of the customer. Customers are now at the heart of business activity – the DNA of any organisation and those who recognise this and restructure their processes, people and strategies in order to better meet the needs and expectations of those customers, are the ones who will not just survive, they will prosper.

We need to recognise that customers are more demanding, potentially likely to be less satisfied, more articulate and noisier in their protest, skilful in their use of technology and increasingly confident in the application of communication channels. Recognition of their needs is key but it isn't enough – we must also understand in detail, what customers want and is important to them and how this can change for each and every interaction. This is a view shared by John Cridland – recently appointed as director-general of the CBI and talking to *customer focus* on page 6. He believes we should be forensic about what customers are looking for, focusing investment, skills and training to identify and then satisfy what they really value.

This is also a theme explored by Kate Bamford from Ernst & Young. Our interview with her on page 10 pinpoints the need for organisations to create collaborative partnerships with customers to meet what she terms the 'perfect storm' of rising customer expectations and a squeeze on profits.

Identifying those views and values and then addressing them in a way that resonates

with customers, is challenging, particularly as customers are more comfortable with a multi-channel environment. Organisations need to match this ability by championing the use of social media both to communicate and understand how they might engage with their customers. Guy Stephens is a champion of the use of social media in customer service and demonstrates on page 16 that this new communication ecosystem can bring a more personal, empathetic and experiential level of customer care.

If all of this leads to great customer service – as I believe it will – at no time is this more important and constructive than in a time when economic growth is fragile and where consistently delivering customer service excellence will favourably impact the bottom line. The Institute's recently published research, *return on investment in customer service – the bottom line report*, shows that establishing trust, loyalty and emotional connection with customers brings the highest returns – although they are difficult to measure.

Generational theory can offer a framework for understanding how customers' values and behaviours are influenced and affected by the age we live in. Stephen Hampshire gives a fascinating insight into generational differences on page 12.

A classic example of exemplary customer service in the hotel trade is demonstrated by the Savoy Hotel and our case study on page 18 illustrates how a service-led mentality percolates every aspect of this world-famous hotel.

This issue of *customer focus* brings a stimulating insight into how customer behaviour is challenging the attitudes and actions of organisations across all sectors of the UK

**Jo Causon**  
*chief executive*

economy. As always we welcome your comments and feedback, either on individual articles or views or the magazine as a whole. To let us know what you think, please post your observations on [instituteofcustomerservice.com/views](http://instituteofcustomerservice.com/views).



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# the rise of the monster customer



**Dr Nicola Millard**  
customer experience futurologist

**Dr Nicola Millard, customer experience futurologist for BT Global Services talks to Peter Crush about the increasing power of skilfully networked customers**

Nicola Millard has a slightly scary auto-signature. 'Change the World: OR GO HOME!!!', it shouts to anyone who emails her, complete with angry capital letters and three exclamation marks.

But shouty is pretty much what she thinks consumers are increasingly becoming, and more so when dealing with customer service specialists. Agents that can't 'change their world' (read: 'sort their problems out'), she suggests, might as well 'go home', because in the eyes of consumers, they are no use to anyone. In short, customers are becoming considerably more impatient.

This is the observation of 'Autonomous Customer', a jointly produced report from BT and Avaya, a global leader in business communications. Its main finding – that there is a growing army of 'monster customers', those for whom reaching the call centre or service desk is done at a point of greater distress – something businesses are failing to properly equip their staff for.

'There's a great irony at play,' says Millard. 'Customers have never had more information available to them – 78% use price comparison websites and 75% online reviews. These are highly-connected people, and more than half (51%) will trust the advice of unknowns on forums more than an organisation's own website. But,' adds Millard 'the research also shows these proto-customers of the future tend to use all

channels of communication more – including call centres – to find solutions. And there is a warning. When they do, it's because all else has failed. By the time they interact with a business, 56% of them say their contact is of a more highly emotive or complex nature. The monster emerges because they report staff are just not able to deal with their complex queries.'

Customer service staff are literally like lambs to the slaughter. 'Employers still look at how quickly calls can be answered rather than how adequately they are able to deal with these angry people. Angry customers destroy these call resolution statistics.'

## rant, rave or recommend

The research identifies three types of monster customers – visionary ones (those who just want to achieve their goal); crisis customers (those who have gone wrong somewhere, and need help) and utilitarian ones – those that ring a call centre because they have to. They are all 'monsters' because although most consumers (58%) rate self-service as 'good' (and it is something they would prefer to do), they are calling contact centres because there is nothing left they can do for themselves. They need instant resolution, and they are not getting it.

'Customers today either "rant", "rave" or "recommend",' says Millard. 'The Monster consumer will rant before they recommend, and they represent a real reputation challenge for companies.'

But the research is not totally bereft of hope. 'The good news is that some 83% of customers still say they'll buy more from companies that make it easier to do business with them,' says Millard. 'This is a huge opportunity, and the phone is still the top communication channel.' (84% put it as their first choice, followed by 80% who choose email and 72% who prefer internet-based self-service.)

But she says: 'Employers must urgently reverse the recent trend of reducing costs and call centre seats by using self-service instead. The more complex calls become, the more personal interaction, and the more – not less – people are needed. Moreover, they need to become 'experts' in the fields most customers call about. At the moment, contact centre staff can only get so far with the skills they have. Customer service staff need to be empowered to make decisions themselves, without having to refer customers up the management chain.'

## multi-channel interactions

According to Millard, companies who think 'monster' customers are merely an angry minority to be ignored, need to think again. 'These networked consumers are buoyed by the growth of smart phones and iPads, and this will only increase. They are also multi-channel; 60% of consumers say they will continually switch channels (using either email/face-to-face/web/phone), until they find one that satisfies their query. So, this only increases the pressure on companies to get all of their channels of interaction up to scratch.'

*the more complex calls become ... the more people are needed*

*you can't own the dance floor, but you can join the dance*

While the phone might still be the preferred channel of interaction, an interesting find was the fact 34% of consumers polled said they would like to use text messaging, while 16% would like to use social media, like Facebook. The research also finds channel choice depends on their mood, and the type of query they have. For instance, for querying bills, the phone is preferred, followed by self service; but for making a complaint, email tops the preferred channel (by 40% of consumers), followed by the phone and face-to-face (in-store) contact. Self-service, at this point, is the least favoured route (by just 5%).

## networks of experts

'There are complex findings here, and some myths about how everyone will be on social media – which I think is overblown,' says Millard. 'But despite this detail, the future for customer service doesn't have to be difficult,' she adds. 'If people can serve themselves, then yes, allow for it. But make it easy, and

relevant and non-corporate. Enlightened companies are finally waking up to the fact that they are sitting on a goldmine of data.

They need to mine it more, to understand why people call. There will always be things that slip through the net, but that's where contact centres need to step up and be networks of experts, rather than just a big warehouse full of people.'

The key, she says, is to back up customer service decisions (such as embracing a multi-channel solution) with action and resources, rather than half-heartedness. 'At BT we've begun experimenting with web-chats, but we've already learned we can't put our front of line call centre staff on this, because written communication is a different skill.' Email resolution, she says, also has levels of complication and expectation. 'Email tends to get picked up by different people; but consumers prefer dealing with the same person. We're in a much more immediate society. Our research finds 63% of consumers expect to be replied to an email query within 2 hours – so it's no good offering this service, but failing to live up to expectations.'

Meeting growing customer expectation, says Millard, is a reality all companies must face. 'I have an analogy,' says Millard: 'It's about accepting you can't own the dance floor – that is, you can't change what people are doing, but that you can join the dance. How you watch and listen what's going on will give you the steer you need. What you do will determine whether your monsters can be tamed. Now's the time to decide how you're going to dance.'

