

THE PRIME CONSIDERATION

What does it take to retain and enlarge one's market share?

A MAJOR AIRLINE in Penang made a blunder with one of its passengers not too long ago, and a popular pizza joint failed to deliver a customer's pizza on time due to a mishap. Both may not only have lost those customers for good but may have others swing away from them due to adverse comments. This is what happened.

Executive A and Executive B were queuing at the check-in counter for the economy class with a business class ticket and an economy class ticket, respectively. Check in went smoothly for Executive B.

Executive A, on the other hand, was asked to check in at the business class queue about 15 ft away. The check-in attendant would not process his ticket because he was at the wrong line. Management's instructions were to adhere to procedures even if, as in this case, there was no one in line after Executive A. So much for good service.

Check the next scene out. L was hanging out at a pizza parlour with a couple of friends. Their drink orders were brought almost immediately but after waiting for a little over an hour, the pizza was still not served. She asked the waiter why and after a little 'investigation', was told that the cook had accidentally burnt her pizza and she would have to wait at least 20 minutes for another pizza. No apologies were offered; nor were complimentary drinks given for the inconvenience caused. Another sad episode of poor service quality.

Have you ever been short-changed when purchasing a product or service? Do the two scenarios sound familiar to you? Even though no names have been mentioned, these situational blunders are by no means fictitious. If one were to ask people about the quality of service these days, almost everyone would have a story to tell – about the lack of it unfortunately.

You may have wondered on many occasions why some people don't seem to be interested to treat you – the customer – with a little more professionalism and care. Their sheer tone and mannerisms often suggest that they think they're doing you a big favour by paying even begrudging attention to you. And that can drive you up the wall. It makes you wonder if their main aim is to solicit business from you or to drive you away.

Managers in any industry should know by now that customers want *quality personalised service*. A friendly smile by a bank teller behind the counter, a cheerful and helpful sales clerk attending to some complicated inquiries about a particular product and a warm voice on the other end of the telephone line go a long way towards satisfying customers.

Adding a 'personal touch' does sweeten the transaction, be it delivery of a product or a service. Customers appreciate having their names remembered by the receptionist or by frontline attendants, and they are impressed when shown a high level commitment by organisation representatives. These elements of

personal touch may sometimes overshadow normal service components like the quality of the product or service, convenience and the speed of delivery.

Thus, for organisation to stay on the competitive track in 1990s, their managements have to take a hard look at ways to provide these services to the satisfaction of their customers. Whose fault is it if frontliners fail in their mission to keep the customers happy? Frontliners are more often than not the scapegoats when the buck is passed around. They may lack the training to carry out their designated tasks but are they solely responsible for this deficiency?

When frontliners do not treat customers as well as supervisors or managers hope they might, questions like these from management are quite common: Don't they realise that the customers pay their salaries?' or 'Good workers are hard to come by these days.'

'There's nothing wrong with workers these days,' says See Kok Chong, managing director and principal consultant of Quest Consulting. 'It's just that employees tend to react to their environment. How they are managed equates with how they manage customer relations.'

WE ARE COMPETING in an economy where the emphasis for organisations now is on performing rather than producing, and where physical products are distinguished by the quality of the accompanying service,' See remarks. 'It's not how we manage our organisation and our employees that count. The bottom-line is really how we manage the customer's experience with our organisation.'

Thomas Frisbie, managing director of Persona Asia Ltd, Bangkok, a management consultancy firm, concurs with See. Speaking at a service quality conference in Kuala Lumpur recently, he said a management will not be able to please its customers if it fails to please its own employees. Frisbie, a manpower consultant, says that the corporate mission of an organisation to achieve customer satisfaction must be in 'sync', both internally and externally. Moreover, organisational systems and structures must be designed to cater to the needs and convenience of the customer, and not of management.

In comparison with business establishments regionally, Frisbie says Malaysia still lags behind in terms of service to customers but the pressure is on for Malaysia to compete internationally in providing quality service.

The minister of culture and tourism, Datuk Sabaruddin Chik, who officially opened the two-day service quality conference, says that in order for the local service industry to stay competitive internationally, the quality of service can no longer be treated as a peripheral issue. This is because the customers in the 1990s expect a rising quality of service. Frisbie says: 'They are going to go where service and quality are. Statistics show that they are even willing to pay for them.'

