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Update

The Concierge Center: Putting the Value of the Service-Profit Chain to Work

by Peter McGarahan

As a customer, have you ever wondered why companies force you into a customer service environment that seems to be convenient only for them? We choose to interact with organizations for a variety of reasons with a desired end result in mind. We have a general expectation of how service should be delivered and the amount of time we are willing to invest in the interaction. Today's customer is experienced, knowledgeable, demanding, and willing and able to defect to another company at the drop of a credit card. Frustrating customer experiences are rooted in customer-facing services designed from the inside (them)-out (you), absent of what's important to the customer, and more concerned with cost containment than with revenue opportunity.

EVERYONE IS OUR CUSTOMER!

The simple fact is that *everything speaks* when establishing a service environment. The fantastic customer service book *Be Our Guest*,¹ published by the Disney Institute, states that all organizations, knowingly or unknowingly, build messages to their customers (guests) into the settings in which they operate. Customers are extremely aware of these messages and can quickly assess the company's customer commitment, empowering culture, and willingness to engage. The deliverer (the employee) of these all-important customer-facing services knows that success is dependent on the organizational commitment to empowering an engaged employee to deliver a quality and memorable customer experience. Organizations that have an holistic perspective of the customer, including service, loyalty, retention, and referral, simultaneously acknowledge that employees have a level of importance

equal to that of a customer. They also know that empowering engaged employees is the secret sauce to sustainable business outcomes, results, and success.

If everything speaks to the customer in the way we design and deliver the customer experience, then the employee, a seasoned customer in his or her own right, certainly can tell when a company is committed to his or her success. Currently, companies take pride in their customer service strategy, organizational structure, defined services, state-of-the-art technologies, best practice processes, and customer service professionals. Yet, internally, companies are challenged by operational cost controls and a decentralized, functional "best effort" approach to the access and delivery of all internal employee services (e.g., IT, HR, benefits, training, and facilities). Some internal service desks are online (self-serve), some are offshore, and some are outsourced, but very few are managed and delivered to the extent of the customer contact (call) center.

As we describe in this *Executive Update*, there is an opportunity to deliver internal employee services with the same underlying technologies, the same management, the same service professionals, and the same quality experience by leveraging and optimizing the concierge center. With advances in omnichannel marketing and VoIP technology, customer relationship and service management tools, knowledge management, and Web-based and social media self-service functionality, anything is possible!

If you could deliver services equally to both customers and employees that support the basic principles of Harvard University's service-profit chain (see Figure 1)² and employee engagement — where "loyal, passionate employees bring a company as much benefit as loyal, passionate customers"³ — why wouldn't you?

MAKING THE CONNECTION

Currently, the waves of change around social media, employee empowerment and engagement, mobile devices and apps (smartphones and tablets), and multigenerational and multicultural consumer and workforce preferences are aligning with the foundational

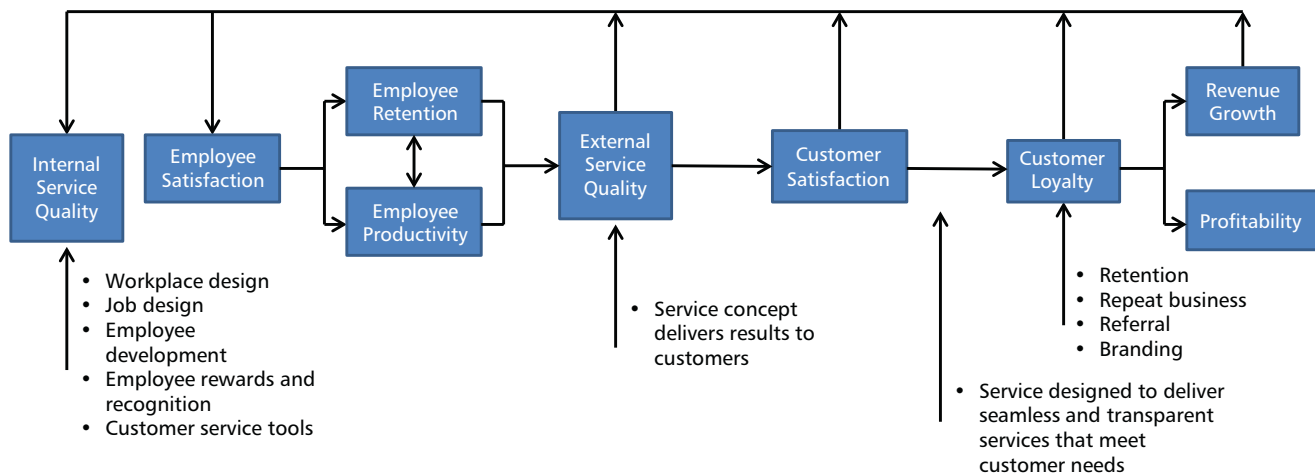


Figure 1 — The links in the service-profit chain. (Source: Heskett et al.)

principles, practices, and value proposition of putting the service-profit chain to work.⁴ The service-profit chain establishes the interconnected relationships among internal service quality; employee satisfaction, retention, and loyalty; service value; customer satisfaction and loyalty; revenue growth; and productivity.

