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A NEW ERA OF CUSTOMER SERVICE: HOW TO MANAGE CUSTOMER RELATIONSHIP

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INTRODUCTION

Customer service is a business's ability to satisfy its customers. Great customer service is exceeding the customer's expectations in all areas of contact.

We are in the midst of a revolution in business. Some call it a customer revolution; others a quality revolution; others a service revolution. Organizations are attempting to obtain increased customer satisfaction by focusing on the quality of their products and the service provided. This movement toward quality has produced significant benefits but just like other business evolutions, joining and adopting the revolution does not insure that the real objective of producing customer satisfaction will be obtained.

Customer Satisfaction is no simple matter for HVAC-Sheet Metal contractors.

A VARIETY OF CUSTOMERS

HVAC and Sheet Metal contractors (HVAC-SM) deal with a variety of customer types from general contractors and project owners to homeowners. These customers have different wants and needs that must be understood, appreciated and satisfied.

INTANGIBLE NATURE OF PRODUCT

Although an HVAC or Sheet Metal system is tangible, the process of getting it built on time, installed correctly, and then running smoothly involves a lot more than the generic tangible product itself. The intangible aspects of the delivery process can make or break a company's success. In the case of an HVAC-SM installation, prospective customers can't properly evaluate in advance the intangible nature of the delivery process. There is no product until it is delivered, and the customer won't know how well it performs until it is put to work. HVAC-SM contractors can have all the tangible elements of customer service in place,

from advanced technology to great engineering to efficient installation, but if customers are not satisfied with the way their transaction and interaction is handled, they won't be back.

The most important thing to know about intangible products is that the customers usually don't know what they're getting until they don't get it. Only then do they become aware of what they bargained for; only on dissatisfaction do they dwell on the process and related interactions. Satisfaction is as it should be, mute. Its existence is affirmed only by its absence. (Marketing intangible products and product intangibles, Theodore Levitt, Harvard Business Review, No. 81306)

In the case of the HVAC-SM contractor the involvement with a customer for the length of time it takes to complete a project provides an opportunity to do 99 things right and one thing wrong and be noticed and remembered for the one thing wrong.

COMMODITY MIND-SET

The “commodity mind-set” of HVAC-SM customers is that we are merely performing a function—installing their system. Doing a good job is taken for granted by most buyers of construction services. They assume that all contractors would provide a similar quality HVAC system. However, the client has to live with our team for the life of the project; suffer the changes in design caused by *their* selection of architects or engineers; endure the product as it develops compared with their expectations and pay invoices they often don’t understand or necessarily trust.

MULTIPLE TOUCH POINTS

Customer satisfaction in the Sheet Metal and Air Conditioning business is as much perception as reality. The entire HVAC-SM organization must “buy-in” to the importance of customer service, not just the company owner or the marketing executives. Project Managers, Superintendents, Foreman, designers, engineers, even tradesmen may be in contact with the customer over the life of the project. We can do a great job technically, but if the experience our customer has in dealing with each of these employees is not a positive one, the customer is going to believe we did not do a good job.

Every customer point-of-contact throughout the term of the project must be positive and cooperative (or at least neutral) or our customers will not be satisfied. Research suggests we are in an “experience economy” in which customers expect good products and services from everyone, but buy from purveyors that make the “purchase experience” (from qualifying for the project to closeout and balancing) a positive - even exciting experience. Sellers are encouraged to engage customers on an emotional, physical and intellectual level. The easiest way to turn a service

into an experience is to provide poor service thereby creating a memorable encounter of the unpleasant kind.

Executives are finding that the winning differentiator is no longer product or price, but the level of customer engagement relative to the competition. (Rama Ramaswami, Senior Editor, Economist Intelligence Unit)

THE CASE STUDY METHOD OF LEARNING

To more easily understand the multiple aspects of managing customer relations and creating a strong customer service perspective within your organization lets follow an HVAC-SM contractor through his discovery of the issues and the resulting customer service changes he made within his organization. Depending on the size of your company and individual needs you may want to adopt only some of the methods and processes from the case study and certainly alter and modify any of them to fit your particular needs. The reader should keep in mind that influencing anyone’s, your own or your employee’s, attitudes is not easy and takes time. The case study covers about two years of effort and ends with some additional items the organization intends to address. The customer service endeavor is well worth the time in that firms that improve customer relations improve profitability.

Case Study

The owner of an HVAC-SM firm was great at selling himself to all the GC’s in his region. He contacted them frequently, played golf with them, and charmed their employees whenever he had the opportunity. However, he noticed that his business had not substantially increased annual revenues for the last couple of years. Over the same period, his costs naturally increased and his profits likewise

diminished. He realized that although he worked hard to sell new business every year, he wasn't getting the repeat business he would expect from all his customer "friends" in the business. He decided to investigate why and set up a series of lunch meetings with key clients.