**What 'monster' consumers DO want**

- Someone that calls back when they say they will: 75% agree
- To speak to the same agent they spoke to before: 60% agree
- To benefit from technology that recognises my voice: 48% agree

**... DON'T want**

- To have to repeat account details on the same call: 74% agree
- Having to go through too many password and ID details: 63% agree

**Future trends**

- 87% of consumers with a problem do not want to deal with overseas call centres
- 41% of consumers would consider contacting organisations via SMS
- 23% of 16-34 year olds think the ability to see a contact agent via videophone would 'add value'
- 22% of consumers would consider using Skype to contact companies



# forensic about the customer

stripping costs out of business without compromising value is difficult – but the new CBI chief insists business must be forensic about what the customer is looking for, as he tells *customer focus*



John Cridland is a man in a hurry. The newly-appointed director-general of the UK's top business lobbying organisation, the CBI, he is also the first to have been appointed from inside its ranks.

Mr Cridland may have been at the CBI's London headquarters since he graduated in 1982, but he is not prepared to play a waiting game with the UK economy.

He believes rebalancing the economy will take time to feed through, but when his period of office comes to an end in five years time, he wants to have brought about a real and demonstrable improvement in the standing of business among its customers.

With business leaders currently ranked somewhere below journalists and estate agents, John Cridland is convinced that customer service will play a key role in helping businesses re-engage with local communities, win back trust, and alleviate some of the sharper impacts of globalisation.

John Cridland's calm and measured tones belie a man fired up for urgent change.

The man who has stepped up to be the new voice of British business has a mission to deliver private sector growth and to deliver it quickly.

The CBI's newest and tenth director-general sees no grounds for complacency about the fragile strength of the UK's economic position.

Mr Cridland admits upfront that the priority for the CBI during his five-year office tenure is growth – private sector growth, rebalancing the economy away from a reliance on debt.

'I will be very honest and say my focus is on growth but the question is where does customer service fit within that growth narrative? It's a means to an end, it's not the end in itself,' he says.

He knows the recession has sharply accelerated the pace of globalisation, so that UK businesses face trading in a global village in which there are now very few critical components of business success which they can take for granted.

The UK may still have the English language, it still has time zone advantage, but factors of production and now capital itself are completely mobile.

'We used to say that people skills still had a strong geographical element, but people skills are increasingly mobile as well and are not necessarily a UK strength. We have some weaknesses in our underpinning skills base and education system which do mean we cannot assume we can trade on people performance.

'So in that regard the differentiators for competitiveness between a British-based business and one in East Asia are going to be more subtle and more complicated.

'They're going to be around innovation, about differentiating the quality of the offer, whether it is a product or a service.'

He is convinced that, to compete effectively, British business is going to have to say to its global customers: 'Come to us and you will get a better quality, more innovative, better delivered product or service.'

'Within that mix, customer service is an absolutely vital ingredient and has a very important part to play. There are too many businesses which have undervalued this because they have had a strong market. All of those markets are now being nibbled away at.'

*focus your investment and your people skills and your training budget on what the customer really values*

John Cridland has no doubt that giving the customer the value he or she demands will help Britain claw back sought-after private sector growth.

He says: 'The recession has challenged business models. When times are good, when you have a decade of non-inflationary continually expanding growth, we can all live off the fat of the land. When times are tougher, businesses have to dig deeper.

'What the customer has said is: We want value. We don't have as much to spend as we did have and we are not prepared to accept as big a margin as when everyone was feeling good.'

'We want value, but that doesn't mean that we want cheap. It doesn't mean we are dumbing down our expectations. If we go out for a meal we want a good quality meal, well served.

'How do you do it? You have to be forensic about what your customer is looking for, you have to focus your investment and your people skills and your training budget on what the customer really values.'

'And if you do that forensically you find some of the cost can be taken out because it's not the critical bit for the customer, but some of the cost is essential to delivering value.

In other words you have to know your customers better. If you know your customer better, the customer is likely to be more satisfied.

'So we've seen supermarkets find that in an age of austerity they have had to bring the price for a meal for two below £10 if they want people to buy it for a Friday night.

'But actually there is still a pedigree in the market there for offering well-cooked tasty food with a nice bottle of wine. If you understood your customer well enough to know what they are actually prepared to pay for – and what was the price point, in this case £10, beyond which they were not prepared to go.'



## establishing trust

John Cridland is impatient for UK business to make an agile and urgent response to the emergence of youthful, dynamic, highly-ambitious companies in emerging economies with a strong skills base, strong balance sheets, and money to invest.

'Indian and Chinese players are beginning to buy up both raw materials and companies around the world.

'They are becoming significant businesses within the European market – that is the accelerator and the game-changer,' he explains.

'So now UK businesses need to be even cuter, even sharper, about that value-added.

'And within that value-added for many British-based services is the intangible quality which separates it from one which is not quite as sophisticated, in the sense of being able to offer a more mature and established service.

'It comes back to the way in which the customer relationship is managed in the modern service sector economy.'

He is also looking to customer service to play a part in re-focusing the 'trust barometer' which measures the beleaguered reputation of British business following the banking crisis.

'Customer service does have a role to play here and I think business is rightly very concerned that its reputation has taken something of a battering.

'There has undoubtedly been contagion from the reputational hit on the financial services sector to the wider business sector.

'The wider business sector looks at these trust barometers and finds that the man or woman on the Clapham omnibus has quite a high regard for the business for which they work, or for which their partner works or children work.

'The business which they intimately know they think is good, but they don't translate that to the wider business community with whom they have lots of experiences as customers.

'What does that tell us? Businesses have worked very hard in the last 20 years in strengthening connections with their own workforces, and I think it has seen great dividends from that in terms of the values of the business and in corporate social responsibility.

'As I travel around to my CBI members' companies throughout the country, I am

constantly told of the great pride the workforce is taking in their own company, and of the wonderful commitment they continue to give.

'I think that explains why those trust barometers say that the business with which we are familiar, we trust.

'I think business has not had the same success or return on investment taking those messages and getting them across to a wider group of stakeholders.

### *you have to be forensic about what your customer is looking for*

'Somehow the message has been internalised and we have got to take it to the wider community, and within that wider community we have got to convince the customer and the consumer that business is on their side.

'We have to convince them that business is constantly looking at delivering a better deal for them, better value, and a better customer experience at a better price.

'We've got to do with the customer what we have successfully done with the workforce.'

## utilising new technology

The new technologies are one way in which business can convince its customers of its commitment to a changing customer relationship, but John Cridland says it's a slow burner.

'Many companies are still in the early days of working out how the internet and social networking change customer attitudes.

'Both the public sector and the private sector are challenged by this changing customer demand.

'I am not going to be glib about this – it is not easy to secure the interest of shareholders and the interests of the workforce in a steady revenue stream for businesses, whilst responding with agility to a changing customer demand – the desire to have electronic services rather than physical services.

'What customers are doing is looking for the differentiator. They are looking for an innovative offering, well delivered, which is a customer service point where the customer says "I am getting better value".'

## customer service – who is responsible?

Mr Cridland says that customer service excellence can play a game-changing role if it is intrinsic to the basic business model.

'Customer service can help UK plc by balancing up the fact that we are a mature economy against some of these young tigers who are snapping at our heels – but it needs to be intrinsic.

'It's got to be intrinsic to the basic business model. If you think back to the quality revolution of maybe 10-20 years ago we started with a notion that you had a quality manager, and did quality checks, and then progressively quality became a mainstream business issue.

'But in businesses which pursue modern management techniques it is intrinsic to the business that you get it right first time – you don't correct quality at the end of the production line.

'My point about customer service being intrinsic is, in order for a business to succeed, providing customer delight should be everybody's job in the business.'