Many organisations, according to Frisbie, subscribe to the fallacy that service quality comes cheaply. As such, there is little commitment to service development, both financially and emphasis-wise. Frisbie says, 'We have research and development (R&D) for almost every industry, particularly the manufacturing industry. Why can't we have R&D for the service industry?' He adds that senior managements need to make a definite commitment to ensure the development of a business culture that is geared to meeting customers' needs. And at least three years is needed for this commitment to have a lasting impact.

Frontliners are not usually authorised to make decisions. Frisbie says there are times when rules have to be broken by frontliners to give good service to the customers, and management must allow that to happen. Thus, senior managements have a hard choice to make – whether to groom their staff to obey procedures at the expense of service or recruit staff who are personally and positively devoted to providing quality service even if they have to bend procedures and rules when the need warrants to keep customers satisfied.

As the demand for service becomes more sophisticated, the practice of rewarding frontliners for following organisational procedures will have to make way for a more 'liberal' approach of service management. This approach begins with the hiring of quality people. After extensive training and a solid grounding in the knowledge and skills required to meet high service standards, frontliners are empowered with a certain amount of authority to carry out their tasks. 'This is important because customers want to deal with frontliners who are able to make some decisions,' Frisbie adds.

Another facet of good service management is the concern for quality control. In the service circle, quality control entails watching a service process develop and evaluating it against the customer's judgement, Frisbie explains. 'The only valid standard of comparison is the customer's level of satisfaction,' he quips. 'Satisfaction is a perception, and it is something appreciably more slippery to measure than the physical dimensions of a product.' Frisbie adds that quality evaluation comes from both the service process as well as the service outcome.

He flatly refutes the old saying that 'the customer is always right'. 'The customer is *not* always right.' But what's important is that the organisation's representatives treat customers as though they are right.' How the customer is treated also determines whether or not he will be a repeat customer. A Canadian Manufacturers' Association survey found that in every 100 customers, 68 quit patronising/buying from a company whose employees were indifferent and exhibited a lack of interest in the customer.

Frisbie shares some startling findings from a service quality survey done on US companies. He opines that the survey results reflect a similar trend world-wide. It takes 12 positive service exposures to make up for one negative incident, Frisbie says. 70 per cent of customers will do business with the company again if the dissatisfaction is resolved, and if the dissatisfaction is resolved on the spot, 95 per cent will return.

The survey also shows that it will cost a company six times more money to attract new customers than it does to keep old ones. Customer loyalty, according to the survey, is worth 10 times the price of a single purchase of a product or service.

In terms of financial returns, the survey shows that businesses with low service quality average a 1 per cent return on sales and lose market share at the rate of 2 per cent per year. On the other hand, businesses with high service quality have an average of 12 per cent return on sales and gain 6 per cent market share each year. Incidentally, they can even afford to charge higher prices and keep their customers at the same time.

Changes in organisational structures and systems, an understanding of customer need and expectations, as well as a more liberal and efficient approach to employee management will all be in vain if the organisation does not have a service strategy – a formula for service delivery that concentrates on a specific benefit premise that the customer craves, and thus establishes an effective competitive edge.

The service strategy should also be an organising principle that allows organisational representatives to channel their efforts towards benefit-oriented services that make a significant difference in the eyes of the customer, says Emilio Bayan Salas, Quest Consulting's senior consultant in the Philippines, who was also a speaker at the conference.

Salas says a service strategy will enable an organisation to position its service in the marketplace and provide a unifying direction for the organisation. In addition, the service strategy will also alert service frontliners of management's expectations and the organisational emphasis.

Cultivating a service culture within an organisation is no easy task. The existing culture has to be re-oriented to focus on the needs and expectations of the customer. Malaysia, in particular, needs to pull up its socks in this area. According to Frisbie, the service industry is currently very poorly managed in Malaysia. He says business organisations in Asia (Malaysia included) should have no problem in providing good customer service, which hinges primarily on the quality and quantity of manpower.

While there is a global trend of manpower scarcity in the service industry, Frisbie says the Asia Pacific region does not have this problem. That being the fact, Malaysia should be poised to develop its service industry to compete internationally. The secret lies in the awareness and commitment of the senior management of the service industry to service quality.