

Chapter 6

Customer service



Objectives

You will learn how to:

BSBCMN208A/01/02 and 310A/01/02 Deliver a service to customers

- Give total quality service
- Provide effective customer service
- Identify customer services

BSBCMN410A/01/02/03 Customer service strategies

- Understand company strategic planning
- Use interpersonal skills when dealing with customers
- Identify different types of customers
- Prioritise customer needs
- Handle customer complaints

Introduction

Australia has approximately 19 million people, all of whom are potential customers in the domestic market. This represents the total client-based market that all organisations in Australia must share. There is also unlimited potential in the international market, where communication between people can be more formal than it is in Australia.

Customers have a need, and they will buy from you only if they are satisfied with your service and your product. If they are dissatisfied they will take their custom to another company. If your organisation has a total commitment to quality service it has a very good chance of business success. This commitment could increase the number of customers by persuading them to leave other companies and buy from you—resulting in increased profits.

All personnel in an organisation should focus on customer service provision from the customer's point of view rather than from the organisation's point of view.

c6

Total quality service

Customer service is the process of being of help or assistance to customers. Quality customer service is achieved by clearly defining the types of customers and ascertaining their needs; communicating regularly with personnel within the organisation; and obtaining feedback on the service from the customer. All employees in an organisation should work to achieve a total service package addressing the needs of customers. This can be achieved only where there is:

- a knowledge of market demand
- an understanding of the customer's needs
- a commitment by all employees to the organisation's goals and strategies
- a capacity to put into place workable practices to establish a culture of quality customer service
- the provision of the necessary resources to maintain the customer service culture
- a willingness to decide when changes should be made
- a capacity to review and improve customer service
- the ability to advise customers about the improved customer service.

It is now accepted all over the world that quality service to the customer is the most important aspect of business. There are international standards for quality systems, and these include customer service.

International quality standards—ISO 9001/9002/9003

ISO 9001, 9002 and 9003 are a series of three international standards for quality systems that can be used for external quality assurance purposes. The quality systems standard ISO 9000 was first published in 1987. The quality system as defined by the International Organization for Standardization (ISO) in its 9000 series of standards was developed in response to the challenge of increasing market globalisation. Since then thousands of organisations around the world have adopted these standards to show that they are following accepted quality practices.

Delivering customer service

Competencies
BSBCMN208A/01/02
and 310A/01/02:
Deliver a service
to customers

An organisation's customers may be an institution, school, college, hospital or government department. It may be a manufacturer, contractor, distributor or individual consumers (we are all customers throughout life from babies to old age).

All businesses should have a strategic-planning process to define the aims and objectives of the business:

- What exactly is our business and what direction should it take?
- Who are our customers? The needs and demographic characteristics of present and future customers should be examined.
- Who are our competitors? In what areas can we improve service to gain an edge on our competitors?

Effective customer service

Figure 6.1 shows the business framework for total quality service.

