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## “HAPPY CUSTOMERS DO GROW ON TREES”

**Wouldn't it be fantastic to have only clients who are looking for exactly the services you have on offer? Sounds good doesn't it, but what methods are available for such targeted customer acquisition? Let us, by way of an experiment, consider the following question: is the customer any less satisfied upon leaving McDonald's than after eating at a top restaurant?**

### Haute cuisine

Recently, a colleague - who just by the way is not really what we would call a gourmet - recounted an evening spent dining in the Hof van Cleve, a top restaurant in the rustic village of Kruishoutem which has been awarded three Michelin stars. He was extremely enthusiastic, and not just about the actual food: he described the overall experience as a “culinary delight” and was astonished at the cosy and relaxed atmosphere that reigned in the restaurant.

We asked Peter Goossens, head chef at the Hof van Cleve, how this unique ambiance is created. His answer was<sup>1</sup>: *“Of course the countryside around the farm and the artistic interior design have their part to play. In addition, we train our staff in customer satisfaction and professionalism on a daily basis. As soon as a customer has set foot inside our restaurant, the pampering process begins. We strive to ensure they feel comfortable so that they can enjoy their meal without the slightest concern. And should anything not go to plan, then we react immediately. Basically, we offer a turnkey concept to our customers and everything we do is anchored in our overarching goal of ensuring all of our customers are 100% satisfied. We offer our diners a guarantee that they will leave our table happy every time.”*

***“We look after all of our customers every time, no matter what their needs.” (Peter Goossens, Head Chef Hof van Cleve)***

Last week, just prior to my evening class, I nipped into McDonald's for a quick bite. After queuing briefly, I placed my order, paid and then set off to find a free table. It was busy and noisy and I ended up sitting between families with children and high-spirited teenagers telling their latest stories. After popping my rubbish in the bin, I was back outside, just twenty minutes later: bang on time for my class.

At first sight, the Hof van Cleve and McDonalds would appear to have a fundamentally different approach to customer service. But is that really the case?

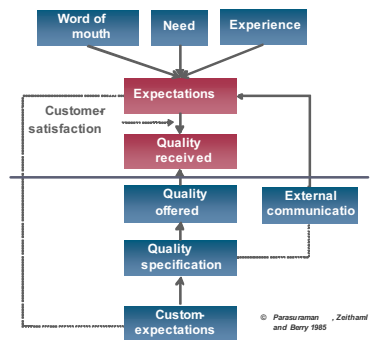
### The customer as co-producer of the service

Despite the differences in the service they are providing, these two eateries have one very important thing in common: both have adopted and communicated to their clientele a clear “Service Concept”. If you were to take a table in a fast-food restaurant and wait to be served, then you may find that you were sitting for quite a long time. We could put it this way: by making clear what their service concept stands for, McDonald's is saying, “we can offer you a fast, cheap meal, but to that end you as the customer are

invited to collect your food yourself at the counter and clear your table yourself before you leave". When dining out in an elite restaurant, you will most often leave your children at home and wear something other than shorts and sandals. In this way, you are contributing to creating the desired atmosphere. The basic principle behind this approach is that the client does not solely receive a service, rather helps "produce"<sup>2</sup> and make possible the overall concept. Key to the success of this notion is of course that the service on offer actually fills a gap on the demand market, such that a sufficient number of customers identify with the concept being proposed.

The ServQual model<sup>3</sup> helps us consider which group of customers is most satisfied. This model considers that satisfaction is the outcome of the match between the quality of the service actually received and the customer's initial expectations. These expectations are in turn determined by the need felt by the customer at the time, word of mouth and previous experiences. Corporate communication also contributes here and is one factor which is fully in the hands of the company itself. On the one hand, high expectations are more difficult to exceed, and on the other hand it is essential to inform the customer of what they can – and cannot – expect, so as to create the service concept.

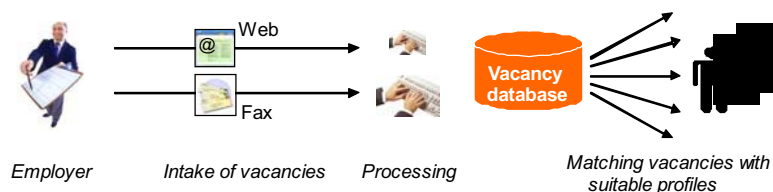
We are not for a moment suggesting here that the McDonald's customer ends up less satisfied: they knew exactly what to expect.



### Service concept → processes, or is it the other way round?

Seen from a customer service viewpoint, it would seem logical for the service concept to be designed on the basis of customer expectations and which of those expectations the service-provider intends to fulfil. At a helpdesk, for example, a fast and accurate answer may be the only service driver – no more, no less. Next, the chosen service principles are taken as the basis for shaping the underlying processes. One well-known example of this is the aim of assisting the customer in just one call ("1<sup>st</sup> time right"), so as to achieve both customer satisfaction<sup>4</sup> and cost efficiency. For this to succeed, the call has to be answered by the right member of staff, he or she must have the system support that they need and clear processes must be in place for both front and back office integration. Other businesses, meanwhile, pursue an agreed first-line service objective, but do just as well when something goes wrong ("2<sup>nd</sup> time right"). Studies have shown that resolving an error in some cases actually produces greater customer satisfaction than not making any mistakes at all<sup>5</sup>. Federal Express, for example, pioneered the idea of allowing the customer to track the geographic location of their mail via the web. Provision of an estimated delivery time, even if the package was likely to arrive late, emerged as an equally important driver for customer satisfaction as on-time delivery itself.

