

Chapter 11+13: Managing People & Service Recovery



Your experience in Service Industries?

Think about a service job you have worked in, where you had customer contact

- What exactly is your job? Do emotions play an important role here?
- What do you like/hate in your job the most?
- What would motivate you more in your job?
- What is the most annoying thing in the contact with the customer/with your boss?
- Do you have any specific rules how to deal with the customer?
- What would help you to serve the customer better?

Your experiences:



- **Costco Foodsample:** Customer taking food with the hand, need to be in good mood, Money, set goal, Misbehaving customers, Need to explain
- **Waitress:** Good mood, Don't be tired, high energy, you can make a lot, people don't tip, big parties, customer ignore, Boss don't care about you, Customer always right, be interested, less tables,
- **Advertising Consulting:** be creative, you work with creative people, miscommunication, Customer has no idea and no strategy, positive feedback, bonus, promotion, customer rush you, unrealistic deadlines and budgets, good communication, polite, know how to pamper the client, more structure and guidelines
- **Customer Service Products:** Complains and advice, very demanding customer, impatience, not very cooperative, you can not do anything because of external restriction, upgrade

Service Personnel: Source of Customer Loyalty and Competitive Advantage



- **Customer's perspective:** Encounter with service staff is most important aspect of a service
- Though technology and self-service interface is becoming a key engine for service delivery, **frontline employees remain crucially important**
- **Firm's perspective:** Frontline is an important source of differentiation and competitive advantage. It is:
 - **A core part of the product, the service firm, the brand**
- **Frontline is an important driver of customer loyalty**
 - Anticipating customer needs
 - Customizing service delivery
 - Building personalized relationships

Boundary Spanning Roles



- **Boundary spanners link inside of organization to outside world**
- **Multiplicity of roles often results in service staff having to pursue both operational and marketing goals**
- **Consider management expectations of service staff:**
 - Entertainer: Delight customers
 - Machine: Be fast and efficient in executing operational tasks
 - Salesmen: Do selling, cross selling, and up-selling
 - Judge: Enforce pricing schedules and rate integrity

Role Stress in Frontline Employees

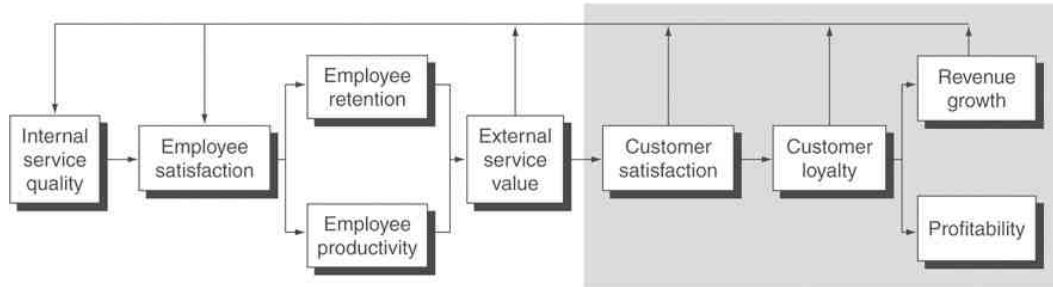


- **Person versus Role:**
 - Conflicts between what jobs require and employee's own personality and beliefs
 - Organizations must instill "professionalism" in frontline staff
- **Organization versus Client:**
 - Dilemma whether to follow company rules or to satisfy customer demands
 - This conflict is especially acute in organizations that are not customer oriented
- **Client versus Client: Conflicts & Interaction between customers that demand service staff intervention**
- **Emotional Labor: "The act of expressing socially desired emotions during service transactions"**
 - Surface acting—simulate emotions they don't actually feel
 - Deep acting—psych themselves into experiencing desired emotion, perhaps by imagining how customer is feeling
 - Spontaneous response