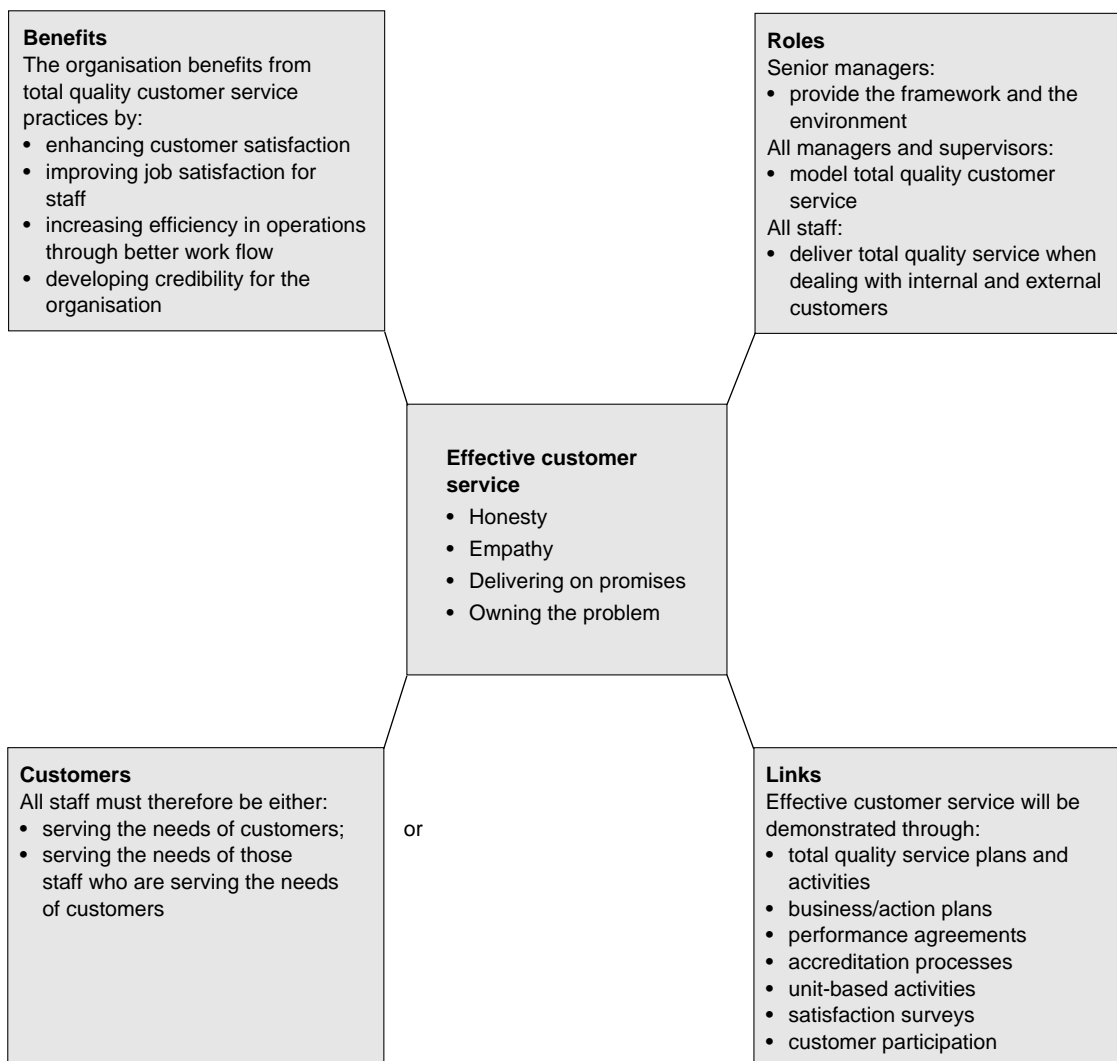


Figure 6.1 Total quality service

Example

I recently had reason to visit a specialist department of a very large public hospital in the city. I was appalled at the condition of the hospital with dirty, scuffed walls, and a general run-down appearance. The specialist doctor on duty that day had no supporting nursing assistants (one was away on holiday and one was off sick) with no replacements.

Five people had been booked in for appointments at 8.30 am, with an emergency case pushed in at 8.15 am, and appointments continuing all day. I was informed there had been cut backs in staff and resources. Everything seemed to be in a shambles, with dozens of anxious and annoyed patients waiting for hours to be attended to.

However I was very impressed with the attitude of the receptionist, the doctor and other staff who were working under very difficult and stressful conditions. They were patient, helpful and cheerful (the receptionist even finding time to bring an extra blanket for one patient in a wheel chair who was feeling very cold).

The receptionist told me she thought the most important skill in her position was what she called 'people skills'. She certainly demonstrated this in the time I was there in dealing competently with her internal and external clients with efficiency, compassion and empathy.



Now complete Work task 6.1 listed at the end of this chapter and outlined in your workbook.

c6

Customer service strategies

Competency
BSBCMN
410A/01/02/03:
Customer service
strategies

Company strategic planning

Strategy is a program for directing and implementing the business objectives and achieving its goals. It is also linked to the organisation's response to its environment. Strategic planning is the long-range planning process used by organisations to achieve those goals. By defining the mission of the company in specific terms, managers are better able to give their organisation direction and purpose. An important part of strategic planning is customer service strategy.

We have mentioned in previous chapters the public relations and corporate image of the organisation. The positive or negative public image of your company affects how your goods and services are seen by your customers, and ultimately this affects the success, or otherwise, of your business.

Your company may discover that it has some serious image problems and will need to correct and improve its reputation. You will need to do all of the following:

- assess the current image of the organisation
- assess the desirable image you would like
- develop a plan for improving the image.

In order to assess the current image of your organisation, a survey should be undertaken of all customers to identify the negative and positive aspects of your company image.

Customers expect the right amount and quality of service to be included in the product. Companies must maintain a constant check on competitors' service levels, as well as their own, in relation to customers' expectations.