At first clients wouldn't say why they hadn't awarded him as many additional contracts. But after considerable cajoling, he found that one of his most profitable Project Managers was hard to work with as were some of his other employees. Some were reported to be rude to the GC's people or abrupt with the owner's representatives and others were said to be unprofessional with their second tier subs or vendors. Some of his people were said to have disregarded the needs of project neighbors or the general public.

The contractor explored this last complaint about project neighbors and the public further to discover that on various projects his employees had created noise dust or disturbance that the customer considered excessive or unnecessary in areas that project specification prohibited it. There were complaints of his people parking outside the areas allowed for construction use and in some cases even in the customer's reserved parking spaces or on grass or landscaped areas. The complaints ranged from trash blown over the customer's non-construction and occupied property to HVAC employees using loud, foul language in customer occupied spaces. The list was long and embarrassing. (*Author's note: Treat customers as you would like to be treated.*)

It became apparent from the above that the company's foremen and tradesmen had little guidance and there were even suggestions that some tended to be uncooperative with the other tradesmen on the job. This contractor discovered that even though he was a great salesman and spent quality time with all his customers, some of his employees had been turning customers off during construction and leaving owners, GC's and their

personnel with a negative feeling about working with his company. Some customer representatives and even project owners reported that they sometimes minimized job site visits because they felt they were not welcome on their own project.

Our case study contractor knew he had a serious problem but wasn't sure where to begin. He asked himself the following questions:

- How do you change the ingrained culture of a company that you created and then launch it on a new mission?
- What is great customer service in the HVAC-SM world?
- Exactly who really are our customers?
- What do they want?
- What are we delivering now?
- Where are we falling short?
- Is improved customer service going to make us money or cost us money?
- How do you improve customer satisfaction anyway?

Making a Start

Our HVAC-SM contractor concluded that in order to make a start in changing the culture of his company he would need to:

- Ask his customers if they were satisfied with his work.
- Change his view of his company from just an efficient product producing organization and become also a customer-creating and customer-satisfying organization.
- Push this view into every nook and cranny of his organization and recreate his organization into one that thinks of itself, not as just producing products and services, but as satisfying customers.

- Become a company that can make people want to do business with it.
- Stop putting all his emphasis on efficiency and the bottom line and start adding some emphasis to constantly improving customer service.
- Change his own attitude by becoming a marketer rather than a seller and fully understand that selling focuses on the needs of the seller while marketing focuses on the wants of the buyer.
- Commit to make customer service a cornerstone and core ideology of his organization.

Leadership

He realized that a genuine commitment to customer satisfaction must begin with the company owner or CEO. And if the leader does not initiate, or at the very least “buy-in”, to the importance of customer service as a key element in an HVAC-SM contractor’s success, no customer service improvement program will take hold.

He also realized that it would take a commitment on his part to communicate this reality to every member of the company and to see that every employee is trained in the mind-set and techniques required to insure high levels of customer satisfaction.

The Customer Service Committee

Our HVAC-SM contractor knew that change is never easy and that it would be difficult to get his employees to buy into a new approach unless they clearly understood the importance. To do this they would need to be part of the change process. He gathered together key employees of his company to discuss the problem and to help design the solution. His key people came to understand that the industry was evolving and that success would be determined by satisfied customers.

The committee agreed that they needed to create a customer satisfaction program that would make customer service a cornerstone and core ideology of the organization. The contractor asked his key people to form a customer service committee to:

1. Redefine the traditional definition of customer service within the company organization.
2. Outline higher and more exacting standards of customer service for employees.
3. Create resources, tools, and support to promote success.
4. Establish a customer service program philosophy and values.

The contractor reasoned that all aspects of the company would need to be represented so the newly formed committee was composed of the VP Finance, VP Marketing, the Project Manager that was reported as hard to work with, an internal engineer, the shop foreman, and a field foreman. *(Readers should consider their own configuration within their unique organization.)*

Committee Organization and Duties

The initial charge of the Customer Service Standing Committee was to set performance goals, establish action plans, and install measuring devices.

The committee set itself the following tasks:

- Broaden the traditional definition of customer service within the Company organization.
- Design higher and more exacting standards of performance by employees.
- Provide resources, tools and support to promote success.
- Establish the program philosophy and values.

Performance Goals

The committee then set three simple performance goals.

1. Consistently give the highest level of service that the company is capable of providing.
2. Be recognized as the best customer service HVAC-SM Company in their market.
3. Be identified as a leader in customer service in their industry.

Objectives

The objectives of the program are only achieved when customers acknowledge that the company is the best customer service HVAC-SM Company in their experience as measured by improvements in periodic and post construction customer service evaluations.

