EHL GUIDE

Service Excellence: from Service Design to Service Recovery

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# What Is Service Excellence and Why Is It Such a Big Deal?

Learn more about this key hospitality ingredient with EHL's definitive guide to Service Excellence: from Service Design to Service Recovery.

According to a study by McKinsey, 70% of buying experiences are based on how customers feel they are being treated

This means that a large percentage of business success stems from how a customer is made to feel, not just how happy they are with their purchase or service. In today's experience economy, customers not only value but expect exceptional service – and they will reward or punish for the quality of how they are served with their spending choices. In fact, according to Bain & Company, a consumer is four times more likely to buy from a competitor if their issue is service-related rather than price or product-related. Any company unable to respond to their needs, expectations or compensate for unfavorable experiences, might as well wave goodbye to any hopes of customer loyalty and re-engagement.

From service design to service recovery, here is your guide to achieving service excellence.

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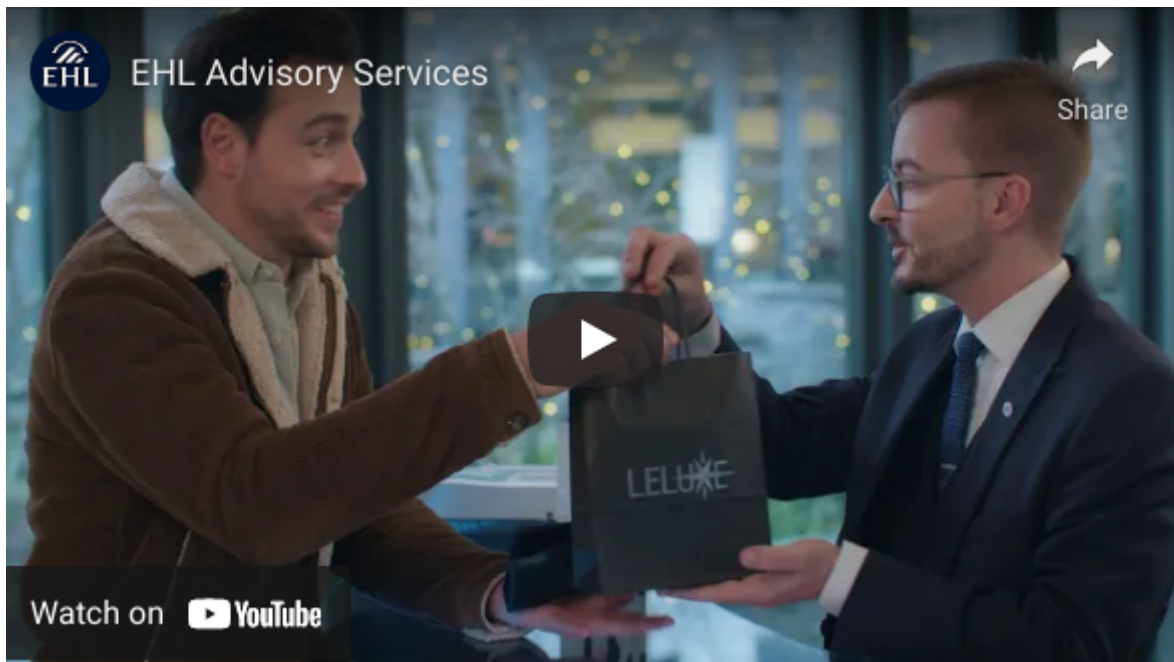
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What Is Service Excellence?

Service Excellence refers to the ability of service providers to consistently meet and at times exceed customer expectations.

<u>Service Excellence</u> is not just about offering a luxury-level product. It is a far more subtle concept that is relative to the service itself and customer expectations of it – hence, it is always a variable that needs to be analyzed and regulated within its own context. From high-end to budget, the responsibility of providing excellent customer service falls on every type of brand and is inextricably tied to profitability. Service Excellence is a value system upon which the success of any brand depends.

> READ: The service excellence definition for 2020
> READ: Is Service Excellence the New Marketing Excellence Definition?

Why Should Serving Clients with Excellence Be at the Center of Your Business?

Most businesses aim to provide good customer service, but going that extra mile to deliver a clearly distinguishable customer experience is what guarantees a loyal clientele. To achieve this level of service, a business should endeavor to be as customer-centric as possible: putting customers at the heart of its offering, moving at their pace and listening closely to their needs and expectations. This involves thoroughly researching and understanding your customer base in order to understand patterns, preferences and tastes – and then building your products, services and experiences around these needs.