The Service Profit Chain

SERVICES MARKETING

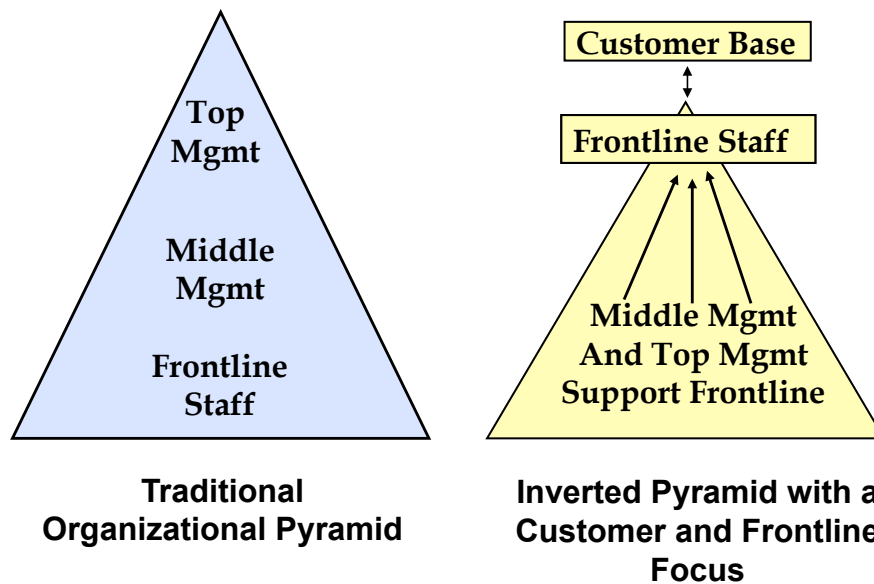
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The Inverted Organizational Pyramid

Fig 11.11

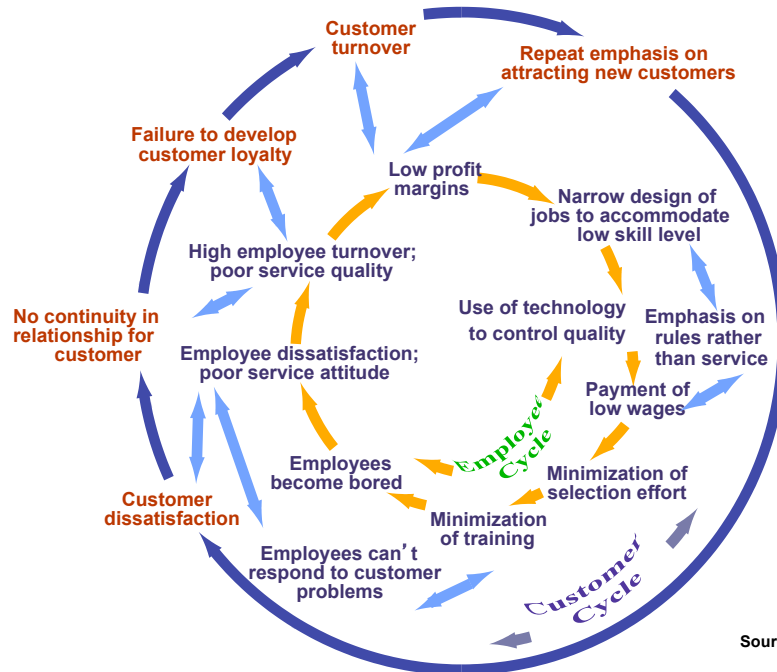
SERVICES MARKETING



Legend: \updownarrow = Service encounters, or "Moments of Truth"

Cycle of Failure (1)

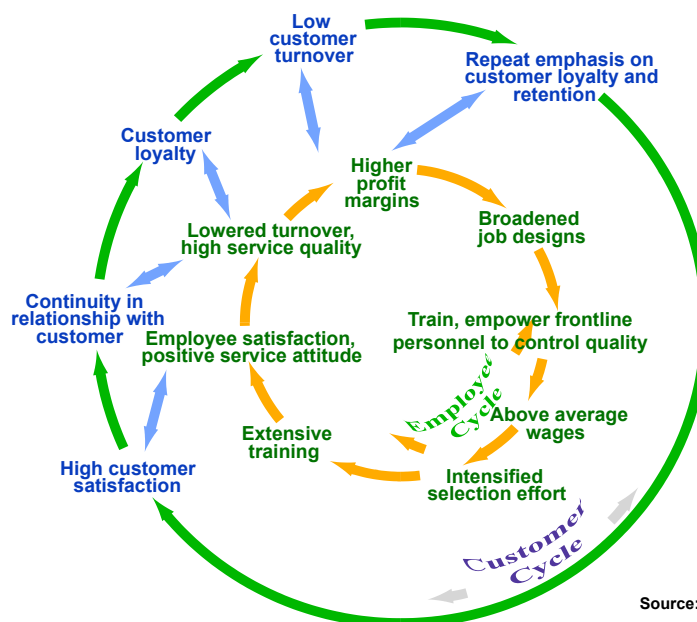
(Fig 11.4)



