

Why is Service Quality So Difficult to Manage ?

BTA Southeast Orlando Event

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Service Strategies Corp.*



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Agenda

- The Service Product
- Customer Loyalty Measures
- Standards for World Class Service



Definition of a Service Product

A service is a product that
cannot be inventoried
and
is created and consumed
at the time of delivery.



Service Product

- What are some examples of Services or Service Products ?
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-
-
-
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Service Product

A field service solution is a service product since . . .

A field service solution cannot be stored in inventory and is created and consumed at the time of delivery.

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Differences . . .

	Manufactured Product	Service Product
Creation	Closed environment Customer is not present.	Open environment Customer is often a participant.
Configuration	Homogenous Products are primarily created to a fixed standard defined before acquisition.	Heterogeneous Service Products are variable and serve customer needs defined at time of creation.
Resource Utilization	Stable utilization Excess capacity used to create inventory	Perishable utilization Resource capacity is lost if demand fluctuates.
Customer Participation in Creation	No participation	Some participation Service Product defined at time of need. Some self support through documentation or telephone.

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Differences . . .

	Manufactured Product	Service Product (CS)
Consumption	After creation	At creation
Demand	Scheduled Environment Fluctuations buffered by inventory.	Demand Environment Service Product cannot be inventoried.
Customer Expectations	Tangible Utility observed and tested before purchase.	Intangible Utility perceived dependent on the attitude of the customer, company reputation or past experience.
Quality Control	Uncomplicated Can be observed after creation by measuring product compliance with design specifications.	Complicated Quality of service product often based on the total service provided. Can include attitude of server, timing of solution creation . . . as well as the explicit service solution provided.



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Perception Points

❖ Service is delivered in a sequence

Beginning Middle End

Perception points at the beginning of a service transaction form a vital first impression

Understanding customer requirement discussion/ interaction, delivering the service

Perception points near the end shape a lasting impression

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Unique challenges for the delivery of Field Service Solutions:

<p>Customer Satisfaction</p> <ul style="list-style-type: none"> • Evaluated on the whole experience, not just the explicit service provided. • Customer expectations are intangible and not consistent, thus often difficult to know and understand. 	<p>Service Quality</p> <ul style="list-style-type: none"> • Development of the service product is performed in real-time with the customer often participating in the process. • Intangible aspects of service delivery difficult to measure after the fact.
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The product of the field service organization is . . .
the creation and application of product knowledge.

A few thoughts on Knowledge. . . and its creation, transfer and value.

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An Example . . .

20
Data . . . a measure or representation of the world around us

20°C
Information . . . relationships and patterns that assign meaning to data

20°C is a comfortable office temperature for most people
Knowledge . . . add-in how to use that information to do something and we've got knowledge

Or . . . more simply . . . knowledge is information organized to provide a valid basis for action.

- Every service solution is a Knowledge Asset to the company and a Service Product to the customer.

