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**IDEA WATCH**

## Revolutionizing Customer Service

**Dramatic turnarounds require counterintuitive strategies.**

# MARKETING REVOLUTIONIZING CUSTOMER SERVICE

Dramatic turnarounds require counterintuitive strategies.

**G**etting customer interactions right has never been more important, especially since social media has given unhappy customers a louder voice. Many companies want to raise their level of service, but the question is, How?

The typical response is to rewrite front-line employees' scripts and conduct pilot projects. Those tactics may lead to incremental improvement, which is fine for a company whose customer service operation is functioning reasonably well. But if the operation is badly broken, or the company's industry is being disrupted and customers suddenly have a wider array of choices, Jochen Wirtz and Ron Kaufman, Singapore-based researchers and consultants, recommend deeper cultural change. On the basis of 25 years of work with global customer service operations, they suggest jettisoning four conventional practices, singly or in combination.

**Don't start with customer-facing employees.** Instead, make sure they get enough support. After all, customer service reps usually understand the importance of satisfied customers; often the real problem lies with logistics, IT, or some other back-end function that isn't meeting frontline colleagues' needs. When that's the case, efforts to retrain customer-facing employees may waste time and generate frustration. So include everyone in service training, and focus special attention on internal service providers.

In 2009 Nokia Siemens Networks initiated a training program for its frontline sales and service reps, to little avail. Their efforts to be more responsive to customers depended on

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greater responsiveness from the company's software developers and factory employees, who saw little reason to change and deemed many of their colleagues' requests unreasonable or unnecessary. After several unproductive months, the firm included those functions in the training program as well. Over the ensuing year its satisfaction scores rose by as much as 20% among key customers.

**Don't focus training on specific skills or scripts.** Educate employees more generally about what "service excellence" means.

Companies spend vast sums training employees to follow procedures and flowcharts when interacting with customers. ("If the customer says X, respond with Y.") They may then monitor phone calls or use "mystery shoppers" to ensure adherence to the new rules. But highly scripted employees are often less able to be imaginative or empathetic about a customer's true needs.

A better approach is to persuade employees to commit to a holistic definition of service: creating value for others, outside and within the organization. Teach them to first appreciate customers' concerns and only then to take action. They should continually ask themselves, Who am I going to serve, and what do they need and value most?

Naiade Resorts, based in Mauritius, was struggling with low occupancy rates and mounting losses when the global recession hit. Paul Jones, who became its CEO in 2010, rebranded the company as LUX Resorts and initiated a focus on creative personalized service. Instead of training workers to take specific actions, he launched an educational program aimed at getting them to anticipate and understand guests' priorities and maximize service opportunities. Two years after the initiative began, four of the five LUX properties in Mauritius were on TripAdvisor's Top 10 list for that country. Financial results followed suit, with revenue, earnings, and profits all increasing by more than 300% over three years.

**Don't pilot changes.** Conventional wisdom calls for limited experiments that, if successful, are later rolled out more broadly. That can work for small tweaks, but for

## THE IDEA IN PRACTICE

## “PEOPLE WONDERED, IS THIS GUY NUTS?”

Paul Jones is the CEO of LUX Resorts, which owns luxury hotels in Mauritius, Maldives, and Île de la Réunion. He spoke with HBR about revamping customer service to turn around an ailing operation. Edited excerpts follow.

**Your company faced high debt, low morale, and a global recession. Why focus on service?** When your properties need upgrades and you're struggling with cash flow, how do you make a difference? People are the key. Our business is largely unsupervised, so you've got to instill in frontline providers the mindset that service comes naturally and from within. Once we did that, we started gaining traction. We've been able to grow room

rates, and gradually we are investing back into the properties.

**What did the initiative consist of?** We involved everybody on all our sites—3,000 people—talking about where we were going and how to get there. It gave people the confidence to be proactive, not reactive—to go to any lengths to help guests celebrate life. We also had “innovation challenges” to encourage employees

to come up with ideas for differentiating our service and boosting team spirit.

**Can you give an example?**

To increase staff loyalty, we brought their children together for a week of activities—fitness, things around the environment—culminating in a presentation for the parents. It's a small thing, but it really enhanced morale. And I see that reflected in the response from our guests—on TripAdvisor and other platforms, they talk not just about the hotels but about our team members. That tells me we're on the right track.

**What was the biggest challenge?** The initial part was the toughest—I think people wondered, Is Jones a bit nuts? Once you start

seeing results, it becomes easier, because people buy in wholeheartedly. Now that we're into year five and in a leadership position, the challenge is to not get self-satisfied. You cannot sit back and say, “We're done.” You're never there.



more-sweeping reforms, firms must create momentum fast and set their sights high.

In 2012 Air Mauritius could ill afford gradual change: In addition to \$30 million in losses, poor customer service ratings, and low staff morale, it faced union dissatisfaction, heightened competition from Middle Eastern airlines, and unfavorable exchange rates. The new CEO, Andre Viljoen, knew that his goals—a return to profitability and a four-star rating—required him, in the researchers' words, to “go big and go fast.” He held leadership workshops for top managers, “train the trainers” programs for selected employees, and a two-day course in service problem solving for all workers. A cross-functional team conceived and implemented new actions, including improved meal and liquor service and in-flight entertainment, better onboard provisions for children, and a new airport lounge. Not only were Viljoen's profitability and rating goals met, but Air Mauritius made the Skytrax “Top 10 Most Improved Airlines” list,

the ratio of customer compliments to complaints rose by a factor of 12, and employee turnover dropped below 5%.

**Don't track traditional metrics.**

Instead of worrying about typical customer satisfaction measures such as share of wallet and net promoter scores, organizations should look at the number of new value-adding service ideas put into practice. It's not that conventional metrics are unimportant, the researchers say, but because they are “lagging indicators,” they can bog down efforts to achieve rapid, dramatic change.

For years Nokia Siemens Networks measured customer satisfaction with a survey—one that eventually ballooned to more than 150 questions and produced far more data than the firm could understand or use. “So we started over,” says Jeffrey Becksted, the former global head of service excellence. In 2010 the company ditched the quantitative approach and asked clients for open-ended evaluations of the most recent service month and

desired service actions for the month ahead. The shift changed employees' focus: Instead of trying to hit a specific satisfaction score, they brainstormed ways to make customers happier. Says Becksted, “It doesn't matter how well you've done as much as it matters how [the client] sees you in the future.”

Not every company requires the dramatic overhaul that these approaches aim to achieve. At Disney, Zappos, and Ritz-Carlton, for example, service excellence already pervades every level. And counterintuitive approaches generally won't work if top leaders aren't firmly behind them. “It's no coincidence that many of these projects were initiated by a new CEO,” Wirtz and Kaufman note. But for companies looking to differentiate on service, whether because of competing products, squeezed margins, or changing consumer expectations, these strategies can make the difference between slow, temporary progress and rapid, sustainable success. ♥

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