

Catalyst

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Custommerce Service Excellence Foundation is a not-for-profit organization
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Lessons from the Battlefield for the Board Room

The National Convention of Custommerce held at Pune promised much. We are all aware that organisation design came from the army - the pyramid structure and hierarchy, the span of command/control and so on. What's more, we have borrowed fundamental business thinking from war - the concept of strategy, the need to win over competition ("enemy" in war), guerrilla tactics, the importance of logistics and supply chain - "The Army marches on its stomach" or "Hitler's advance into Russia was halted and reversed partly because supply lines became too long". Yet, would I really learn anything new and worthwhile from this programme was what played in my mind as the Convention kicked off? Is there really much today that the Armed Forces can teach business?

The former Chief of Naval Staff, Admiral Arun Prakash kicked off proceedings with a keynote address reviewing the common threads of thought over the centuries that tie military concepts with business. He also exhorted the audience to live and behave ethically and serve not just for profit but also to contribute to the nation. A lengthy war game rounded out proceedings for the first evening, providing an opportunity to experience war strategy and draw parallels to business.

On Day 2, Lt. General Shamsher Singh Mehta (Retd.) and Bhaskar Pramanik, Chairman, Microsoft India presented strategy and leadership lessons from the perspectives of the Services and business. Thereafter the people dimensions of the subject were addressed by Vice Admiral Bangara (Retd.) and Ramkumar, Executive Director, ICICI Bank, in their very different styles. Finally, we were exposed to the tool CINDE (developed by CUSTOMMERCE) by its creators C. K. Sharma, Director, Custommerce and Ravichandar, Chairman, Feedback Consulting.

My learnings for application in life and work are shared here in a somewhat random fashion.

1. Leadership and its importance are very clear in the minds of all the Officers who were present. In business most employees tend to mix management and leadership with lack of clarity on which is which and the relative importance of both. The classic MBA programme and executive development courses typically focus on management concepts, elevating management in the minds of the employee and accentuating this confusion. The Service Officers at the Convention, on the other hand, gave extreme importance to leadership and almost dismissed management as a lesser discipline. "Leadership is essential, managing may be necessary" was how one of them put it.
2. The Armed Forces focus on recruiting "trainable" people, we were told; not those with knowledge and skills already in



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President & CEO
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- place. Look for attitude, character and innate basic capabilities and don't worry about the industry-specific knowledge - this can be learned in business recruitment too.
3. Taking the initiative is essential - not doing so is not an option. If anything is not going well within my area of influence **I AM RESPONSIBLE** - don't blame anyone else!
 4. A significant proportion of an Officer's career is spent on formal training (up to 33%!) The nature of the training goes from specific detailed matter at junior levels to more macro material as they get senior. For example, at the National Defence College, Brigadiers are exposed to economics and the demographic dividend, Indian political realities, the issues of governance, etc. Officers are also repeatedly told to "forget" their specialisation and be a generalist after a certain rank. Do we do enough in business to build leadership perspectives, I wondered. Are general managers still too often stuck in their earlier functional speciality?
 5. Storytelling as a mechanism for communication can be very compelling and engaging if the story and the teller are right for the occasion!
 6. The presentation on CINDE had some fascinating insights: 71% of Indian consumers switch brands because of the quality of their customer experience vs. only 45% who switch for price; one-off measurement of satisfaction is inadequate; only 2% of the customers surveyed could recall any great customer experience - consider the opportunity for everyone to delight through working on their own customer touch points!

Many more interesting insights were picked up by different participants, shared during the session on takeaways. All in all, I was surprised by the freshness of the perspectives coming from the Forces compared to a certain sameness one experiences with business people and business professors talking on the same concepts.

A thoroughly enjoyable couple of days - well done CUSTOMMERCE!
We look forward to next year!

Customer Experience... a practitioner's guide

The business need to satisfy and retain customers has been acknowledged and accepted through the decades by leaders and management gurus. The success stories of businesses like Apple, Philips and American Express are testimony to the correlation between customer retention and its impact on profitability.

The value offering rendered by the Taj staff to its guests during the 26/11 terrorist attack is a pristine and selfless form of service. They ensured customer safety at the cost of their lives. A similar analogy can be drawn to our defense personnel who take pride in achieving martyrdom to save their customers - "their civilian brothers." This is truly the purest form of customer service and there can be no substitute for the same.

A lot of companies endeavor to improve their NPS (Net promoter scores = Promoters - Detractors). The new business environment has further added to the challenges. The influence of the global economy, increased usage of internet and multiple choices have increased customer expectations like never before.

Acquisition of new customers cost business 15 times more than retaining existing customers. According to management consultants Bain & Co., a 5% improvement in customer retention increases company profitability from 25 - 95%.

The key ingredients in my view therefore, are the three "R"s -

Retention - of existing customers by understanding and resolving their stated and unstated needs. This includes regular engagement with the customers to build a long-term relationship with them.

Repurchase - This is the next level of achievement post-retention where you are the obvious choice to your customer when the need for a product or service from your bouquet of offerings is felt. I remember my father as a big fan of all Philips products. All products in our home from the TV, transistor, lights, mixer and even his razor blade belonged to this brand. His faith in the quality of a Philips product was quite strong. Similarly, brands like HDFC or ICICI have sustained their trust in a suite of financial offerings to customers.

Referral - The final customer delight destination is reached when the customer promotes or refers you to friends or relatives based on his experience with your product or service. The Apple story is a



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classic example of how customers are evangelists of their products. They do not mind queuing to experience a new Apple product offering.

There are six steps to delivering exceptional customer service:

1. It is important to know your customers.

This is not a difficult proposition given the availability of advanced analytics. It is pertinent to know your customer profile and analyze his likely future needs based on past interactions. The critical backbone is to have a single common view of your customers across all touch points. This will ensure the customer is well understood and his queries resolved at the outset. This is critical for large organizations which own a large population of customers.