As a corporate membership organisation, not a personal one, how does the CBI provide 'customer delight' to its own members?

'That is a big issue. Companies support the CBI because of our essential mission of promoting the competitiveness of British-based business – they are not terribly fussed about the CBI as an organisation.

'Customer service has always been important because people need to understand what they are being asked to buy into – and the fact that it's intangible makes the customer relationship even more important.

'We are running a business which is about the influence the CBI has with governments around the world, and people need to understand that intangible quality.

'Our point really is one of urgency. What I am doing now relates to an urgent need to deliver on our mission more quickly. The times are more challenging and that makes the customer service relationship even more important.

'We need to be fitter for the times we are in – which means we need to connect more effectively with our corporate membership, be more nimble, more agile, more driven, as time is not on our side.'

# in focus

## Capital One



Sven Lagerberg, director of customer service, and Richard Rolls, senior director, operations, both of Capital One (Europe) plc receiving their Institute of Customer Service membership plaque from Mark Harvey, Institute business development manager

### One of the UK's largest credit card issuers, Capital One has joined the Institute of Customer Service.

The Nottingham-based company, which has more than 44 million customers worldwide, began life in the USA in 1995 before launching its first overseas venture in the UK a year later.

The Capital One Group is now one of the top 10 credit card issuers in both the UK and USA. The Group handles more than US\$130 billion in managed loans globally. In the UK it has won a number of awards both for its products and services and for its work in the community.

Richard Rolls, senior director, operations for Capital One said, 'At Capital One we are focused on trying to make lives better for our customers, a big part of that is delivering the customer experience that our customers expect. As we move forward on that journey it is clear that we can be more successful by leveraging expertise and insight from outside our organisation.

'Developing our employees and building their skills is also critical to success, and we believe that the Institute's certification programme will help clearly define a career path in customer service. We are keen to both share our point of view with others and learn from them.'

## major retailer joins Institute

### Homebase, the UK's second largest home improvement chain, is the latest high profile retailer to become a member of the Institute of Customer Service.

The company, part of Home Retail Group, joins other iconic retail names such as Marks & Spencer, Waitrose, Morrisons, Asda and Starbucks, who have all become members of the Institute, the UK's professional body for customer service, in recent months.

'Homebase joining the Institute is even further proof that retailers are now viewing customer service as a key differentiator and business driver,' says Jo Causon.

'Their commitment to the customer was demonstrated when they carried off the Customer Focus award in the Institute's inaugural UK Customer Satisfaction Awards earlier this year.'

Ian Jones, retail and distribution director for Homebase, commented: 'To win one of the inaugural UK Customer Satisfaction Awards from the Institute was both a great accolade and a fitting tribute to our customer service efforts of our teams in store and across the wider business. We look forward to working with the Institute and exchanging ideas with other members.'

## Shoosmiths is first top 30 law firm to join Institute of Customer Service

This national law firm believes becoming a member will help support its key strategic aim of delivering the highest levels of client and customer service.

Chief executive Claire Rowe said: 'One of Shoosmiths' central tenets is that only the very best customer service is good enough.

'And while we're proud of the service levels we've already achieved, we're the first to acknowledge that there's always room for improvement.

'We must make sure everyone at the firm is committed to delivering great customer service all the time, which is why we're rolling out an Institute-associated people development programme, to ensure client service is understood at all levels of the firm.

And it would be wonderful to think that as the first top 30 law firm to join, we might just be setting a new benchmark for the legal industry.'

Members of Shoosmiths' client service, learning and development, and business development teams will manage the Institute membership and implement the client service recommendations.

Jo Causon, chief executive of the Institute of Customer Service commented, 'These are exciting if challenging times for the legal profession, but our experience from other sectors shows that those organisations that put the customer at the heart of their operations are the ones that will prosper.'

**If you are interested in finding out more about Institute membership, please call 0845 894 0889.**

# collaborative conversations create partnerships



**Kate Bamford**  
Newcastle-based partner

only a new collaborative business model which includes working in partnership with customers to mould a bespoke, highly personalised customer service will help businesses win a greater share of the customers' wallet, Ernst & Young's Kate Bamford tells *customer focus*

**With continued subdued growth in customer spending it's hugely competitive out there – and it's going to stay that way for some time, says Kate Bamford, Newcastle-based partner in customer advisory practice for Ernst & Young.**

'The squeeze on customer loyalty is going to accelerate some of the societal shifts we've started to see.'

'Many clients are seriously challenged by the tough economic climate – so business needs to find new and imaginative strategies of retaining customers and generating growth.'

Ernst & Young, a global leader in assurance, tax, transaction and advisory services, is developing new ways of working with clients to help them build and deploy robust customer service models – and to support their clients' ongoing success.



## working in partnership

Kate is convinced that only a new collaborative business model which includes working in partnership with customers to mould a bespoke, highly personalised service will win a greater share of the customers' wallet.

Kate says: 'Customers are becoming a lot savvier about when, where, and how they interact with service providers.'

'They are becoming more price aware – increasingly using technology to find the best deals. It's so much harder for clients to increase their share of value in today's hugely competitive global markets.'

UK businesses continue to report a challenging business environment, says Kate, and they feel under more pressure than ever to reduce costs.

'Those two elements are setting up a complex tension within organisations between the need to fix the basics – to get it right first time – and the need to respond to the fast changing demands of the customers.'

'Business faces greater demands from customers for transparency in their relationships and now, new technologies which give the customer more power and a growing ability to voice their dissatisfaction and their delight.'

She explains: 'Organisations are struggling to integrate multiple contact channels, give the customer the choice of how to get in touch and then developing the brand so as to offer one look, one feel, and one experience.'

## expectations crossing sectors

Kate says this perfect storm of rising customer expectations and squeeze on profits is not confined to one sector. Rather, the businesses which are succeeding in exceeding customer expectations are throwing down the gauntlet to those sectors which are being left behind.

'These expectations are crossing sectors so that for the first time customers are asking – "Why is it that I can order online from Tesco and have it delivered to my door in two hours, but I have to wait in all day for

someone to fix my plumbing and then he doesn't turn up?"'

'As Stephen Hampshire outlines overleaf, we have a whole new generation of customers, Generation X and Y, who were born into the digital age and who know nothing else – they present a common challenge across all sectors. But there's a phenomenal opportunity to get service right.'

'Many products may look the same – but it's the customer service differential which marks one out from the other.'

'Those organisations which get this right will flourish because they are engaging directly with their customers and by doing so, are driving up profitability.'

'Recent business history is full of evidence of how not to do it. Remember the case of United Airlines where customers complained of poor service – the brand value was quickly destroyed.'

'Today we see powerful communities of consumers who are demanding exceptional service 24/7 – and companies need to embrace this change.'

## co-creation and collaboration

Kate says that successful companies see an opportunity to take time to co-create and collaborate with their customers, producing a unique and personalised customer experience.

She believes the way forward is even more customer interaction and collaboration by way of social networks and online communities.

'Customer service today means being open to suggestions for product improvement, requests for help, information requests and even customers assisting their counterparts directly.'

'These customer conversations are driving the need for the business to respond in a timely fashion and to also convince potential customers of the business' ability to adequately take care of their needs.'

'This is causing the establishment of a close collaborative effort between the business and the customer base.'

'Business needs to listen closely to the customer conversation and then understand which customers comprise the target market, but also how those customers think and how they communicate. Customers can begin to feel that they are being heard.'

'There are numerous examples of traditional product providers inviting their customers to be part of the design and build of their

*this perfect storm of rising customer expectations and squeeze on profits is not confined to one sector*

products. This has a consequence of taking costs out of the design process as they are getting their customers to do it for them.'