But it is not the case in practice that client expectations are being taken as the sole basis for a solid service concept. Rather, the core skills of the business and cost efficiency are often also taken into account when fine-tuning the service concept. A prime example of this is the intake process for job vacancies used by the Flemish Employment and Training Agency [*Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding* – VDAB]. The VDAB is a government body which is entrusted with supporting job-seekers in finding suitable employment.

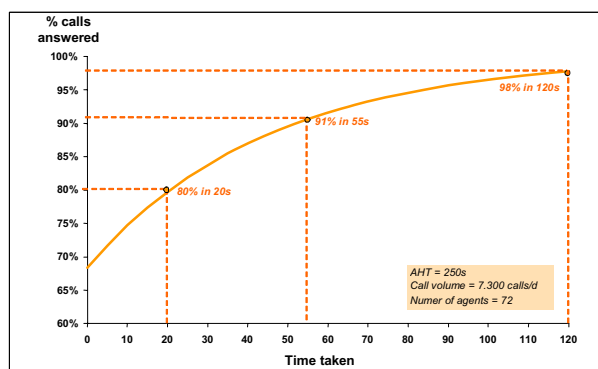


After checking the available jobs and the individual preferences of the job-seekers on file, an automatic matching procedure is used to notify job-seekers who have the desired profile. Employers send in vacancies by fax or e-mail, following which the VDAB staff re-enter the entire document as a vacancy in their central database. In the future, employers will be invited to use the special web interface to enter job vacancies which will then only take a few minutes to publish. This will boost the efficiency of the VDAB by the equivalent of 10 FTEs, and make it possible for them to offer a much faster service to both employers and job-seekers. By communicating this win-win situation openly, the VDAB can encourage employers to really make use of the web. As such, the employer becomes a co-producer in providing a better service.

Nonetheless, it is important to attach one proviso to all of this. It would be a mistake for a business to claim that it is fine-tuning its service to better suit the client, when in fact it is seizing an opportunity to make internal cost savings. In other words, is the employer really all that bothered about having their vacancy published faster? In this specific case the answer would seem to be yes. Employers have indicated that the extra effort required of them to enter their vacancy using the web is offset by the advantages of a more expeditious service. And yet this was by no means a foregone conclusion: at the end of the 1990s, the temping sector considered jumping on the bandwagon of the success of the new systems being introduced for home banking applications. But at that time, customers simply were not interested and use of the web offered only limited potential. For the VDAB, meanwhile, the use of the internet can be described as a win-win situation and the better response times provide the employer with an incentive to contribute to building the system.

## Service guarantees and continuous improvement

As shown in the ServQual model, communication has an influence on the customer's expectations and, consequently, has a direct impact on satisfaction. The necessary caution must therefore be exercised when deciding what message to pass on and to whom. A good example of this is the service guarantees offered to the client.



Let us once again take an example from the realm of the call centre and consider what percentage of calls can be dealt with within a specific time period. Irrespective of the time period in focus, different but equivalent service levels can be reached within a specific set of parameters. This produces an "iso-service graph"<sup>1</sup>. The diagram shown here, for example, indicates that for the example chosen 80% of calls are answered in 20 seconds, corresponding to 91% of calls answered within 55 seconds and 98% answered within 120 seconds.

In the light of the above, it would be entirely possible to promise all customers that they will be attended to within two minutes. And if they are kept waiting for longer, which will only happen in 2% of cases, then the promise could be made that they will be called back at a time convenient to them and receive a discount on the service or product on offer. On the one hand this could be seen as a marketing technique, but on the other hand, this type of service guarantee can also be a catalyst in encouraging operational excellence and continuous improvement<sup>5</sup>. Within the company, it will be easy to see in exactly which cases the customer did not receive the desired level of quality and this in turn will act as an incentive for studying the causes of any unwanted variations: network outage, insufficient number of agents on the job during peak periods, etc. In this way, the customer is a link in the chain of continuous improvement.

It goes without saying that the success of this type of concept will depend on whether or not the service-provider is in a position to fulfil their promises. Companies today create increasing expectations through

<sup>1</sup> Each point on the graph refers to the same service, but measured at a different stage in the queue.

their communication with their customer base. But if the client does not believe the promise being made, then the service guarantee will essentially fail to have the desired effect. There are probably more effective and cheaper alternatives for cranking up low service levels. The golden rule here is, "Do not promise something you cannot carry through". So, do not promise to answer all calls within 20 seconds, if you know in advance that this will not be possible in 20% of cases.

It is very difficult to give customers exactly what they want, but a good service concept allows a company to indicate precisely which demands are at the top of its priority list. And, an organisation which has a clear business stance will be better placed to design effective processes, set realistic goals and communicate these to its clients. Existing processes, and potential opportunities lurking within them, can be harnessed so as to further perfect the service concept. But let one thing be clear: a good service concept begins with familiarity with the customer's expectations. And good service is not necessarily a trade-off between efficiency and customer satisfaction; rather, client expectations can be made to successfully coincide with valuable process opportunities.

The processes in place at McDonald's focus effectively on providing a fast, low-budget meal, while those pursued by the Hof van Cleve were designed to transport the diner to a culinary seventh heaven. And the communication of each company makes these messages clear. So the true skill lies in cherry-picking those clients from the customer orchard who look tastiest to you.

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