Today's consumer, especially influenced by the digital experience, expects fast answers, seamless transitions, convenience and consistency. But at the same time, the human touch that delivers a follow-up call, greets you by name, anticipates your needs and has an attentive eye for detail is what ultimately seals the deal on loyalty and the happy, returning customer.

> READ: Service Excellence: Why Businesses Should Embrace It?
> CASE STUDY: How to deliver great customer service on board an aircraft: SIA's case

How to Achieve Service Excellence?

Any business looking to embed a Service Excellence strategy needs to look beyond excelling just at customer service, and instead, develop a mindset where important decisions begin and end with the customer. This involves research and communication.

Rather than developing your business based on sales or growth, the focus should be on customer satisfaction and how operational changes or the introduction of new products/services will benefit the customer and offer them value.

Following is a selection of 4 steps on how to materialize your service excellence journey.

1 Knowing your customer is the first step towards achieving Service Excellence

Tomorrow's model for truly customer-oriented champions is one of customer-centricity. Today's businesses are fortunate enough to have enough customer data at their fingertips so they can deeply understand their audience – to both improve their performance and become more customer-centric.

By leveraging data analytics, or 'big data' as some call it, companies can build a 360° view of their customers, allowing them to foresee their clients' needs and desires and delight them with products or services that solve their needs – before they've even asked. That's the key to maintaining a competitive edge.

Data can also help companies develop a tailored Marketing strategy. It's time to face the music: mass-Marketing or one-size-fits-all strategies have become irrelevant, as customers increasingly respond to tailored messaging, delivered on the right platform, at the right place, and at the right time. Personalization – whether it be for B2B or B2C markets – has defined new-age Marketing as we know it, and data is the key to unlocking that strategy.

2 Developing a company Service Culture is an imperative

A customer-focus should be engrained in your company's DNA – from your philosophy and values to the your company culture and the characteristics of the people that you hire. Make sure that you clearly define your company culture and values – and communicate them throughout your organization.

These values should focus employees on how to operate with customers on a day-to-day basis, as well as how to build them into their decision-making processes. It should encourage all employees to understand that when the customer wins, the company wins – from your Marketing teams and customer-service agents to your operational staff.

> READ: Customer Service Culture: The Customer is King, and Customer Service Culture is his Queen

3 Delivering Service excellence requires specific skills

As a customer-focused business, your employees must live and breathe your company values. Hire employees that are committed to helping your customers solve problems, and are willing to go above and beyond to serve their needs.

This involves finding employees who are flexible, open-minded and innate problem-solvers. They should excel at communication skills, and have a natural ability to turn complex problems into simple solutions, while satisfying both the needs of the customer and the business.

Depending on the type of service provided, companies should hire people that resemble their customers, sharing their expertise and interests – which will help them build a closer rapport with their customers and better anticipate their needs. For example, if your company operates in a highly technical field, make sure that your team shares the same technical skills and know-how so that they can serve your customers effectively.

> READ: Delivering Service Excellence: 5 Lessons by Ritz-Carlton
> READ: Service Employee engagement and empowerment: one size doesn't fit all

4 Effective customer-experience efforts need to be uniquely cross-functional

From marketing efforts to operations, defining a strong customer focus (not only customer service tools) is an essential of customer-centricity. This calls for smart governance: Clearly defined leadership, behaviors, and metrics.

Adequately addressing the challenge of putting in place such governance requires a dedicated effort on three levels.

1. A customer-centric leadership structure must ultimately report to the chief executive and should be designed to stimulate cross-silo activity and collaboration.

2. Leaders must commit to demonstrating behaviors and serving as role models to deliver customer-experience goals to frontline workers and refine and reinforce those goals over the long term.

3. It is necessary to put in place the correct metrics and incentives that are critical for aligning typically siloed units into effective cross-functional teams.

> READ: Why is Service Culture important?

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Why Do You Need Customer Service Goals?

To implement effective customer service practices, business leaders must define two sets of service excellence goals: one for the entire company and another for individual representatives to better serve their clientele.

Well-planned, achievable goals provide business direction and a sense of accomplishment when attained. Goals focus attention on desired outcomes and provide motivation. Employees know exactly what they are expected to achieve and should be encouraged to determine the best way to deliver what's required.

In the same way that a Sales team have their own set of targets that support the overall business objectives, similarly, the Customer Service team needs realistic goals which support defined business objectives.

> READ: Setting customer service goals: 4 steps to excellence

How to Measure Service Excellence?

How do you know if your customer service is living up to customer expectations?

