

Branded Culture

Changing Service Mind-sets

It starts at the top

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In a nutshell...

- I have four key questions to ask you:
 1. How much is the service inconsistency problem costing you?
 2. Has the senior management team defined the desired customer experience?
 3. How much attention is senior management actively devoting to culture and employee engagement?
 4. How well is your senior management perceived to be living your company values?
- Companies make enormous unrecorded losses from poor service experiences – and as a result, service initiatives often lack urgency.
- Hard working senior management teams are often “invisible” to the rest of the organisation – and issues of trust arise.
- The leadership teams of the world’s most admired companies recognise the tangible impacts of intangibles.
- Poor employee service performance can often be traced to lack of senior leadership energy devoted to the culture, intangibles, and service.

Critical unrecorded losses from poor service are given far too little attention

Service improvement is often seen as a “training issue” rather than as a strategic growth driver

I was in a meeting with the management team of a large company. They wanted to “shift employee mind-sets” on customer service. They reeled off a common shopping list of issues – service levels were inconsistent and employees were often less than friendly, at times rude to customers, seemed to have an, “I don’t really care” attitude, were not responsive, did not follow through on issues, etc., etc. Customer satisfaction levels were well below what the company wanted them to be.

I then asked four simple diagnostic questions. The first one aimed to get an idea of the level or organisational urgency on the service experience. I asked, *“Thinking about negative word of mouth, loss of customer loyalty and repeat business, how much is the problem costing you?”* They thought for a few moments, spoke among themselves and then concluded that they were not able to answer, other than to say, *“It could be, millions of ringgit.”* I added that this was just for one year. Multiply that by 5 or 10 years and the numbers add up to tens of millions – or more. These key uncounted numbers do not make it to the financial statements – and as a result, are given far too little attention, with far too little urgency.

My second question probed on management clarity. I asked, *“To what extent has the senior management team defined the customer experience that you want your people to deliver?”* I usually get a long pause when I ask this question. And in most cases, I get the same answer of, *“No, we haven’t defined the customer experience.”* And here lies a root cause issue. How can employees deliver that which has not been defined? The issue is starting to look less like an employee issue and more like a management issue.

This management team – as happens in most cases - sees this to be a “training need” – when in fact the solution needs to start with senior management. Service improvement is often relegated to being a “training issue” rather than a strategic growth driver, driven from the top.

The third and fourth questions related to senior management’s appreciation of the importance of the intangibles: I asked, *“How much time and effort does the senior management team spend in engaging with their people? To what extent would the people in your organisation agree that the senior team are role models for your values?”* The answers, as with most times that I have asked these two questions, were, *“Not enough time, and, no, we do not focus on our values as much as we should.”*

In many organisations there is a trust gap between the management team and the rest of the organisation

There is no doubt that people on senior management teams work hard. However, my experience is that more often than not, they spend most of their time in meetings, focusing on strategy, KPIs and other very important building blocks for a successful business. However, they omit a critical part of their jobs – painting an inspiring picture, building the culture, and communicating with as well as engaging their people. In a nutshell, they are too busy doing their work to build the culture, relationships and trust in the organisation. They focus on the desired business outputs, but focus way too little time on the critical inputs that make it happen – their people.

The result in many companies is a trust gap between the management team and the rest of the organisation. Employees don't know what senior management is doing and, because the busy senior management is "invisible", it is seen to not care. In short, hardworking senior management teams often give off the wrong signals to the rest of the organisation.

So, let's summarise our diagnosis so far. The company recognises that there is an issue with service – but does not realise the enormity of that issue. The customer experience has not been defined – but employees are expected to deliver consistent service. There is a set of values that should guide the behaviours in the organisation, but management are not seen to be role models of the values. And the hard working, task-focused senior management team could be building a trust gap as it has low visibility with a low relatively low emphasis on people engagement.

We live in two Worlds – the World of Facts and the World of Feelings. The World of Facts is tangible – it's about performance, targets, numbers and rewards. The World of Feelings is intangible. It's about connecting people to the "big picture" – to where the organisation is heading and the values of the organisation. Companies that typically live in the World of Facts are hard driving organisations that have a low people focus. People are not happy nor do they care too much about intangibles like teamwork, morale and customer loyalty. After all, management doesn't seem to care, so why should they? High performing companies typically live in the World of Facts **and** the World of Feelings. They understand that intangibles – how employees feel – have huge tangible impacts on the business in many ways. They appreciate the importance of people and culture as the gateway to results.

Intangibles – how employees feel – have huge impacts on the business

These successful companies understand the critical link between culture and performance

I recently had the pleasure of speaking with Charlie Oropeza, CEO of Prudential Malaysia. Prudential has achieved record financial results under Charlie's leadership. Charlie told me that 90% of his time is spent on people engagement. Companies that are admired and studied around the world spend a lot of time in the World of Feelings. The CEO of Zappos, Tony Hsieh speaks of "committable core values" – people are hired, rewarded and fired based on this. The Ritz-Carlton's Gold Standards – the basis for the organisational culture starts with, "We are Ladies and Gentlemen serving Ladies and Gentlemen." The company has an Employee Promise. The Ritz-Carlton Kuala Lumpur has once again been honoured as Malaysia's Best Employer. This company has a strong focus on people and culture. And the financial results will follow. Gary Kelly, Chairman and CEO of Southwest Airlines, writes about the core values that define their culture in the September 2011 edition of Southwest's Spirit magazine, "We treat our Employees like Family and our Customers like guests in our home". If you ask employees, "What's it like to work for Southwest Airlines?" you will find lots of comments like, "Southwest treats employees like family" and, "The culture of Southwest is alive".

These companies have a few things in common. First, they have a strong focus on engaging their people. By doing so, they build strong cultures. Second, they deliver great customer service. They achieve great financial results. The leaders give off the right energy because they focus on the right things – starting with their people. They understand the critical link between culture and performance.

So, let's come back to large company with the employee mind-set issues. Do you think that the starting point is employee mindsets or senior management mindsets? Do you think that the issue is skills or culture? The road to creating a high performing organisation requires a strong focus on culture. The starting point on the service transformation journey for this company was its senior leadership team. All eyes are on the boss. The rest of the organisation will get cues as to what is important from the behaviour of this team.

So how does your management team rate? How would you describe the culture in your company? How alive are your values? What are your employees saying about your management team? The answers to these questions might give you some clues to the health or otherwise of your service experience. Until next edition.

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