'At the same time they are embracing those new channels of communication by inhabiting the same space as their customers and responding to their demands. That is the process which will create value.'

Kate also cites another international brand which is sharing the customer experience by looking more broadly at mobility issues in some 35 cities, each of which have a population of 10 million – and involving customers in an on-going dialogue about the broader nature of mobility.

'This collaboration and direct dialogue with customers is a market-changing trend. Ford is saying to its customers – "We are prepared to be flexible in our definition of mobility and to discuss it directly with you so as to prepare our company and customers for what is ahead in terms of how people get around."

'It says to its customers – "Because of our trustworthiness in these places, we have the ability to partner together."

'Ford is inviting customers to become a partner in a collaborative conversation and

that partnership brings with it customer loyalty and customer retention.'

## developing trust

Another key change is the perception by customers of certain businesses and organisations as 'a trusted advisor.'

She explains: 'As an example, some of the comparison websites began with relatively low value products, which promised to meet the customers' needs.'

'Now those companies have grown and moved into other higher value

services, and they have been able to do so because they have a trusted personal relationship with their customers.'

'We have moved into a digital world where new robust digital strategies are needed – and this all feels quite new and fresh.'

'We find that our clients may say they are excited about doing things differently but then you come back to fixing the basics – the nuts and bolts of delivering the service and of understanding what it is the customer wants.'

Kate says there have been huge advances in front line service delivery to meet these changes. She finds much greater focus on staff engagement and investment in giving employees the right tools to do their jobs well.

There's evidence of empowerment on the front line so that staff can have an adult conversation with customers, showing respect, taking ownership of the issues and engaging with them on an emotional level.

And at senior level Kate finds more evidence of this shift to customer experience being a Board level responsibility – all about getting it right first time and working as a team.

'Part of the culture of any successful organisation today is that costs still have to be driven down, but in a more effective and efficient way.'

'Business must become much more focused on the individual clients' needs and really listen to what the customer wants and how that customer wants to interact with you.'

'It's essential for businesses to begin effectively identifying, managing and working in this collaborative way with their customers so they can increase operational efficiency and enhance performance.'

*collaboration and direct with customers is a market changing trend*

*customer experience being a Board level responsibility*

# crisis and awakening generations, values and motivations

we are formed by our experiences, particularly in childhood, and shared experiences are likely to mould us in similar directions. That, in a nutshell, is generational theory. But how do those shared experiences impact the behaviour, values and motivations of different generations of customers and staff? Stephen Hampshire looks at what generational theory has to tell us about the present and future of management, customer service, and marketing and how it can be used in place of classic demographic age bands

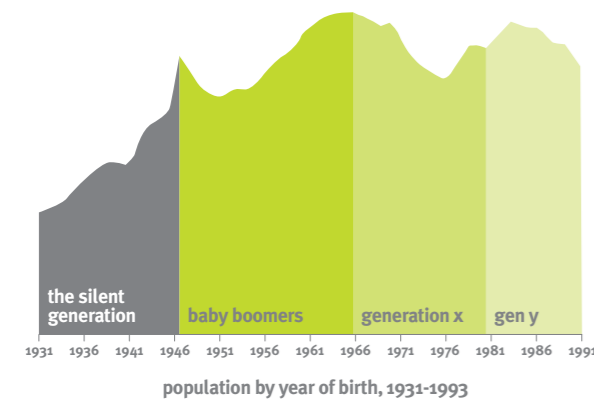
**'Men resemble their times more than they do their fathers.' So said French historian Marc Bloch. Let's put this to the test.**

My dad is 80 this year. In the 1930s, the Great Depression had a deep and abiding influence on people's lives, and it was quickly followed by World War II. Rationing was in force, men were off at war and women were increasingly called into work to replace them. Duty and self-sacrifice were everywhere.

Like most people of his generation, dad worked for one company for most of his adult life. Those values of duty, loyalty, respect for authority are also pretty universal and we can trace their roots to shared experiences of war, national service and a nation pulling together. My dad's generation is known as the 'Silent Generation' – self-sacrificing, hard-working, conformist, law-abiding, patient, and above all they hate waste!

## let the good times roll

If we look at the adult population broken down by year of birth, we can see a spike after the war, and then a bulge in the 1960s.  
Source: ONS



Rationing was phased out, men were home from war, women were getting used to an unprecedented amount of freedom and the vast generation this spawned is still known as 'baby boomers'.

Boomers are the engines of most of the exciting companies in the world at the moment. Steve Jobs is almost the archetypal boomer. Too independent to be content working for other people, boomers start companies. Why are boomers so relentlessly driven, so entrepreneurial, so confident? They were moulded by good times.

Strauss and Howe, the historians most associated with generational theory, believe that history can be described as a cycle of Crises (happening about every 80 years) and Awakenings. Where you were born in relation to these crises shapes your values, so generations too have a cycle of four archetypes.

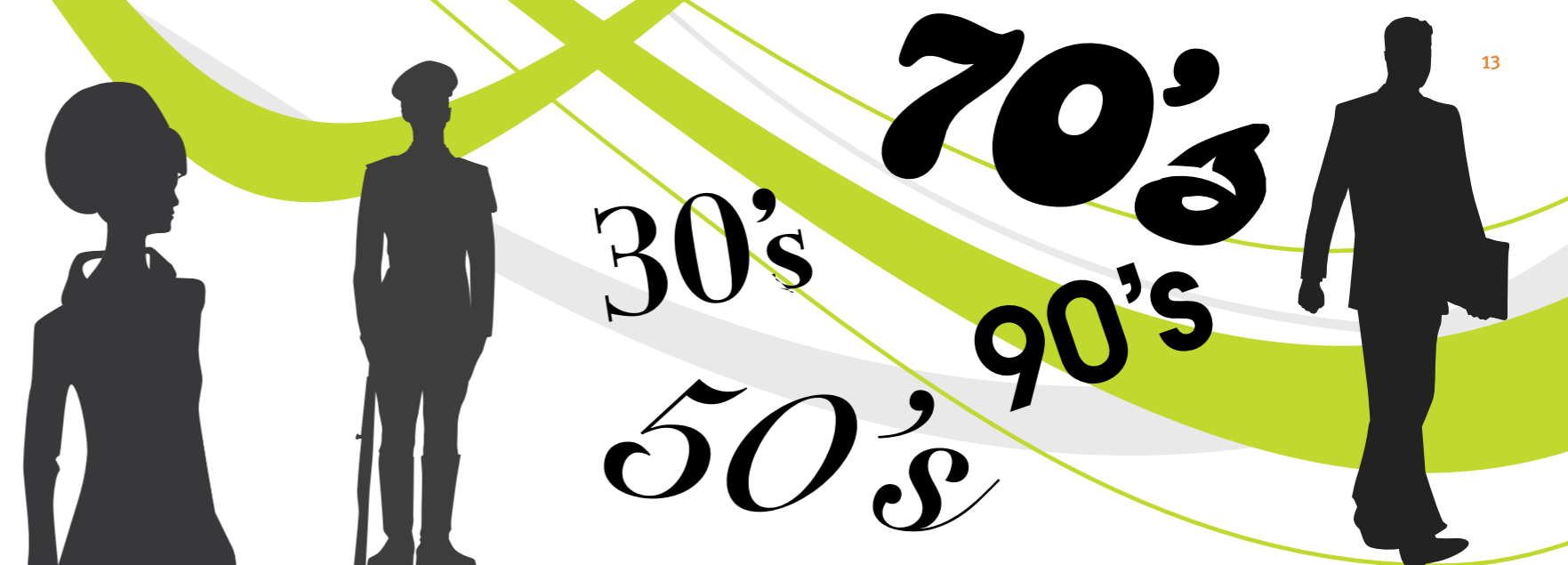
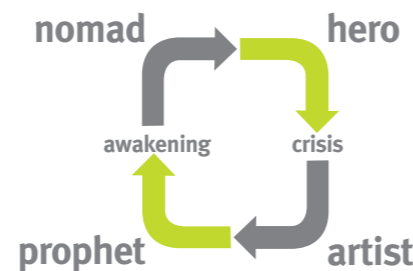
The Silent Generation, born during the crisis of war and depression, conform to the 'Artist' archetype, whose main contributions are in the area of expertise and following due process. But for the Boomers, war and depression were in the past. Science and medicine (driven

partly by war) were delivering faster than at any other time in history. Boomers grew up in a time of affluence, 'never had it so good,' seeking personal gratification, idealistic and enjoying 'sex, drugs, rock and roll'.