The answer is in KPIs (key performance indicators). There are plenty of different KPIs used to measure customer service and the success of a business's customer service strategy. Research the ones that best suit your type of organization. Managing what you can measure via scores and data is essential to understanding where you stand on the principles of good service.

> READ: 6 KPIs for measuring customer service performance
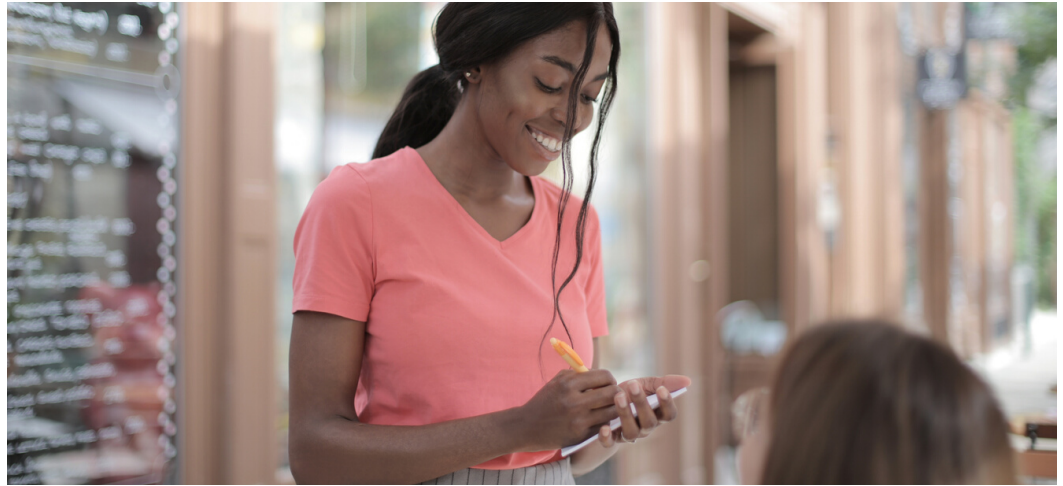
What Is Service Design?

Service Design is the practical model for planning and organizing people, infrastructure, communication and material components of a service in order to improve its quality. It is a system of operations that enhances the interaction between service provider and customer, offering sustainable solutions and optimal experiences.

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When you have two coffee shops next to each other and each sells the same coffee at the same price, Service Design is what makes you walk into one and not the other

– 31 Volts Service Design Studio

Service Design looks at multiple contexts involved in the consumer journey. Marc Stickdorn and Jakob Schneider, authors of This is Service Design Thinking, have identified five key principles that define the process:

1. User-centered: Use qualitative research to design focusing on all users.

2. Co-creative: Include all relevant stakeholders in the design process.

3. Sequencing: Break a complex service into separate processes and user-journey sections.

4. Evidencing: Envision service experiences to make them tangible for users to understand and trust brands.

5. Holistic: Design for all touchpoints across the networks of users and interactions.

> READ: Service design defined by hospitality leaders
> READ: How to design a training center to teach customer service soft skills

The Elements of Service Design

These are the vital parts and players of any service encounter:

1. Actors: employees delivering the service.

2. Location: the environment where customers receive the service.

3. Props: objects used during service delivery.

4. Associates: Envision service experiences to make them tangible for users to understand and trust brands.

5. Processes: Design for all touchpoints across the networks of users and interactions.

Useful Service Design tools

Service Design helps to define problems and address all dimensions of the customers', users' and business needs. To effectively identify these needs, here are some useful tools:

- Customer journey maps: to find the customers' touchpoints, barriers and critical moments along the journey.
- Personas: to help envision target users.
- Service blueprints: elevated forms of customer journey maps that help reveal the full spectrum of situations where users/customers can interact with the brand.

Service Design and Customer Experience

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Service Design addresses and organizational weaknesses.

Everyone has at some point experienced bad service. But the problem is that sloppy service rarely originates at the point of contact. This is because organizations are willing to invest in customer-facing aspects of their business, but often neglect their backstage infrastructure. They fail to realize that shortcomings behind the scenes will impact the overall customer experience. Service Design focuses specifically on these details.

How Should a Service Be Designed?

Services should be designed...
- based on customer needs
- to deliver a unified experience
- based on creating value for users and customers
- to be as efficient as possible
- with input from the users
- and delivered in collaboration with all relevant stakeholders (both external and internal)

> READ: The general Principles of Service Design

How to Build Service Design Processes?