Employee satisfaction, detailed later in this *Update* in the section “The Engaged Employee,” is a result of the company culture and various programs centered around making the employee productive, empowered, successful, collaborative, knowledgeable, and happy. Customer satisfaction is a result of all the hard work and effort a company puts into every aspect of its company and culture. These employers take the time to ensure that their hiring practices and on-boarding programs — in addition to all the services and systems that make them productive — are the main contributors to delivering a consistent and memorable customer experience. Business value is created by the interaction of engaged, satisfied, loyal, and productive employees with customers that see the quality and value in the company’s brand, product, and services.

MEASURING THE CUSTOMER EXPERIENCE

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.

— Often attributed to Kenneth B. Elliott

Measuring the customer experience has always been a challenge for companies in terms of determining the questions to ask and understanding the meaning of the ratings, analysis, and action. Companies often rely on surveys to receive feedback and comments about the customer experience, but the survey process has failed many companies and customers. Surveys tend to be too time-consuming and customers feel “unheard” due to a lack of company responsiveness or noticeable improvements. In addition, the survey process fails because *everyone* surveys. The low industry-average response rate for customer satisfaction surveys falls between 10%-20%,⁵ yet companies continue to use this limited voice of the customer (VoC) mechanism in determining marching orders for continuous improvement action.

What if companies could find a simple, convenient, and meaningful way to get customers to share the essence of their experience by asking them if they would recommend the company to others? In 2003, Fred Reichheld introduced the Net Promoter Score (NPS),⁶ as a key measure of customer loyalty. He claimed it could accurately measure the growth capacity of any company; more so than any other metric. Reichheld designed the NPS as a single question with an 11-point scale, asked either in isolation or as part of a larger customer

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satisfaction survey. The question: how likely are you to recommend Company X (where 0 is not at all and 10 is extremely likely)?

Customers who feel respected and who find it easy to do business with a company are more likely to return and buy again. They are loyal customers who promote the company's products and services to friends and family. The simplistic reality is that companies with a high NPS score are more likely to have their customers frequently purchase and recommend their brand to others. They are also the companies that are operationally and culturally delivering against the principles, processes, and practices of the service-profit chain.

THE POWER OF THE VOICE

TV anchor Neil Cavuto of Fox News, in a passionate plea to senior executives, insisted they spend time in the call center listening to the VoC. By actively listening to the unedited, unfiltered, and direct feedback from the customer, senior executives can act upon what's working and what's not working and understand the customer demands and preferences for products, services, features, and capabilities that the company is failing to provide. Staff members appreciate when senior executives take the time to see the customer from their viewpoint. A company's sustainable success is dependent on the willingness of the executives and management team to listen and take action. As senior management actively engages in customer/employee interaction, they acknowledge those participants' importance and value in the service-profit chain and thus the company's success (e.g., linking sales and customer service).

THINKING DIFFERENTLY ABOUT THE EMPLOYEE AND THE CUSTOMER

Today's successful service leaders choose change over irrelevance. They know that technology and business trends will continue to rapidly change customers' expectations and preferences and only increase the importance of designing and delivering services to successfully engage and delight customers. Service leaders look to create new and innovative ways to change the game and create a competitive advantage service model based on advanced technology, best practice processes, and empowered and engaged people across the entire company. According to a recent *Harvard Business Review* (HBR) article, "The Truth about the Customer Experience,"⁷ a company that takes the time

to investigate the customer journey, end to end, with all its organizational touchpoints (both within the company's control and not within its control), will be best positioned to establish its products and services as a competitive advantage.

Successful service leaders believe in the principles and power of the service-profit chain and the importance of building the customer relationship. They see the value in a customer concierge center, as a single point of contact for both employees and customers, to be successful in delivering against the practices and principles of the service-profit chain.