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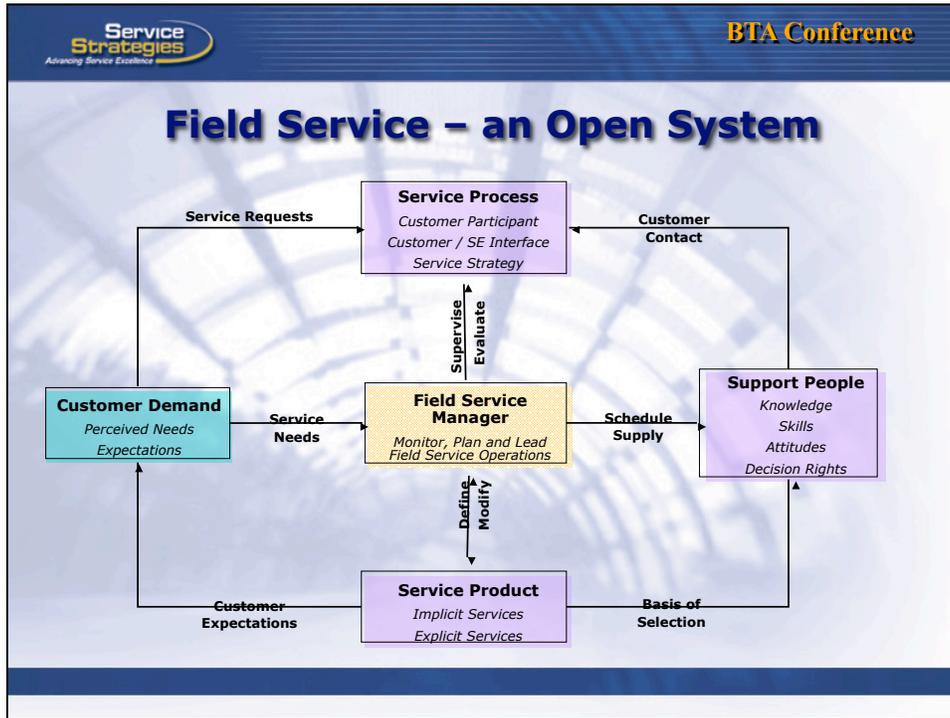
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Peter Drucker on the value of knowledge

"The most valuable assets of a 20th-century company were its *production equipment*. The most valuable asset of a 21st-century institution, whether business or non-business, will be its *knowledge workers* and their *productivity*."



Peter F. Drucker;
Management Challenges for the 21st Century



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Loyalty Measures:

Create new or update your Customer Satisfaction survey to include . . .

Three Questions:

- ✓ Overall Satisfaction?
- ✓ How likely to recommend to friend or colleague?
- ✓ How likely to continue to purchase?

OR . . .

One number you need to grow. (Net Promoter Score)

- ✦ How likely to recommend to a friend or colleague?
- ✦ Or in some cases, how strongly do you agree that the company sets the standard for excellence in products and services.

OR . . .

Customer Effort Score (CES)

- How much effort did you personally have to put forth to handle your support.

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Measuring Customer Loyalty

	Very Dissatisfied	Dissatisfied	Neither Satisfied or Dissatisfied	Satisfied	Very satisfied
Overall Satisfaction Please rate your overall satisfaction with the field service response to your recent service request.	1	2	3	4	5
Likelihood of Recommending How likely are you to recommend PD Quick to a friend?	1	2	3	4	5
Likelihood of additional purchases How likely are to buy additional products and services from PD Quick in the future?	1	2	3	4	5

A useful Customer Loyalty Index is the percent of surveys with top box selected on all three of these questions.

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The Road to Customer Loyalty at Hewlett Packard.

Highly Satisfied

Highly Likely to Recommend

Highly Likely to Repurchase

Loyalty Index

The percent of customers that scored a five on all three of these survey questions make up the HP loyalty index.



invent

* ML Krakauer, Vice President & General Manager, Technology Services, Hewlett Packard

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Walker Loyalty Reports categorize Loyalty in four quadrants

<p>Truly Loyal</p> <p>... customers like your company and choose to associate themselves with it.</p>	<p>Accessible</p> <p>... customers are willing to give you opportunities to earn their loyalty.</p>
<p>Trapped</p> <p>... customers feel forced to do business with you now but will leave if they can.</p>	<p>High Risk</p> <p>... customers are dissatisfied and are actively looking for alternatives.</p>

* Walker Information @ www.walkerinfo.com

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How focusing on Customer Loyalty improved results at Cisco Systems* over the past few years.