Customer-service department

Many organisations acknowledge the importance of customer service, and if you look on the Internet, you will find most companies advertise their customer service, but in many instances it seems to me they are just trying to sell their products. Ideally a customer-service Department should be responsible for the following services:

- finance
- maintenance
- technical
- information.

These services should be coordinated and used to create customer satisfaction and loyalty, so that customers will buy your products again and again in preference to other products. Your company should develop a set of customer services that are appreciated by customers and are effective against all other competitors.

External and internal customers

All businesses have external and internal customers.

- **External customers** are customers outside your business.
- **Internal customers** are people in the other departments of your organisation, as shown in Figure 6.2. It is just as important to give quality service to internal customers, for if their needs are not satisfied then their service to outside customers will be adversely affected.

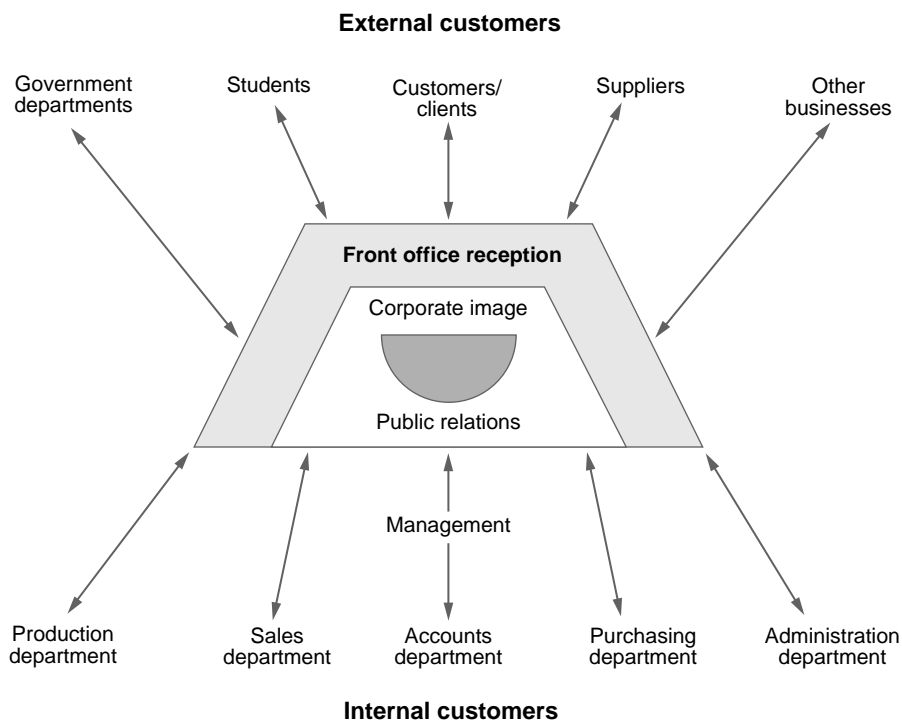


Figure 6.2 External and internal customers

Customer services

In a recent survey of forty respondents in a series of interviews that were identical for both suppliers and customers, nine customer services were selected as the most important:

1. availability of the item
2. after-sales service and backup
3. efficient telephone handling of orders and queries
4. ordering convenience
5. competent technical representative
6. quick delivery time
7. reliability of delivery
8. demonstrations of equipment
9. availability of published material.

Some other features of successful customer service are:

- providing a pleasant environment
- making sure that staff are:
 - friendly and well-groomed
 - well-informed about products and services
 - providing willing assistance
 - polite and helpful.



Now complete Work task 6.2 listed at the end of this chapter and outlined in your workbook.

Use interpersonal skills when dealing with customers

A customer's first impression of you and your company is a lasting one, and your role within the organisation is to provide a service of consistently high quality in as short a time as possible. This may be achieved in the following ways:

- Immediately acknowledge the customer and show empathy.
- Listen actively and effectively and provide feedback.
- Use appropriate verbal and non-verbal communication.
- Use conflict resolution techniques to solve problems.
- Make sure you follow up the measures you have taken to solve conflict to ascertain whether your customer is satisfied.
- Keep a record of complaints in a 'complaints register' in order to improve your service.

(This is covered in more detail in Chapter 7.)

Different types of customers

We are all customers, but in any business there are basically three different types of external customers—regular, chance and visiting.

Regular customers

These are people who are happy with your service package and like your corporate image. They are repeat customers and are the basis of your business. Never take them for granted or you may lose them. If you upset one of your regulars, you will have a dissatisfied customer who may take her/his business to another company.