Processes...
- should only include activities with added value for the customer
- should structure the work and not the other way around
- should be as simple as possible
- should reflect customer needs
- variation should be kept to a minimum
- should be internalized
- should be measured

> READ: How to Build Service Design Processes?

The Benefits of Service Design

Most organizations' resources (time, budget, logistics) are spent on front stage outputs, while internal processes (including the work of the backstage employees) are overlooked. This disconnection triggers a common, widespread sentiment that one hand does not know what the other hand is doing.

How does Service Design help bridge this gap?

1. Surfacing conflicts
Business models and service design models are often in conflict because business models do not always align with the service that the organization delivers. Service Design creates systems that need to be in place in order to adequately provide a service throughout the entire product's life cycle (and in some cases, beyond).

2. Fostering conversations
Focused discussion on procedures and policies exposes weak links and misalignment, and enables organizations to devise collaborative and cross-functional solutions.

3. Reducing redundancies
Mapping out the whole cycle of internal service processes gives companies a bird's-eye view of its service ecosystem, whether within one large offering or across multiple sub-offerings. This process helps pinpoint where duplicate efforts occur, likely causing employee frustration and wasted resources.

4. Forming relationships
Service Design helps align internal service provisions including all roles, front stage and backstage actors, processes and workflows. With Service Design, information provided to one agent should be available to all other agents who interact with the same customer.

> READ: The benefits of service design

What Is Service Recovery?

Service Recovery is a company's way of resolving a problem from a dissatisfied customer. The ultimate aim is to convert a disgruntled client into a loyal customer. It is the action a service provider takes in response to service failure.

What Is Service Recovery Paradox?

The Service Recovery paradox (SRP) is when a customer thinks more highly of a company after the company has corrected a problem with their service, compared to how they would regard the company if non-faulty service had been provided.

The Customer Service Recovery Process

There are 5 logical steps in the service recovery process:

1. Anticipating customer needs
Anticipating means understanding and preparing for customer expectations at key points along the consumer journey. Failing to understand and manage the expectations is what leads to customer dissatisfaction. The key to success is being able to anticipate the customers' needs at each step and strive to ensure that processes are in place that will meet and exceed their expectations.

2. Acknowledging their feelings
Service recovery begins the moment we recognize that expectations have not been met. At this point, it is vital to acknowledge the problem and the customer's feelings. Remember that perception is reality. This is not the time to argue and explain the retailer's position. It is the time to accept responsibility and start acting upon the customer's complaint.

3. Apologizing and owning the responsibility
Most of us learned the importance of saying "I'm sorry" as young children. Those two words can often diffuse anger and bridge an emotional gap in a wide range of situations. An apology, as simple as it may seem, is an important step in moving the situation away from the negative and into the positive, action-based arena.

4. Offering alternatives
Offering alternatives whenever possible is a method for helping dissatisfied customers regain a sense of control. Rather than telling customers what they can't have, focus on options for what is possible. Put them back into the driver's seat, helping them to feel more active than passive.

5. Making amends
A means for righting a wrong. It can be as simple as making a sincere apology, sending a follow-up letter and a small gift or token of appreciation. But bear in mind that this is just a small gesture compared to the bigger picture that should include real opportunities to change systems and operations in order to prevent future problematic occurrences.

> READ: Service failures: 5 basic steps to customer service recovery

Benefits of Implementing Service Recovery

Having an effective service recovery strategy can help a company in several ways:

- Improvement in customer satisfaction
- Decrease in service failures through process
- Increase in customer loyalty
- Increase total customer lifetime value

> READ: Implementing Service Recovery presents your company with many potential benefits.

Service Recovery Is Important in Creating a Culture of Excellence

When a customer complains, you have a brief window of opportunity to make or break all chances for satisfactory resolution and, ultimately, loyalty.

What does it take for true service recovery?

Training is key to the success of a Service Recovery program.

It is vital to invest time and resources to train employees in an area that is representative of your corporate standards:

- Create customer service standards and use your orientation process to help new employees understand service expectations.
- Administer ongoing customer service training that reinforces your expectation for customer interactions.
- Lead by example and make sure you demonstrate the behaviors that you hope to see from employees.

Create a complaint process for consistent execution and improvement.

There will be times when even the most perfectly-studied customer experience hits a wall. Create a process for dealing with complaints:

- Find the best communicators in your team of employees and let them respond.
- Track your complaint data and glean wisdom from what you learn.
- Create an improvement plan, make changes to your policies and procedures to incorporate the identified improvements.

> READ: Empowering Front-line Service Employees: One Size Does Not Fit All

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