2. Keep listening to your customers at all times. This is significant. Many companies hire agencies to conduct a survey or hear the voice of customers intermittently. What they miss is listening first hand to customers. It is important to create a mechanism wherein the senior management interacts with customers, sells and/or services at least a couple of customers every week to get hands-on experience and keep their ears to the ground.

3. Use personalized communication wherever feasible. This may not hold good for bulk standardized communication of large companies. However, usage of personal names helps build a strong connect instantly. Small things like the way you greet, eye contact, your complete attention to the customer query and positive body language helps the customer bond

with you. Remember to not make the customer feel he is intruding on your time and work and you have won him over.

- 4. Show that you care.** This has to be both intrinsic and extrinsic to create a holistic value offering to the customer. To be intrinsic, it has to be a part of the value lived by every employee of the organization. Values which drive the attitude, motive and behavior of every employee towards the customer. This has to be a value driven top-down. The extrinsic offering is a byproduct if the intrinsic values of service gets ingrained in to the employee and becomes the DNA of the organization.

Gandhiji's quote captures aptly the essence of customer service "A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so."

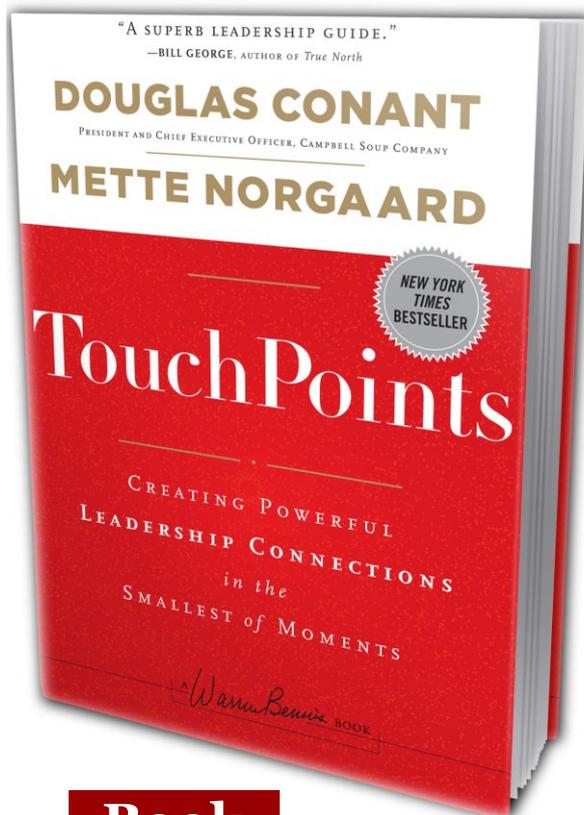
- 5. Set right expectations and address the customer need appropriately.** This is a significant step where you avoid offering lip service to the customer. There may be times when it is difficult to get the customer issue resolved. It is important to keep him informed and set the correct expectation even if it means saying "No" to some demands. Treat your customer as a partner in the resolution of his need.
- 6. Add the final zing that makes your customer come back.** Surprise the customer with a small offering at every opportunity. A well-known fast food joint messed up my home delivery order thanks to a trainee on the job. I posted a feedback on their website. They immediately apologized and offered me a free meal with family. I put it off as a candy they were offering for the mistake made. What impressed me was the persistent follow up from their end on every weekend for a month till I gave in. They treated me and my family to a few freebies.

While the above could be a few mantras to satisfy or delight your customers, it is important how a company drives the culture of service across the organization. While the intent is there, the service aspect is sacrificed at the altar of top line or in the pursuit of cost leadership. Remember, it is always what leaders at the top follow are executed by the ground feet below.

If business seeks to achieve targets at all cost and save expenses, it gets driven accordingly. This may lead to sidelining customer needs. The other important aspect is the continuous zeal as a business to keep evolving on the service front through regular monitoring of NPS and benchmarking to be the best service provider.

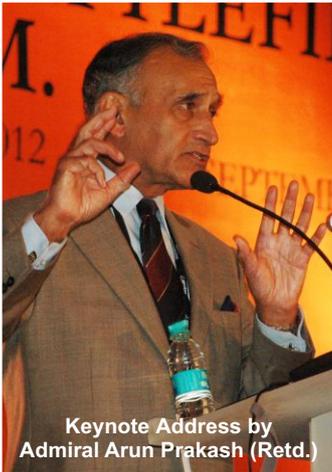
Today customer loyalty is fickle and a customer is more than happy to try out a different service provider. Given these dynamics, an organization has to rapidly keep evolving and renewing its customer relationship with value offering to suit various segments of customers at various stages of his life. This journey of service excellence is therefore perpetual and has no end.

I will finally conclude with this quote of Sam Walton. "The goal as a company is to have customer service that is not just the best, but legendary."



**Book
Choice**

The Customerce National Convention 2012



Keynote Address by Admiral Arun Prakash (Retd.)



Admiral Arun Prakash (Retd.) inaugurates the National Convention



Speakers Lt. Gen. Shamsheer Singh Mehta (Retd.), Vice Admiral SCS Bangara (Retd.), with R. Muralidharan, Vice Chairman - Customerce and the participants



Address by Bhaskar Pramanik Chairman, Microsoft India



Address by K. Ramkumar E.D., ICICI Bank



C.K. Sharma Director, Customerce talks about CINDEX, Customer Experience Index



K. Balakrishnan, MD - Servion and Director - Customerce handing over a memento to the speaker V. Ravichandrar, Chairman, Feedback Consulting



Group Photo of the Participants, the Speakers and the Customerce Board