According to Strauss and Howe, the generation born after a crisis fits the 'Prophet' archetype, they change the way society thinks, as demonstrated by our boomers.

## the lost generation?

The next stage in the cycle is a 'Nomad' generation – Generation X. In many ways each generation is the product of the flaws of the generation 'in charge' during its youth. For Xers, that mainly means the



Silent Generation. So not only do I not resemble my father, my values are exactly opposed to his in some respects. This accounts for a big part of the cyclical nature of generations.

By and large Xers distrust authority, we don't expect careers to be spent with one company. We don't believe in paying our dues, we want rewards now (although we are prepared to work hard for them in the short term!). Our defining feature is our need for individuality, customisation and self-expression. Brands love Xers and Xers love brands.

## the new boom?

The adult consumers and employees today, Gen Y, or Millennials, grew up in a world of increased optimism and global connectedness. Nurtured and protected in childhood, they can be confident to the point of arrogance. They demand a rationale for any request or instruction, are integrated with technology and understand networks. Millennials are a 'Hero' generation,

the silent generation	17%	retired	financial freedom
baby boomers	26%	running companies	hold the wealth
generation x	20%	doing the work!	mortgage and debt
generation y	21%	entering work	no money

and we can expect them to be dominant and vigorous like the Boomers (unlike the 'Recessive' Gen X and Silent Generation).

So that brings us full circle, back to another crisis and another 'Artist' generation.

The Silent Generation has mostly retired from the world of work but they have significant spending power if you can find the formula that appeals to them. Boomers are still on top for now, but they're beginning to move into retirement and Gen X is starting to take

over the reins, love brands and gadgets and if you can help us to express ourselves you'll be on to a winner. Co-creation is a very Gen X-friendly concept. The key to appealing to Gen Y is to make things social – networks and friends are significant to them – and they love causes.

## generations and behaviour

Gen Y have grown up with computers but probably know less about how they work than their parents. But technology is embedded in their lives.

In terms of online behaviour, there's a clear split between Gen Y and Gen X on one hand, and Boomers and the Silent Generation on the other. Gen X use the internet to express their individuality. Gen Y use it socially, with 75% of them having updated their Facebook status in the last week.

With websites, Gen Y want them to be fun, or they'll lose interest. Gen X want them to be customisable, so they can express their individuality. Boomers want them to be useful. Most sites are designed by Gen X – I wonder if they're factoring in the needs of other Generations?

## generations as customers

There are obvious things like preferred channels and forms of address, but also more subtle considerations. Older generations are more likely to use 'authorities' such as Which? or professional reviews as sources of advice on products. Gen X and Y are more likely to turn to other customers in the case of X, or friends and networks in the case of Y.

## wrapping it all up – how to use generational theory?

In terms of research, use generations in place of the classic demographic age bands. You can start to explore the impact that core generational values have on the way your customers and employees relate to the business (and each other) and what they want from you. Share this understanding with your staff; put it on the agenda; design products and services with different generations in mind.

Do you need a Gen Y voice on the board? Maybe, but I think it's more important that your whole board has the brains to see that

*generational theory gives you a framework that helps you to understand your customers better*

everyone in the world is not just like them. It sounds obvious, but this takes conscious work ... particularly if surrounded by

like-minded people. The people running companies are mostly one generation, while the people doing the work (and meeting customers) are another. No wonder we all think our bosses/employees don't get it.

Generational theory not only gives you a framework that helps you to understand your customers better, it may give us an insight into the future. Are we just coming into another crisis? Will the next generation be much like my Dad's generation – anti-waste and pro-saving before you spend? It looks like they might be. Generational theory is powerful not when you use it to spin just-so stories about the past, but when you use it to give you insight into what the future will look like.

**Stephen Hampshire**  
*development manager  
for The Leadership Factor*



## building quality, delivering service



Sarah Eales  
group customer service director

the recession-hit home building market has undergone radical change since the Barker Review of 2004 led to a major drive to improve customer service. With a new consumer code of practice now firmly in place, the sector is continuing to focus on its customer service offering. Sarah Eales, group customer service director at Bovis Homes is helping to transform the way customers view home builders. Steve Hurst reports

Historically, home builders have not been best known for putting the needs of customers first, but the seeds of change were sown by the far-reaching Barker Review in 2004, which called for a complete overhaul in the way builders treat their customers.

In 2005, the Home Builders Federation (HBF) launched its annual 'star rating' customer satisfaction survey – with five stars being the highest – relating to the quality of homes and service provided by the builder. Last year the major industry trade bodies and the Council of Mortgage Lenders joined with the National House Builders Council (NHBC) and others to develop the Consumer Code for House Builders.

Sarah Eales, group customer services director at Bovis Homes, is firmly in favour of the star rating system and the consumer code. She describes her role as 'being the voice of the customer'.

Sarah's mission is to make both employees and customers advocates of Bovis Homes, by creating positive experiences and establishing the company's reputation as a leader in the industry's customer service field, through creating referral, retention and profitable growth. Her view is that customer experience is about delivering on a customer journey that exceeds the needs and expectations of customers. She wants to understand what great customer service looks like from the point of view of the customer rather than the organisation.

'We hold regular focus groups and informal interviews with customers in their homes. This means we are kept up-to-date with their needs, that we really understand them in depth, and ensure we are doing the right things for our customers, not what we think are the right things,' says Sarah.

Sarah joined Bovis Homes in 2007 from rival home builder Linden Homes which already had the coveted five-star rating from the HBF – and one of Sarah's key targets at Bovis Homes is to help achieve that top rating for them.

She has already overseen a major improvement. Bovis Homes this year achieved the status of the leading four-star builder in the UK – representing close on a 30% improvement in customer satisfaction over the period.

Latest HBF customer satisfaction survey star ratings for Bovis Homes are: for Quality of New Home 89.6% (industry average 88%); for Recommend to a Friend 89.4% (industry average 86%). Sarah proudly stated 'To be awarded four stars in 2009 and 2010 is a great achievement, but what we must not do is rest on our laurels. There are still some key areas we need to focus on to maintain our high standards. Overall the business has made excellent progress since the introduction of the defined customer journey in 2008 and its subsequent revision in line with the Consumer Code. Customers' expectations rise as standards across the industry improve so we must continually strive to raise our game in this area to ensure we continue to improve the customer experience.'

*buying a new home is one of the most stressful things we do in our lifetimes ... building a rapport with customers is critical*

### plans firmly in place

'We have challenges such as establishing a single view of our customers that need to be addressed and we are addressing them,' says Sarah

'We are going to be making improvements to our after-care service, once people have moved into our homes. This is an industry-wide issue and I want Bovis Homes to be at the forefront of making much needed improvements in this area.

'We are also introducing new initiatives such as giving our customers actual completion dates far earlier in the buying process and we are further differentiating ourselves from our competitors through schemes such as 'Perfect 10', where customers will only have to find a 10% deposit to buy their homes. I believe we are leading the industry with these initiatives.'

