

Customer Care is a management matter

Why service organizations fail to use service as an added value



Customer care service today has developed into an essential part of customer economics within B2B companies. It not merely represents a classical “add-on” but a central value creating factor which influences the overall performance of call center providers as well as the profit of their customers. Is service a luxury or a core aspect of business? For the answer: See our report.

Needless to say, that at the end of the day, professional customer care is crucial for the growth of companies’ profit. The potential of customer service ranges from sustainable customer retention up to marketing and sales. It can also generate innovative ideas which lead to a more profitable overall performance of a company and their customer service providers. The importance of service organizations and their role as a driver of business performance has also been proved recently by the Swiss Pidas AG in Zurich. They regularly examine more than 200 major customer care organizations in Austria and Switzerland for their annual Customer Service Report: The survey not only analyzes the customers’ perceptions, but also the value customer service can add to companies in order to reveal positive developments in this field and highlight areas for improvement.

The importance of service awareness,

and its influence on corporate performance, is seen by businesses as a criterion for success because:

- Contact frequency has massively increased between customers and companies in the last years.
- Customers are less tolerant to poor service, and can easily be lost if their needs are not met.
- Primarily customers need information on new products and services, not just complaint handling. Therefore, companies, in particular service providers and outsourcers such as call centers need to pay more attention to any customer related process.

However, Pidas research also proved that companies rarely make use of cross selling options originating from an increasing potential of customer contacts.

LACK OF PERFORMANCE MEASURING IN CALL CENTERS

What are the main reasons for the fact that customer service is not widely seen yet as a measurable key driver for business? One interesting reason might be that in the majority of service organizations, customer contacts and their data are still not systematically registered, measured and analyzed, says Pidas. The consequence is of course that the basis for professional customer relationships, customer retention and marketing activities doesn’t exist or is fragmented and innovations from the customers can not be used.

In contrast, companies who see providing professional customer services as a key to competitive and productive advantage become increasingly sensitive to it . For example, in Austria, the surveyed companies saw a potential growth for added value of up to 15.3 percent, whereas in Switzerland, up to 9.5 percent could be achieved if customer care were organized with greater professionalism. In addition, the service future of their own company are of minor importance without an awareness of the strategic importance of customer service management and IT management e.g. such as service helpdesks etc. This shows that in the majority of companies, the awareness of the influence on the overall corporate performance has not reached its potential.

SERVICE DESK RELOADED – STEPS TOWARDS A BETTER PERFORMANCE

During last year’s *German Service Desk World Congress from Euroforum Germany* which took place in Berglisch-Gladbach

STATEMENT



Frédéric Monard, Head of Consulting and Member of the general management at Pidas AG, Zurich, Switzerland.

“We generally feel that the top management of companies have upgraded professional service as an added-value to corporate performance as more important and more urgent than in the past.”

» near Cologne, Frédéric Monard, Head of Consulting and Member of the General Management at Pidas AG, shed an interesting light on the perfect and efficient structure of tomorrow's service organizations. In his lecture called "Service desk reloaded", Monard highlighted some core factors which would help service organizations to orientate their overall business drive performance for the company.

These are:

- Implement a service manual; a best practice service framework and guidelines in order to support a corporate customer service strategy.
- Clearly define a role specification of the entire service organization
- Set clear responsibilities to the customer with a dedicated service manual
- Monitor key performance indicators of a successful service organization, such as a transparent business model and advances in service competence
- Provide professional performance in the single point of contact, ensuring the quality of the most important service aspects or service virtues such as accessibility, retention, customer complaints, cross selling and distribution.

Monard states: "We generally feel that the top management of companies have upgraded professional service as an added-value to corporate performance as more important and more urgent than in the past."

These examples show how international companies successfully make use of the performance potential of their customer service organization. Monard points out, that especially IT and Finance companies would benefit the most from a more professional customer service in relation to the potential of added value within the corporate performance.

On the other hand, service organizations are still said to be not directly supporting the externally generated turnover of the company, states Oliver Jung, Juncon Consulting. Therefore, the idea to treat service organizations as a cost as well as a

Service Managers play a
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profit center is not yet commonly used in the companies' business models – especially when it comes to IT support centers.

SEW-EURODRIVE: DIRECT LINE TO CUSTOMER

Sew-Eurodrive, a leading, global manufacturer specializing in the field of automate drive engineering with German headquarters based in Bruchsal, has found its own way to deal with customer requests, service needs and the full range of customer-driven processes. On the one hand, the virtual Sew-Eurodrive portal "Drive-Gate" serves customers all over the world with regard to the supply and online configuration of individual drive components (SewWorkbench, Drive Configurator) and order tracking.