To keep regular customers happy you should list their details, and their particular requirements, in a computer or paper file, and service them regularly by:

- making regular telephone calls to enquire whether they have any present or future needs
- sending them regular promotional material
- sending them cards at Christmas or on special occasions
- returning telephone calls or letters promptly, using the ‘you principle’ outlined in Chapter 9
- showing them that you care about their opinions and requirements (empathising)
- keeping up-to-date customer records.

Customer records

A large part of quality service to customers is the ability to greet them by name and answer any queries promptly and efficiently. Having a record of all their details and requirements filed away in a location where you can retrieve them immediately and efficiently, and give quick, accurate answers, adds to the positive image of your company.

In service industries such as a dentist’s surgery, a doctor’s surgery, or hairdressing business, customer records are often kept on a preprint card system or in a paper file. At the same time, computer records are also kept at the reception desk for easy and quick reference of personal details.

In large organisations such as telephone, electricity, gas and insurance companies, customer records are stored in a computer database system and information is retrieved very quickly. Figure 2.1 is an example of a computer database customer-record filing system.

Chance customers (passing trade)

Chance customers, or passing trade, are equally important to your business. They usually live in the area. Chance customers have entered your business because they may have been attracted by your window display or your advertisement in the *Yellow Pages*, or you have been recommended by a regular customer. These customers are vital to your business because you increase your business by making chance customers into regular customers. Your quality of service will decide whether this happens.

Visiting customers

Visiting customers may be people from another town, another state or another country. These customers are also important to build up your business. If you work in a travel agency, your visiting customers may be tourists who may return some time in the future. If your service is excellent, visiting customers are ambassadors for your business by recommending you to other customers.

When dealing with all of the above types of customers, your service should be the same—excellent quality.

How to achieve excellent quality customer service

There are many ways in which an organisation can achieve excellent quality customer service:

- Put out a survey to gather information on customers' needs and expectations of service.
- Provide customers with information about the organisation's activities.
- Develop a cultural awareness towards total quality service within the organisation through good communication, staff training and development.
- Meet customers' needs and expectations as quickly and efficiently as possible.
- Create a set of customer service performance standards to be placed in the corporate procedures manual of which all staff are made aware.
- Prioritise customers' needs and deal efficiently and effectively with urgent requests.
- Obtain feedback from your customers. Regularly review the customer service results and be willing to change and improve the service where necessary.

These are covered in more detail in Chapter 7.

c6

Roles in customer service

Your organisation's role, and your role within the organisation, is to focus on the customer and deliver a quality service that meets the needs of the customer. How staff deal with customers, clients, suppliers and employees in other organisations—in the reception area, on the telephone, in written and computer communication, and face-to-face—can have a significant effect on the success or failure of your business.

Good communication skills are vital to operating a total quality service scheme effectively. Continuous evaluation of the quality of the provision of service will reduce the possibility of customer dissatisfaction and complaints. Identification of the different communication skills is required and staff must be trained to use these skills effectively.

Providing customers with information

Existing customers should be informed of any changes in products or services. The most effective way of informing prospective new customers of your products is through advertising. Advertising influences the customer's perception of your organisation by:

- informing them of what you can do for them and how your product or service is of value to them
- demonstrating why your organisation is ahead of others
- illustrating how your product is better than others.

Billions of dollars are spent in the following ways each year on advertising:

- We are confronted with it in all walks of life: on television, in magazines, on the Internet and on billboards by the roadside etc.
- We are sent advertising material in the post by large organisations such as Telstra, local government, gas and electricity boards etc.
- You receive in your mailbox mountains of 'junk mail' advertising all kinds of products.
- Sales representatives send out letters with enclosed flyers informing customers of products and services.



Now complete Work task 6.3 listed at the end of this chapter and outlined in your workbook.

Identifying customer needs

Customer needs

A need in a customer is a state of felt deprivation in a person who will then try to obtain something to fill that need. These are customers who have basic needs for food, clothing, warmth and safety. You, as a student, need all the things above, but you also have a need for knowledge and a need for a job. You have taken the first steps to satisfying those needs.

Customer wants

Human wants are the expression of human needs, as they are shaped by a person's individual development and culture. For example, you need food, clothing, warmth and safety to survive. But you may *want* something that is really not essential to your survival or happiness. Advertising creates human wants. When I walk through a shopping mall, or look at a sales catalogue, I want something at nearly every shop, or on every page of the catalogue. But I can't afford everything I want, nor do I need everything I want.