<p>Truly Loyal</p> <p>2003 - 58%</p> <p>2004 - 67%</p> <p>2005 - 70%</p>	<p>Accessible</p> <p>2003 - 10%</p> <p>2004 - 12%</p> <p>2005 - 10%</p>
<p>Trapped</p> <p>2003 - 15%</p> <p>2004 - 7%</p> <p>2005 - 7%</p>	<p>High Risk</p> <p>2003 - 17%</p> <p>2004 - 14%</p> <p>2005 - 13%</p>



* Wim Elfrink, Senior Vice President of Customer Advocacy, Cisco Systems
Keynote Speaker at AFSMI Conference - October 2005

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Service Capability & Performance Standards

2013 Edition Field Service Standard



The logo for SCP (Service Capability & Performance Standards) is a blue diamond shape with a yellow border. Inside the diamond, the letters 'SCP' are written in a large, bold, yellow font. Below 'SCP', the words 'SERVICE CAPABILITY & PERFORMANCE' are written in a smaller, blue, sans-serif font. At the bottom of the diamond, the words '- STANDARDS -' are written in a yellow, sans-serif font. A small registered trademark symbol (®) is located at the bottom right of the diamond.

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Service Standards Should...

- Define hard measures where possible
- Define expected performance levels
- Be focused on process AND results
- Allow innovation in implementing proven practices and achieving target performance levels
- Promote best practice sharing across Industries
- Apply to multiple functional areas

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Defining an Industry Standard

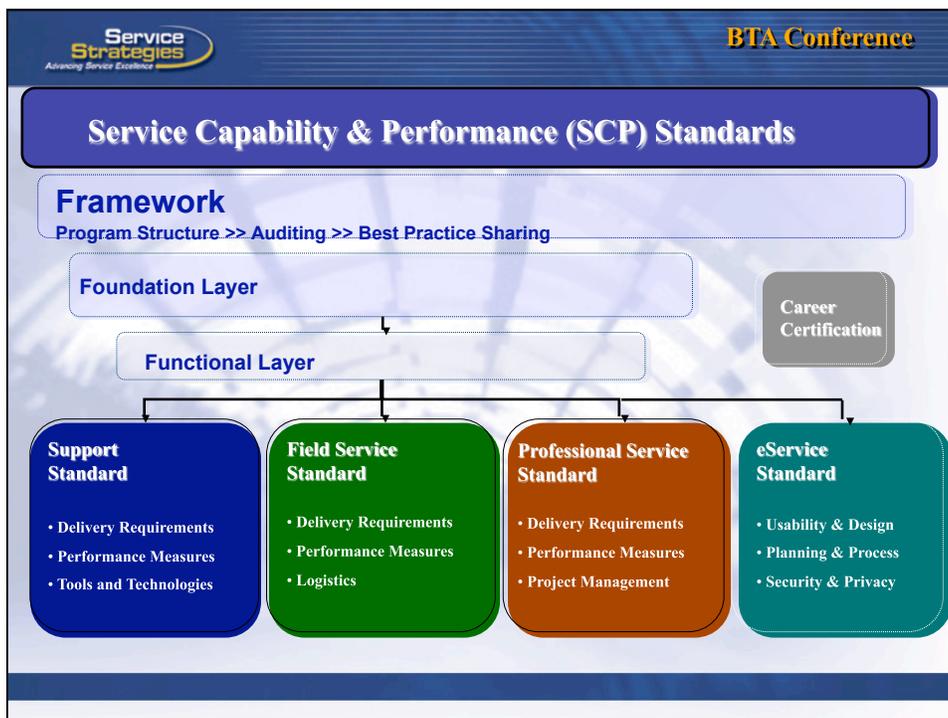
- Service Strategies and a consortium of leading technology companies started the standards initiative in 1998
- Approximately 50 leading service organizations from around the world helped create the standards
- Developed through direct feedback from organizations in the Americas, European and Asia Pacific regions
- Provides a global representation of service excellence



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Comparative Matrix

Attributes	ISO 9000 Certification	IT Infrastructure Library (ITIL)	Six Sigma	Service Capability & Performance (SCP)
Document and Process Control System	✓			✓
Improvement Methodology		✓	✓	✓
Measurement & Success Criteria			✓	✓
Defined Business Practices		✓		✓
Audited Validation of Performance	✓			✓



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Foundation Criteria

- Planning and Strategy
- Customer Feedback
- Financial Management
- Employee Development
- People Programs
- Total Quality Management

Support Criteria

- Service Delivery Processes
- Performance Metrics
- Tools and Technologies
- Research and Development Interface
- Sales and Services Interface
- Service Partner Management