Source: Schlesinger and Heskett

Cycle of Success (1)

(Fig 11.6)



Source: Heskett and Schlesinger

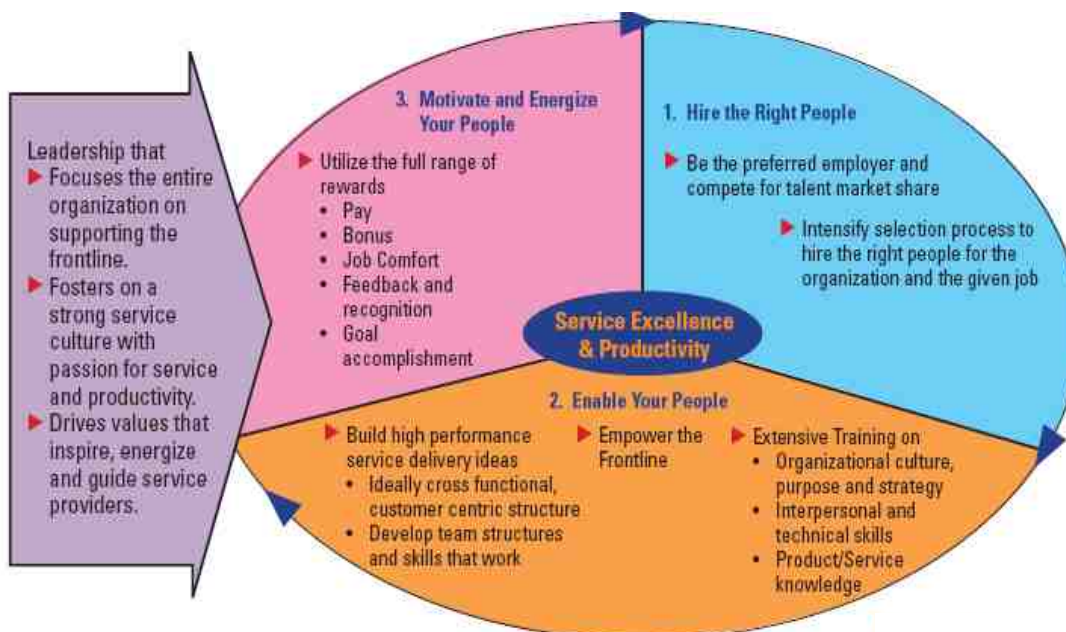
How to Manage People for Service Advantage?



- **Staff performance involves both ability and motivation**
- **How can we get able service employees who are motivated to productively deliver service excellence?**
 - Hire the right people
 - Enable these people
 - Motivate and energize your people



The Service Talent Cycle



Is Empowerment Always Appropriate?



- **Empowerment is most appropriate when:**
 - Firm's business strategy is based on personalized, customized service, and competitive differentiation
 - Emphasis on extended relationships rather than short-term transactions
 - Use of complex and non-routine technologies
 - Service failures are non-routine
 - Business environment is unpredictable
 - Managers are comfortable letting employees work independently for benefit of firm and customers
 - Employees seek to deepen skills and have good interpersonal and group process skills

Control vs. Involvement



- **Empowerment systematically redistributes the following:**
 - Information about operating results and measures of competitive performance
 - Knowledge/skills that enable employees to understand and contribute to organizational performance
 - Power to influence work procedures and organizational direction (e.g., quality circles, self-managing teams)
 - Rewards based on organizational performance (e.g., bonuses, profit sharing, stock ownership)
- **The Control model concentrates these elements at the top of the organization whereas the Involvement model pushes these features throughout the organization**

Levels of Employee Involvement



Suggestion involvement

- Employee makes recommendation through formalized program

Job involvement

- Employees retrained, supervisors reoriented to facilitate performance

High involvement

- Information is shared for participation in management decisions
- Employees skilled in teamwork, problem solving, etc.
- Profit sharing and stock ownership