THE ENGAGED EMPLOYEE

"When organizations successfully engage their customers and their employees, they experience a 240% boost in performance-related business outcomes compared to an organization with neither engaged employees nor engaged customers," according to the 2013 Gallup report "State of the American Workplace."⁸ The Gallup poll found that 70% of American workers are disengaged from their jobs and that, of the 100 million people who hold jobs in America:

- 30 million are actively engaged
- 50 million are not engaged
- 20 million are actively disengaged

The report highlights findings from Gallup's ongoing study of the American workplace from 2010. Gallup estimates that actively disengaged employees cost the US as much as \$550 billion in economic activity each year, while contributing to poor customer service and quality-control issues. Disengaged employees are more likely to leave their job, are less productive, and jeopardize their entire team's performance. The bottom line is that disengaged, disinterested employees *do not* delight customers. Only fully engaged employees build meaningful customer relationships. And Gallup has found that employees who feel engaged at work and who are able to use their strengths in their jobs are more productive, profitable, and produce higher-quality work. Median differences between the brands in the top quarter of employee engagement versus the bottom quarter showed:

- 10% difference in customer satisfaction ratings
- 22% difference in profitability
- 21% difference in productivity
- 25%-65% difference in employee turnover

EVERYTHING CUSTOMER

Everything should matter to the company when it comes to developing its employees and managing its customers. An engaged and empowered employee is worth the ongoing investment when the result is creating customer loyalty (see Table 1). Employees trained and rewarded to deliver a memorable customer experience create customers who make more frequent purchases, show a willingness to pay a premium price, have less likelihood of defecting, and an increased willingness to refer others to the company. The company's entire process for doing business with the customer should be designed around delivering the intended experience and treating the customer with respect. This type of customer service is purposely designed from the "outside-in," paying attention to every detail of the intended experience. As the Disney Institute preaches, "everything speaks!"

That is why savvy, customer-focused companies look at all aspects of managing the customer relationship and lifecycle. Customer-focused companies know the details around when the prospect became a customer, how and why they signed up, what they buy, how much they spend, and the frequency and patterns of their purchasing patterns. More important, they always know how many customers they have, who is joining and who is leaving (and why), what is the impact, and what (if any) action is necessary.

THE CONCIERGE CENTER

The concierge center is a single point of contact providing comprehensive services to all employees and customers. The underlying principle of the concierge center is that *everyone is a customer*. Companies that fundamentally believe in the principles, processes, and practices

of the service-profit chain see the value in providing the same level of excellent customer service to employees that they provide to their customers. Rob Markey, in his *HBR* blog post,⁹ stated that "loyal, passionate employees bring a company as much benefit as loyal, passionate customers. They stay longer, work harder, work more creatively, and find ways to go the extra mile." He continued, "They bring you more great employees. And that spreads even more happiness — happiness for employees, for customers, and for shareholders."

The concierge center is a concept for which most organizations have yet to realize its full potential. Organizations continue to struggle with the bigger picture of looking holistically at the combined power of uniting both the internal help desk/service desk (supporting end users) and the contact/call center (supporting paying customers). Imagine the potential value of integrating and leveraging a single service leadership team empowered to create and deliver customer-focused services. Imagine as well the possible capabilities of integrating and automating best practice processes into state-of-the-art technologies and providing continuous skills-building training to a team of engaged service professionals. And imagine the end result of delivering high-quality customer interactions to all "customers" equally — every time.

Historically, there have been clear lines of delineation between the two support organizations and models because one engages the paying customer and the other, well, does not! Additional differences included their technical ability, enabling technologies, multi-tiered model, and types of services delivered. Most important, organizational alignment prioritized the revenue source (customer) over the cost center (employee). Organizations should consider the following questions:

Table 1 — Some Additional Creative Ways to Further Engage Employees

Provide a pleasant workplace that provides employees with the right technology and equipment to perform at their best.	Provide regular recognition and rewards to deserving employees.
Ensure employees have reliable and high-performing technology and systems available.	Regularly review the employee's performance and progress against goals and objectives while offering constructive feedback and coaching.
Be supportive of employee mobile devices in the workplace as they contribute to their productivity.	Provide a supporting structure for employee career development, training, and professional growth.
Provide a level of autonomy that makes employees feel empowered to go the extra mile to satisfy the customer.	Create a collaborative corporate culture based on integrity, teamwork, and a commitment to servicing both employees and customers with professionalism, respect, urgency, and quality.

- Do we really need to continue business as usual and look upon the “paying” customer differently than the “costing” customer (known affectionately as the “end user”)?
- Do we have the opportunity to redefine our traditional definition of customer to include employees?
- Do we have the opportunity to be “all in” as a company (brand) in defining and delivering the very best customer service and customer experience?
- Is there an opportunity to optimize our investment in technology, process, and people as we continuously learn and apply everything we do in servicing and engaging our employees and customers?