SCP
SERVICE CAPABILITY & PERFORMANCE
- STANDARDS -

Field Service Criteria

- Service Delivery Processes
- Performance Metrics
- Tools and Technologies
- Development and Support Interface
- Sales and Services Interface
- Logistics and Inventory Effectiveness
- Service Partner Management

Professional Service Criteria

- Service Delivery Processes
- Performance Metrics
- Tools and Technologies
- Development & Support Interface
- Sales Interface
- Project Management
- Service Partner Management

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Broad Industry Representation

Service Segments

- Complex Support
- Hardware Services
- Field Services
- Professional Services
- Outsource Services
- Automation Vendors
- Consumer Service & Support
- Vertical Application
- IT Help Desk Operations

Industry Segments

- Telecommunications
- Information Technology
- Industrial Automation
- Financial Services
- Energy Services
- Healthcare
- Security
- Storage

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SCP is a Globally Accepted Standard

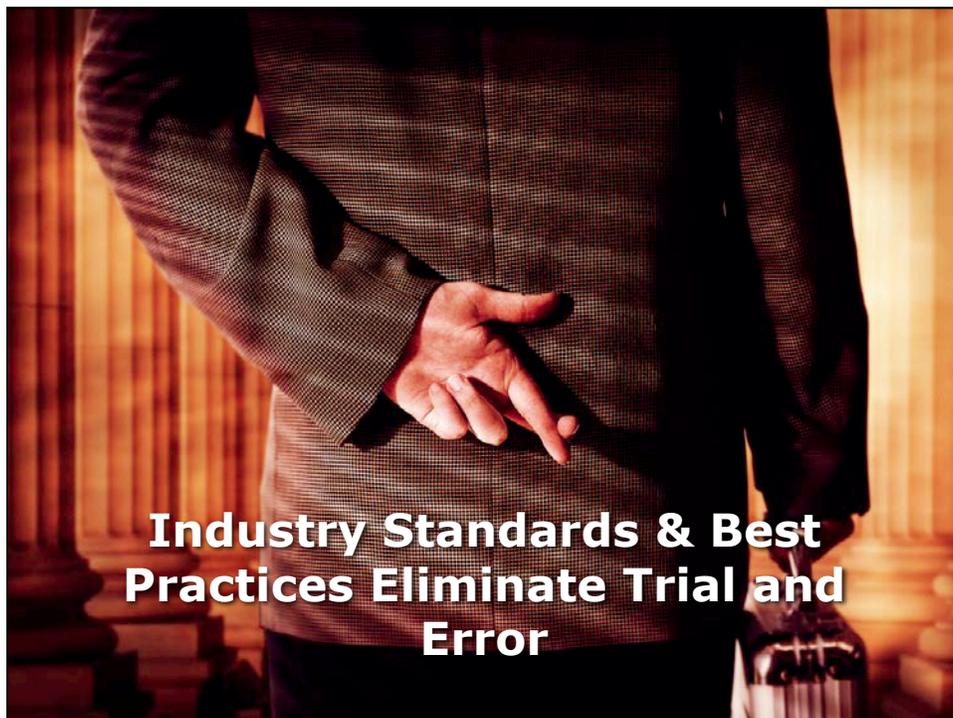


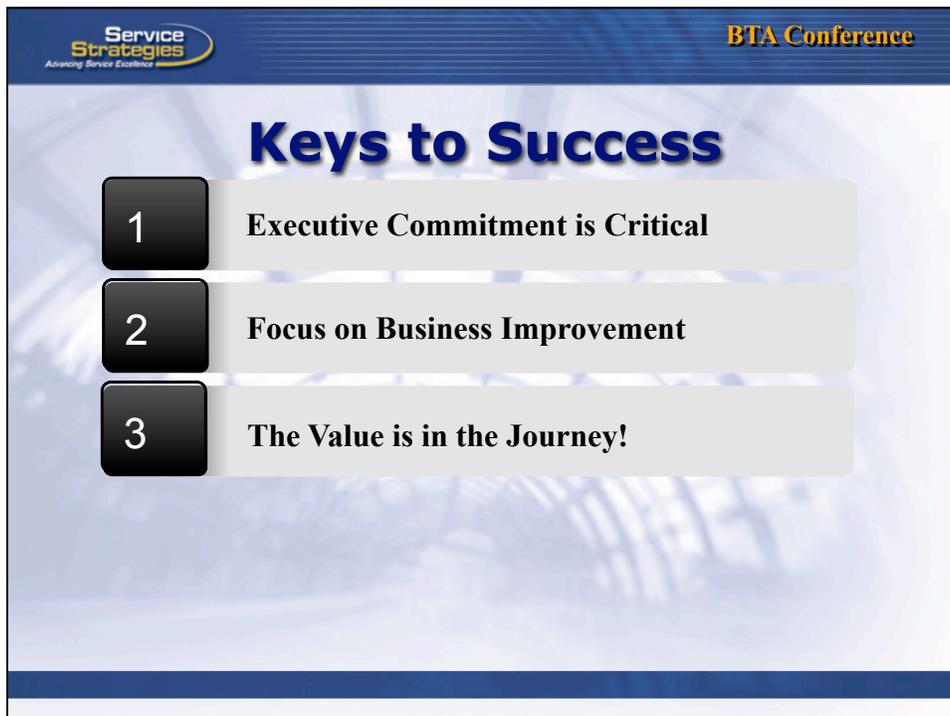
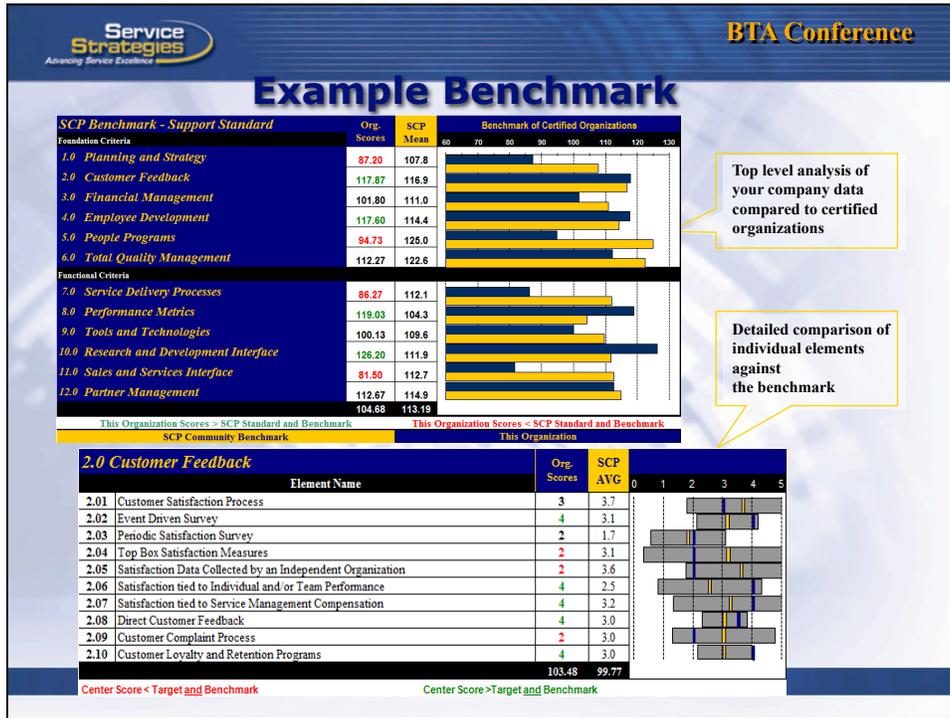
EMC² **CompuCom.**

NetApp **ADVENT**

MCKESSON **TERADATA.** **SOPHOS**
Empowering Healthcare *Raising Intelligence*

Landmark **WIND RIVER** **THE DOCUMENT COMPANY**
FUJI XEROX





Thank You

Any Questions ?

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