Other service differentiators include a change to the building programme, whereby

customers are able to come on site and choose their own kitchens before building is completed.

'Buying a new home is one of the most stressful things we do in our lifetimes. My role is to understand how our customers feel, to put myself in their shoes and make sure we satisfy their emotional needs. Building a rapport with our customers is critical to our overall service offering and I feel passionately about the need to deliver in this key area,' adds Sarah.

### service consistency – major challenge

'Delivering consistency of service across regional operations is a major challenge,'

she says. 'This is why it is important for me always to be the voice of the customer. I have no individual reports and my role is very much a group one. I am the customer in the room

at meetings, and when I go on site I will even go and stand in the shower in a new home – everything has to be looked at from the point of view of our customers.'

Engaging employees is key and Sarah is confident Bovis Homes's collaborative improvement programme will continue to improve the way they do things inside and outside the business, creating a team of motivated people who will then deliver excellent customer experiences.

### customer power

Customers' behaviour and expectations have changed radically over the past few years – and it is important says Sarah to mirror these changes.

'Our customers are so much more savvy and educated about our products and services. They have all the information they need at their fingertips through the likes of the internet and other new channels of information.

'This gives them greater confidence and power, but also means they are more likely to be willing to pay a premium for great service. I work in an industry coming out of a long and deep economic downturn where we have had to continually cut costs and at the same time improve service. Differentiating through our service has become more important than ever.'

# why do I have to shout?

Guy Stephens is a champion for the use of social media in customer service and believes it is a key component of how companies engage with their customers. Here he reflects on its impact, from a customer perspective

**Has social media really changed anything for customers? Yes, I can shout louder and occasionally, very occasionally, something might turn into a firestorm and make a company squirm for a moment or two longer than usual; but so what?**

Has social media stopped my package being delivered to the wrong address or ensured my broadband gets connected properly?

Will using social media mean that if my flight gets cancelled, I'll get a refund? Has social media stopped me being treated rudely by your staff or prevented me being charged twice for something?

Social media allows us to shout, to vent, to protest, to express our dissatisfaction, anger and frustration. It allows us to wave a clenched fist in the air for a brief moment. It allows me the customer, the opportunity to let you, the provider, know that you've let me down, milliseconds after it's happened. It allows me to let my friends know that you've let me down.

But are you listening? Do you want to listen? And if you are listening, are you really hearing what I'm saying? You've let me down! Suppose you are listening – how will you respond? In your words or mine?

## the global conversation has started

When Frank Eliason the famed Twitter pioneer publicly tweeted via @ComCastCares

'I'm sorry, how can I help?' in 2008, customer service had, in that moment, changed.

The traditional scripted, formulaic, transactional and process-driven approach to customer service suddenly gave way to a more personable, more understanding,

*where are you?  
on the camel or off it?*

empathetic and experiential type of customer care. In that moment, customers and enlightened companies

saw something that was different. Both glimpsed the possibility of something that not only could be better, but was better.

The convergence of social media, smartphone apps and the desire for self-expression has resulted in a type of communication ecosystem that is anytime, anywhere and for anyone. One of the first books written as a sequel to a website was The Cluetrain Manifesto. In 1999 it talked about the ability to share relevant knowledge with blinding speed, a concept which is now more fully realised.

The global conversation has started and companies are being forced to get down off their camels!

The problem is that the majority of companies are so used to being on their camel. It is their norm. The camel is their world. To make them see that something better exists takes time and patience, and unfortunately a little bit more shouting.

*your customers know more about you and your products than you think*

## how patient are your customers?

We now have two types of customer service running alongside each other: one on the camel and one off it. The one on the camel looks down and sees that it is a long way down and getting down is not easy. There are many barriers and challenges in the way.

The one off the camel looks ahead and sees opportunities. They are on the same level as their customer, they engage as equals, conversing as they meet, exchanging pleasantries, extending a helping hand when required. They treat each other as people, not as numbered tickets waiting in a queue.

In this paradigm, the transacted resolution has become subservient to the experience. If I can help I will. If I can't I'll let you know. And if I know someone who can help, I'll put you in touch. Oh, and this 9am – 5pm thing, doesn't really figure any more. You're either 'on' or not.

What separates the two is not technology, but a cultural divide. A divide of the mind. A divide of thinking.

Where are you? On the camel or off it?

## why are companies nervous about social media?

Companies talk about being where their customer is, about their customer being king. Companies talk about a lot of things. The difference now is that their customers are also talking. Talking about them and talking to other customers about them.

But your customers are not just talking about you, they're also doing. They're sharing information about you with each other. Your customers know more about you and your products than you think. When something goes wrong, or if your customers want advice about buying one of

your products they go to forums, Google, or each other. Where do you fit in their ecosystem, or as Brian Solis, the American digital analyst and

visionary calls it, their 'egosystem'?

The terms of business have changed. Your customer is not helpless any more. They are rewriting your terms of business without you. Immediacy and empathy are the new currencies of customer service. But how much do you understand them?

If Generation Y is our future, how much do you understand about their needs, motivations, expectations, frailties?

If I am growing up in a world that is constantly 'on', constantly connected, what will my expectation be of the customer service you provide in five years or ten? Let alone now. If transparency, honesty, authenticity are important to me, where do these figure in your customer service proposition?

## how quickly technology changes

I was at a conference recently and one of the speakers worked in operations at a large financial institution. The speaker was very proud of the fact that they were two years into a five year technology roll-out that would revolutionise the customer experience.

I thought to myself, how quickly technology changes, how quickly customers adopt new technologies, how different the world will be in five years. Will Facebook, Twitter, Jive, Radian6, Groubal be around then? If so, what will they look like?

I am getting to grips with Quick Response codes at the moment, (which can be taken from a transitory media and put into your mobile phone) and their application within a customer service environment. They are already being written off in some quarters as obsolete. NFC – that's 'near field communication' – is the one to watch.

There is no doubt that these disruptive social technologies, like Twitter, are changing behaviour. Our smartphones exacerbate it. They keep us connected to our 'egosystem'. We can only begin to fathom the magnitude of how integral a part of life our smartphone has become when we leave it at home by mistake – a real sense of loss and emptiness.

## a little bit of empathy

Smartphone apps empower us to record and share the minutiae, the mundane moments of our lives, with whoever is interested (or not). Something happens and we tweet it seconds later. Someone leaves a comment on their Facebook Wall and we 'like' it. Or someone complains about the service they received in a store and we empathise with them.

Spontaneity, impulsiveness, serendipity are all part of today's customer service ecosystem. The whole gamut of human emotions is tweeted daily: anger, frustration, happiness.

For so long, these emotions have been expunged from customer service. And yet, human emotion underpins all relationships, all interactions. If nothing else, when a customer shouts via Twitter and a company responds with 'I'm sorry, how can I help?' a little bit of empathy manages to seep into customer service. And that can be no bad thing for all of us.

Guy Stephens  
social media/social CRM consultant  
at Capgemini



# what the butler says...

## the Savoy Hotel's head butler Sean Davoren says service doesn't have to cost the earth

**When London's world-famous Savoy Hotel closed its doors in 2007 for a planned three-year, £220 million refurbishment, some people thought its owners had gone mad. 'It's fully-booked for months – so if it ain't broke, why try to fix it', wrote one – the overwhelming sentiment being that if it already has a good thing going, why risk throwing the baby out with the bathwater?**

But Sean Davoren, the Savoy's head butler (and recently the subject of an ITV documentary covering the hotel's re-opening earlier this year), knows more than most that service propositions – even when they seem more than fine at the time – have to continually evolve. 'We couldn't continue to rely on the heritage we'd built up from 100 years ago,' he says. 'We needed to modernise, we needed to create a new reputation for now and a new future for the Savoy. Hotels have become more recreational, people need to feel like they can come here to be pampered rather than just somewhere they stay.'