Zappos.com remains the star performer of the retail industry in regards to successfully linking engaged employees and engaged customers by delivering on its brand’s promise. CEO Tony Hsieh has stated, “If we’re serious about building our brand to be about the very best customer service and customer experience, then customer service shouldn’t just be a department — it should be the entire company. Zappos is a customer service company that just happens to sell shoes.”¹⁰

ONE EMPOWERED AND UNIFIED TEAM

The concierge center has the ownership and accountability for:

- Managing the customer experience and relationship (data analytics-driven).
- Owning the total customer service experience and all the important touchpoints and aspects of service delivery (the customer journey).
- From the initial single point of contact through the successful completion of delivering, fulfilling, resolving, answering, or providing a status update, the customer concierge center is responsible for creating a memorable and consistent customer experience.

The concierge center is respectful to the customer and provides both calm and a sense of urgency in its approach to seeking to understand while actively listening to what the customer would like it to do for them. The concierge center is professionally conversational, while using that time to perform any system-related searching, data entry, troubleshooting, documentation, ordering, account review, or correcting and updating. This customer interaction should not be difficult for the customer or require complicated work effort for concierge center employees. Concierge center employees

should be able to deliver a consistent and memorable experience easily to the customer because the services were designed with the customer in mind. The process should be integrated and automated into the toolset and the training that the concierge center employees receive, giving them the confidence and assurance to deliver the intended experience. In the end, concierge center employees should feel a sense of accomplishment that was easily delivered in the most pleasant of circumstances. The customer will be the final authority in terms of his or her complete satisfaction with the end result and the experience. This memorable customer experience process, along with an engaged, empowered, and well-trained customer service professional, will lead to results that justify the concierge center’s business value.

Companies use automation and optimization to give customer service professionals what they need to be successful in handling and managing the customer experience. In connecting the customer to the customer service professionals, organizations need to consider optimal availability with expertise and familiarity (personalization), knowledge, and information at the speed of conversation. It is critical to integrate, automate, and optimize the desired customer experience process (designed starting from the customer and going into the organization) in order to provide a better customer experience in addition to increasing the concierge center’s productivity. We expect concierge center employees to use their time with customers to indulge in meaningful conversation and actively listen for clues that offer direction on how best to service the customer while searching for up- and cross-sell opportunities. Customer service professionals should not only be able to help identify common issues but they should also assess the importance, root cause, or source of origin of problems and contribute insights to correct issues that affect customers. For example, if the click-to-chat or click-to-call volume increases, then the customer service professionals should seek information providing insight into what the customer was trying to do and couldn’t, thereby generating the need to speak with a customer service professional.

A CULTURAL CHOICE

Being a customer-focused business is a choice and a business-critical priority. Customer-focused businesses know that the holistic customer experience is important to the customer and they make it important to all employees. They build it into the company’s culture. All employees across the organization understand the

importance of customer service and its rippling impact or direct link to employee engagement and empowerment that permeates every customer interaction and experience. These businesses know that delivering outstanding customer service will make the difference and be a major contributing factor in their sustainable success and growth. It's time to be *all in* for service leaders who see the value in putting the service-profit chain to work in creating the concierge center to serve all "customers" equally, all the time.

ENDNOTES

¹Kinni, Theodore. *Be Our Guest*. Disney Institute, 2001.

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³Markey, Rob. "Transform Your Employees into Passionate Advocates." *Harvard Business Review*, 27 January 2012 (<https://hbr.org/2012/01/transform-your-employees-into>).

⁴Heskett et al. (see 2).

⁵A statistically insignificant response rate is $\leq 25\%$.

⁶Net Promoter Score (<http://netpromotersystem.com/about/index.aspx>).

⁷Rawson, Alex, Ewan Duncan, and Conor Jones. "The Truth About the Customer Experience." *Harvard Business Review*, September 2013.

⁸"State of the American Workplace." Gallup, 2013 (www.gallup.com/services/178514/state-american-workplace.aspx).

⁹Markey (see 3).

¹⁰Bulygo, Zach. "Tony Hsieh, Zappos, and the Art of Great Company Culture." *KISSmetrics*, 26 February 2013 (<https://blog.kissmetrics.com/zappos-art-of-culture>).

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Peter McGarahan is Senior Director of IT for First American and an industry expert and thought leader in the global IT service management. He is also the founder of McGarahan & Associates and offers 30 years of business, IT, and service leadership and enjoys sharing his lessons learned and career experiences through published articles and presenting at industry conferences. Over the years, he has received various awards, including the Help Desk Institute's Team Excellence Award for his work with the Taco Bell support organization, the "Top 25 Professionals in the Service and Support Industry" from *IT Support News*, and "The Legend of the Year" (twice) at the *Help Desk Professionals* conference for his endless energy, mentoring, and coaching, and his valuable contribution to the support industry and community. He can be reached at pmcgarahan@firstam.com.