It also provides a special online-tool area for a Complete Drive Management (CDM). On the other hand, each of Sew-Eurodrive's regional sales organisations in the business-to-business sector, are connected to a networked service hotline, from which our globally operating customers can benefit. .

Andreas Reddemann, Head of Global Service, Sew-Eurodrive Germany said: "We operate a total of 18 service compe-




The Sew-Eurodrive Competence Center in Graben, Germany

tence centers in each European country with some 120 service technicians/engineers that offer local service in the local language. Six centers of which are for example located in Germany, four in France and soon a further two in Great Britain.” The competence centers manage the after sales orders as well as the customer service requests.

The service managers are operating as business technicians when it comes to technical advice or application programming but also manage for example the on-site service assignments. From Reddemanns’ point of view, a service manager working with Sew-Eurodrive plays a double role, which is challenging. Firstly he needs to provide competence in economics and secondly in service to the international customers.

Due to the nature of products provided (e.g. gearmotors, frequency inverters and drive automation) requiring a substantial amount of explanatory support. This is the reason why a single call management structure for customer service requests is provided by the company. Unlike other service organizations, incoming customer calls for e.g. in Germany are directly connected to the respective service technician

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through a 01805-service hotline called SEWHELP. The structure is working successfully so far. This has been confirmed by the fact that in 2009, Sew-Eurodrive was ranked second best amongst Germany’s most customer-oriented business-to-business companies and we were awarded with the “Customer Champions Award”. “The awareness of service and a successful service business are a crucial business factor”, says Reddemann.

Just like many other companies, the management is certain that service does not play a luxury role anymore but that it

is an international key driver to success. It is also an important marketing asset as “it helps our products to be noticed as premium products”, states Reddemann from Sew-Eurodrive. He believes that the service business today is one of the most exciting segments of the company’s business because it focuses on both aspects – supporting customer relations and supporting profit.

Sew-Eurodrive’s service philosophy has contributed significantly to the total success of the company which has now a turnover of 1.57 billion Euros.



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» GLOBAL SERVICE DESK IMPLEMENTATION AS A CHALLENGE

Another example of an efficiently organized service organization is British American Tobacco (BAT) Group which lately implemented a global service desk. The company is the world's most international tobacco group, with more than 300 brands sold in more than 180 markets and a global market share around 21 percent (excluding China). Some 56,000 people are currently employed by British American Tobacco. In 2008, the group performed an impressive gross turnover of 33.9 billion pounds.*

Due to the lack of a global operating service model, each operating company and end market had its own service desk



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with BAT. Therefore, the service desk implementation project, "with a strong strategic push from the group to act as an enterprise"*, aimed at installing a single entry point of contact especially for the IT service organization. The desire was "to leverage economies of scale and efficiencies through above-market service desks".

The global service desk strategy was set up and designed to handle the following processes from a single global service desk acting as a hub:

- Call Handling
- Incident Management
- Problem Management
- Request Management
- Change Management
- User Administration
- Asset Management
- Escalation & Crisis Management
- Service Quality Aspects
- Service Level Agreements and Service Level Management
- Knowledge Management
- Reporting coordination point of the service lines

The aim was to provide a virtual global or

regional support center leveraging a single call management infrastructure providing end-to-end client service, with a 24 hours and 365 days service in English and a language cover within core service hours. By providing this professional service, the main drivers were to reduce costs, improve customer satisfaction, response and resolution times.

- The target was a single tool for
- Logging tickets by Service Desk Supplier
 - Handling ticket by SPU's (direct in the tool or via real-time interface)
 - Supporting GSD's set of Processes and
 - Measuring the performance of all GSD Service Support Units (external and internal)

The company today provides and manages flexible contact methods such as handling incoming calls via a toll free number per country, e-mail through the global IT Service Desk and a virtual service IT help desk portal. Last but not least, the multichannel global service strategy has enhanced the overall service performance as a key driver to the group's international business and has laid a foundation for a future improvement.

In addition, the service desk/management Tool proved to play a significant role to achieve a process standardization. It was applied by going with a suppliers tool based on ITIL processes. Today, suppliers' tools and suppliers' processes are aligned with their own, states BAT.

Examples of best practice show this approach is not an easy task, and can be extremely challenging especially when it comes to service organizations operating globally. If so, keeping the focus on the customers' needs as well as embedding a service ethic in the companies' operating performance schemes might the most successful application for the future.

Call center service providers are essential for both – professional service and professional profit performance – so are their customers.

Eva-Susanne Krah ←

WEBLINKS

• For in-depth information from the Customer Service report click now on www.pidas.com. Next CSR will be published in May 2010.

• Get to know more details about the future of service desks on www.servicedeskworld.de

*Source: Lecture given during Service Desk World 2009: "Global Service Desk Implementation", Referee: Thomas Haertel, British American Tobacco, Hamburg