For Davoren, formerly head butler at the Lanesborough Hotel, the investment is actually the continuation of The Savoy being at the forefront of offering best service ahead of the game. When it opened in 1889, the hotel was the first building in the world to be lit entirely by electricity, the first to have electric lifts, and its American Bar was reputedly the first to sell American cocktails in Britain in the 1930s. And the innovation continues. Davoren oversees the Savoy's 25 butlers who are personally assigned to serve the hotel's 62 suites – rooms that can cost as much as £10,000 per night. But, as well as the refit itself offering guests a more modern experience (such as the new Beaufort Champagne Bar, serving champagne and cocktails with nightly cabaret), the personal butler experience will this year be rolled out to all 268 rooms in the 122-year old hotel.

'Service is service,' says Davoren. 'It shouldn't matter what the room rates are,

or what's people's background is. Some guests will demand lots of our time, and that's fine, because others won't. The point is, we'll cater for all, and to everyone, we'll still make sure we tidy up for people and polish their shoes.'

Although this extended service proposition takes the Savoy into an exciting new place, the butler says the basics of good customer service do not change, and companies could still learn a lot from the Savoy's (and his) views about what really matters to customers.

'All service-led companies really need to know is that things always go wrong,' he says. 'And that if people are paying good money for a service, then it is reasonable to expect that good service is provided. I think some other companies have forgotten this. They just want you to buy the product and go. But when customers have problems they must be dealt with impeccably, and what matters is how well people are dealt with – in particular, how well people feel they have been listened to,' he says.

A huge 48% of the Savoy's business is repeat business, and Davoren is mindful always of how his and his staff's service affects this. 'A customer's first visit is very important, but their second and third visits are VERY, VERY important,' he says. 'It's not until after this that you begin to get to know them, and they know you. It's the crucial early days, just like the early days of a relationship, that really matter, and which will set out how things go long-term.'

Because visitor demands vary, each butler is empowered to make their own decisions about how to service their guests – crucially without needing to ask permission first from higher up. 'I was once asked to find a particular type of milk – it comes from Africa, from an animal with stripes – that is very good for the older man who has a younger wife,' recalls Davoren. 'That was challenging! Another guest,' he adds 'wanted

unpasteurised goats milk – which is almost impossible to find. I finally tracked some down and sent one of our chauffeurs to get it. It cost £650 to drive to Wales to collect £3.50-worth of wild goat's milk. But this was for a client paying £120,000 that week, so why shouldn't we if it means they take away a great experience, and will come again?'

While Davoren accepts not all companies can serve customers like the Savoy, (it has three members of staff for every guest – 'tell accountants this and they'll have palpitations,' he quips), he says all firms 'must now make an extra effort to stand out.' He adds: 'There is competition everywhere. People are actually a lot more reasonable than people think. They don't generally have overly excessive expectations; but you tend to find that if you fix the small things that really matter to people – which don't normally cost much – then the rest will follow.'

Davoren says it takes confidence to look someone in the eye (normally rich millionaires who are used to getting their own way), and tell them that something they require cannot (if it genuinely can't) be done. 'I think that in my earlier years [he is 53], I wouldn't have had the confidence to do this, and I sometimes think customer service staff in general are under-valued and ill-prepared to deal with customers – who can get angry – face-to-face. Some are also thrown into the deep end.

'My motto is that I never actually say 'no' to a customer,' he continues. 'I take control with my presence, always carry a notepad with me, and always try to come up with an alternative.' He adds: 'It's surprising how just giving people some flexibility will defuse a situation.'

Without genuine passion for a job, and without real staff engagement Davoren thinks customer service is dead. 'I am a people person, I'm passionate about what I do,' he argues. But he feels that not enough younger people have this inner passion – not because they don't get excited by work, but because they see customer service as demeaning, and diluting their personalities.

'We're now predominantly a service economy, yet there are very old-fashioned views about what "service" is,' he says 'and I think young people don't want to "serve" people.'

But Davoren, who starts work at 7.15 each day, and often doesn't leave till 8pm, makes a distinction: 'I chose to serve someone, but I'm not subservient,' he insists. 'And nor is anyone else on my team. I chose to help people, but perhaps this is a mindset that not everyone in customer service carries with them. My view is that if you take on a customer service role, then it's your job to do it with style and passion.'

And it's to this extent that Davoren

reveals that despite the Savoy's move to modernity, he is still a bit 'old-fashioned' about some things. 'I love my uniform – because when you jump into it, it changes your mode of thought, and it gives you a sense of image. If more employees began to see themselves as ambassadors of their company, then I think a better customer service ethos would stay with them.'

It seems like the rest of the world agrees. On its re-opening, the media were universally triumphant about what the Savoy has managed to achieve. Perhaps the best compliment was one written by the Telegraph. It simply reads: 'The Savoy is still The Savoy, only better'.

*my motto is that I never actually say 'no' to a customer, I take control with my presence*

# events

## National Customer Service Week – recognising talent

Companies and organisations throughout the UK are being urged to celebrate the importance of excellent customer service by taking part in this year's National Customer Service Week, which takes place between 3 and 9 October 2011.



Last year over 1,700 organisations from all over the UK – and overseas – took part in the free event which is run by the Institute of Customer Service.

'People are working hard in the current recession and National Customer Service Week offers the

perfect opportunity to recognise individuals' talent, commitment and achievements,' says Jo Causon, chief executive of the Institute.

'It's important that we all realise how, by working together and focusing on our customers, we can make a difference for them, our

colleagues and our organisations. This celebratory week provides an ideal platform for organisations to demonstrate to their customers that they are totally focused on the service they offer them.'

Registration for the event has already opened and this allows participants to receive regular updates about National Customer Service Week as well as tips on how to mark the event.

In the past these activities have included job swaps between management and staff, fancy dress or food-themed days, talent shows and inviting customers to nominate their customer service champion within an organisation.

The main purpose of the week is to:

- raise awareness throughout organisations of the crucial role customer service plays in building positive reputations and increasing customer loyalty
- boost morale and teamwork
- let your customers know you are committed to meeting and exceeding their expectations
- recognise contributions made by colleagues and thanking them for their support.

To find out more and register for this FREE event, or for further information go to [instituteofcustomerservice.com](http://instituteofcustomerservice.com)

### Institute of Customer Service member meeting and AGM

14 July 2011  
Lord's Cricket Ground, London NW8.

This year, the member meeting will illustrate the value of specific areas of customer service investment illustrated by live case studies from its latest research, *return on investment in customer service: the bottom line report*.

Subjects covered will include:

- an engaging customer experience
- achieving the right culture
- harnessing the power of effective processes

These differing perspectives will be covered by case study organisations featured in the research report. The delegates will then have

an opportunity to discuss the issues raised and ask questions to the panel of speakers.

Members of the Institute are invited to register for free, find out more and keep up-to-date online. [instituteofcustomerservice.com](http://instituteofcustomerservice.com)

The member meeting will be preceded by the Institute's AGM which commences at 10.30am and will last for 30 minutes. The whole event runs from 10am until 1pm.

### Member Forum: Delivering Customer Service through social media

27 July 2011  
Unilever House, 100 Victoria Embankment, London EC4Y 0DY

This is a Unilever-hosted event on using social media as a customer service tool in your organisation.

### Speakers:

- Jamie McDonald, customer service director at MODern Housing Solutions (MHS) (a Carillion plc joint venture), will discuss how MHS has used Facebook as a means of engaging its customers.
- Stephen Hampshire of The Leadership Factor will provide some practical tips on how all organisations – regardless of how 'cool' they may or may not be – can use social media to monitor their brand perception and start a conversation with their customers.