Customer demands

A want becomes a demand when a person is able and willing to buy the object she/he desires. Marketing creates a demand in customers.

A **product or service** is something that is viewed as being capable of satisfying a customer's need or want. (Recommending products and services to customers is covered in Chapter 7.)

Handling customer complaints

In general, there are two types of customer complaints—justified and unjustified.

Justified customer complaints

Deal with a justified complaint by using negotiation and conflict resolution skills. (These are described in more detail in Chapters 7 and 8.) You can also attempt to solve a customer's complaints by trying one of the two following methods.

The PAIR approved method

- *Placate* by listening, empathising and responding with concern.
- *Attend* to the complaint.
- *Investigate* the circumstances and details of the incident.
- *Resolve* by deciding on the action to be taken, with the approval of the customer.

The five-step method

1. *Listen*. Be open-minded. Do not take the complaint personally.
2. *Respond*. Show concern and empathy, and apologise for any inconvenience. Put yourself in their position.
3. *Decide on action*. What action will influence you here? Is the complaint justified? What is company policy? You may need to seek advice from your supervisor.

4. *Take action.* Whatever action you decide to take (with the approval of the customer), make sure you act promptly.
5. *Follow up.* Always follow up the action you have taken, and confirm that the customer is happy with the result.

Follow-up

When you take any action for a customer (whether it is a request or a complaint), check that the course of action to achieve the solution suits the customer. Clearly explain each step. As you do this, ask questions and receive feedback to clarify that the customer understands what is happening, agrees to the solution, and will be happy with the results.

If possible, it is a good idea to put everything down in writing to avoid any misunderstanding at a later date. Follow up the action taken to make sure it has been carried out. This will ensure that you end up with a happy customer who will stay with your organisation.

Unjustified customer complaints

Not all complaints are justified. When you think the complaint is not justified you should deal with the situation using negotiation or conflict resolution (explained in Chapters 7 and 8).



Now complete Work task 6.4 listed at the end of this chapter and outlined in your workbook.

Summary

- There are international standards for quality systems, which include customer service (ISO 9001/9002/9003).
- In a recent survey, nine customer services were selected as the most important, including availability of item, after-sales service and backup, efficient telephone handling of orders and queries, reliability of delivery, a pleasant environment and willing staff.
- There are basically three different types of customers—regular, chance and visiting.
- Keeping efficient customer records, whether computer- or paper-based, is part of quality service.
- There are many ways in which to achieve excellent customer service: put out a survey, provide information, meet customers' needs, create a set of customer service performance standards and obtain feedback.
- The organisation's role and your role is to focus on the customer and deliver a quality service that meets the needs of the customer.
- There are two types of customer complaint—justified and unjustified.

Review questions

Competencies
BSBCM208A/01/02
and 310A/01/02:
Deliver a service
to customers

1. What will give your organisation a good chance of business success?
2. List the ways in which an organisation can achieve total quality service.
3. List the features of successful customer service.
4. Describe the three types of customer.
5. Describe different ways of keeping customer records and state why these are important.
6. List the ways in which your organisation can achieve excellent quality customer service.
7. Write a short paragraph about the organisation's role in customer service.
8. Write a short paragraph about your role in customer service.
9. Describe how you would deal with an unjustified customer complaint.
10. How would you deal with a justified customer complaint?

c6

Work tasks to be completed: 'To do' list

You have studied the text, viewed the examples given and completed the review questions. You should now complete the following work tasks (details of which are outlined in your workbook). All the work tasks in your workbook indicate how they should be completed, either as a self-assessment work task, or as a group assessment work task.

Competencies
BSBCM208A/01/02
and 310A/01/02:
Deliver a service
to customers

Work task 6.1: Effective customer service	82	<input type="checkbox"/>
Work task 6.2: Successful customer service	82	<input type="checkbox"/>
Work task 6.3: Providing customers with information	82	<input type="checkbox"/>
Work task 6.4: Customer service strategies	83	<input type="checkbox"/>

Competency
BSBCM
410A/01/02/03:
Customer service
strategies

When you have completed all the above tasks in your workbook, hand your assessment sheet (with completed work tasks attached) to your trainer, who will officially assess your work. If he/she thinks you have completed your work competently, you will have passed competency units BSBCM208A/01/02, 310A/01/02 and 410A/01/02/03.

This will be recorded on your assessment sheet at the end of each chapter in your workbook. When completed, detach the sheets from your workbook and file them all together for future reference.