# hot topic

## measurement in ROI – the new discipline?

organisations are beginning to measure intangible aspects of customer service such as loyalty, experience and sentiment and are finding that it is these abstract values that often produce the greatest returns. But how do you prove it?

**Substantial evidence of the financial returns from customer service is found in *return on investment in customer service: the bottom line report* which was published earlier this year by the Institute of Customer Service. The research found that organisations believe that there is a link between investing in service and achieving some form of ROI. More often than not, it's investment in more complex, harder to define activities such as empowering staff and gaining an understanding of the customer viewpoint that bring the best returns, rather than 'harder', cost-cutting activities.**

Some profitable customer service drivers are easy to measure. Customer satisfaction and customer loyalty emerged as easy to measure drivers of ROI; after all, there are several well-established measurement tools out there, including Net Promoter Score and the Institute's own UK Customer Satisfaction Index. These drivers have achieved a certain currency in the business world but other subtle, more complex drivers have yet to achieve recognition.

The literature review and case studies in the report provide pointers as to how we might begin measuring drivers such as 'creating or enhancing a customer relationship' and 'customer perception of value offered'. Organisations need to ask about the purpose and benefit of what they're measuring, starting with who is going to benefit – the customer or just the organisation. Case studies indicate that organisations are turning to qualitative data as a foundation of measurement of return on investment in customer service. We also need to question existing assumptions as to what are the relevant drivers. For example, the Institute's report indicates that while customer loyalty is almost universally seen as having a positive impact on ROI, the real picture may be far

more complex as loyal customers do not always generate income.

The findings suggest that measurement by proxy and correlation has real value. Martin Hill-Wilson works for a customer-based consultancy and argues, in an Institute blog, that the inability to directly measure something does not mean it's worthless and that we should consider using proxy metrics. 'Tangibles are so much easier to measure than intangibles. We might believe but we cannot prove it – and in the business world that's a frustration. Customer service is all about making things work, so it's rooted in the practical world. But the great intangible of customer service is quantifying the impact this has on subsequent customer behaviour. What is really under scrutiny here is any evidence of direct linkages between a positive customer experience and the behaviours of loyalty, advocacy, repurchase, and lifetime value. We can make service smarter and reduce the "cost to serve" but tracing the behavioural impact on customers will never be linear – we always have to creatively imagine cause and effect.

'Is NPS or another customer satisfaction score the proxy that works for you? If so, then is it accepted that the quality of customer service is the main driver of that metric in your business? And, while we are on a roll, can you then link lifetime value to that benchmark? If yes to all of that then bingo – you have some kind of behavioural connection between service and money in the bank.'

The question of how we measure drivers of ROI in customer service is a complex one but research shows that it may hold the key to establishing and sustaining profits in the future.

To order a copy of *return on investment in customer service: the bottom line report* – or an executive summary – go to [instituteofcustomerservice.com](http://instituteofcustomerservice.com)

To find out what other contributors think about measuring service intangibles or to add your own views, visit the blog pages at [instituteofcustomerservice.com](http://instituteofcustomerservice.com)



# 2012 UK Customer Satisfaction Awards – open for entries

entries are now invited for the UK Customer Satisfaction Awards 2012, the only awards organised by the Institute of Customer Service

The 2011 Awards attracted well over 100 entries from some of the UK's biggest and best-known brands, including Marks & Spencer, Waitrose, Boots, Lloyds Iceland, and LV=, as well as public sector organisations such as Surrey County Council, Brighton and Hove and Aberdeenshire councils. Over 350 finalists and guests attended the gala prize-giving ceremony in March.

Entering the Awards to gain external recognition is a powerful route to impressing upon the people within your business, how much you value their efforts. It is also a great way to let your customers know how much you value them. It also offers organisations the opportunity to perform an internal audit and evaluate the positive things they are doing to improve and enhance performance.

In 2011, the Awards were witness to several magnificent initiatives and achievements.

Next year, your organisation could also be in the spotlight.

Here, Skandia UK, winner of the Best Application of Technology award 2011, explains what winning meant to them.

Launched in the UK in 1979, Skandia now manages £31.9 billion in funds. The Skandia UK team consists of approximately 2,500 employees based on the south coast. The Skandia name itself has a long history and is part of the Old Mutual Group, a leading international long-term savings and wealth management group launched in South Africa back in 1845.

Paul Watkins, service delivery manager, Life & Pensions, for Skandia UK, said: 'Winning is always a great feeling but in this case the reaction was immense. When we were shortlisted, Phil Hine the UK operations director, wanted the team behind the success to enjoy the ceremony, so every one of the team attended what was a fabulous event.'

*'If we're going to continue to grow and succeed, our customers have to be at the heart of what we do – and our employees are crucial in helping us achieve this. Winning an Institute of Customer Service Award demonstrates we've got some great people doing the right things and that helps us on our never-ending journey of improving the customer's experience.'*

*Phil Hine, operations director  
for Skandia UK*



The winners of the UK Customer Satisfaction Awards 2011

## how to enter

The UK Customer Satisfaction Awards are open to all organisations irrespective of size or sector. Entries open on 4 July and entry is free.

Organisations can enter as many categories as they wish, but only one entry per category is permitted. All finalist organisations receive one invitation to attend the glittering Awards ceremony as a guest of the Institute of Customer Service.

The Awards ceremony will be held following the Institute's Annual Conference on 6 March 2012 in central London. More information can be found at [instituteofcustomerservice.com](http://instituteofcustomerservice.com) where you can also find a full list of finalists from previous UK Customer Satisfaction Awards.

## want to get your services in front of some of the UK's biggest brands and organisations?

The 2011 Institute of Customer Service annual conference and awards attracted several hundred people from the UK's best known brands and other leading organisations. The 2012 event looks like being even bigger and better.

### customer service: the competitive advantage

The Institute's annual conference and UK Customer Satisfaction Awards will be on Tuesday 6 March 2012 in central London.

If you are interested in gaining access or exposure to this audience please contact Nick Rust on 07968 416007 or [nick.rust@icsmail.co.uk](mailto:nick.rust@icsmail.co.uk)

**Institute of Customer Service annual conference 2012 – make a date in your diary**

**Tuesday 6 March 2012**

## member offer

The Journal of Customer & Contact Centre Management is new to the market and is relevant to individuals who are responsible for the management of customer service, customer relationships and call centres.

## supporting professional development

ServiceFocus is a training programme run by the Institute of Customer Service for frontline staff and team managers.

It offers two courses. FirstImpressions introduces frontline staff to the key concepts of customer service, helping them become customer service professionals.

There are a number of benefits:

- participants will learn about key aspects of effective service management and will put their learning into practice through a work-based assignment
- training can be customised to meet employers' needs
- flexible delivery times
- interactive and activity based.

ServiceManagement is an activity-based improvement course for team leaders and managers with numerous benefits:

- participants learn about key aspects of effective service management and will put their learning into practice through a work-based assignment
- training can be customised to meet employers' needs
- flexible delivery times
- interactive and activity-based training
- a foundation from which to encourage further development by undertaking qualifications in customer service
- satisfied customers leading to improved reputation and business success.

For further information on these courses or other aspects of the Institute's professional development programmes, visit [instituteofcustomerservice.com](http://instituteofcustomerservice.com) or call 01206 571716



In our next issue:

**do we need more customer empathy during the recession?**

# National Customer Service Week

3–9 October 2011  
get the date in your diary

Register to take part in the biggest  
celebration of customer service at  
[www.nationalcustomerserviceweek.com](http://www.nationalcustomerserviceweek.com)

National Customer Service Week is organised  
by the Institute of Customer Service