The committee set a goal of a 10% annual improvement in customer satisfaction as measured by the number and severity of customer complaints recorded through the quality system complaint forms that they developed. (*Readers may want to consider a different percentage that they believe their organization can achieve.*)

Action Plan

After establishing the objectives, the committee settled on an initial plan of action to:

- Be responsible to place the customer service program into the culture and fabric of the Company within a target of two years.
- The VP of Sales would conduct before and after customer interviews to establish the customer's expectations and the committee would consider how those expectations could be met throughout the construction process. The initiative should result in an increase in the number of projects from repeat clients which

will be tracked by the marketing department. This would be an ongoing process.

- Assure that customer service formats and checklists become part of the pre-planning process for each new project.
- Develop *toolbox talks* that address customer service issues. They would be used regularly to spread customer service information to the field and help institutionalize the initiative throughout the company.
- Conduct a cost-benefit analysis at the end of each plan year to determine if resources are being utilized as intended and if the program is accomplishing stated objectives.
- Design a reward process to celebrate individual and team customer service successes and advance the customer service program.

The Initial Steps

In the first year the committee took the following actions:

1. Prepared a customer service plan.
2. Included customer service education and training in company training programs and retreats.
3. Created progress benchmarks.
4. Evaluated actions, results, and cost-benefit objectives.
5. Established before and after customer interviews and learned from the results.
6. Implemented, monitored, and evaluated celebrations of service success.
7. Wrote the following mission statement:

We build and install HVAC Systems for people not corporations, and we treat our customers as we would like to be treated. Our customers are

always welcome on the job because it is their installation, and we appreciate the opportunity to show off the work we do on their behalf.

The Customer

The committee asked this question: *Who is our customer and what does he or she want?*

General contractors are the most frequent customer of the HVAC-SM contractor. The owners of projects, however, are not only simultaneous customers, but also a primary customer because they have to live with our HVAC installation for many years to come. If they are not satisfied, they complain to the general contractor who, in turn, sees our work as inadequate. Additional customers to be addressed are owners that we are prime contractor to, government agencies, homeowners, etc.

The General Contractor, for example, has unique *wants* and *needs*:

He *wants* the lowest price for an HVAC-SM installation, but he doesn't need the absolute lowest price to complete the project.

He *needs* a completed installation that works or he won't get paid for the job.

He *wants* the highest quality installation he can get, but he could settle for a competently functioning HVAC system.

He *wants* the contractor to finish on time, but he will still finish the job if you're behind schedule.

He *wants* the contractor to work well with his other subs, but if tension arises on the job he is used to handling it.

The committee realized that not only did their company have a variety of customers, but that there was a difference between what each customer *needs* and what each customer *wants*.

The committee concluded that their organization must try to satisfy the customer's *wants* not just what the customer *needs*. Unfortunately, they realized that their company often focused on what *needs* to be done to complete a job, but rarely sought to satisfy the *wants* of the various customers; General Contractors, owners, etc.

Customer Service Communication

The committee then created a two-part program to gather feedback on customer service activities and to check the ultimate execution of the program against the goals and objectives. They wanted to determine what behaviors motivate customers to be highly satisfied or highly dissatisfied. They wanted to develop valid processes that gather information from customers and ask the right questions of the right people to validate feedback.

Panel Discussion

The committee decided to bring in two or three clients for a short panel discussion on what the client expects of the PMs, foremen, engineering department, and tradesmen during the construction process. This simple idea was very effective because the committee members learned what matters to their customers. The clients were complimented by participating and left with a good feeling about the company. It was so successful they did it more than once.

Questionnaire

As mentioned, the committee initiated a program of pre-project and post-project customer satisfaction surveys. Here is the questionnaire they came up with: (*Readers should add to, remove or alter questions as they see fit.*)

Customer Pre-Project Questionnaire

*Please score each question from 1 to 10 based on your needs and wants.
(10 being most important to you)*

Customer Name: _____ Project: _____ Date: _____

1. Project comes in on or under budget. _____
2. Installation is of the highest quality. _____
3. Project comes in on time. _____
4. Tradesmen cooperate with others on the job. _____
5. Job site is kept clean and orderly. _____
6. We are cooperative when executing change orders. _____
7. The PM is highly skilled and easy to get along with. _____
8. We communicate with you regularly over the term of the project. _____
9. We always say yes. _____
10. We are attentive to the owner's wishes. _____

(As you work with your existing customers you will substitute other questions that are more germane to your clients. Your marketing executive should ask clients to answer the questionnaire after the contract is signed but before work has begun.)

Post-Project Questionnaire*(Please score 1 to 10 with 10 the highest)*

Customer Name: _____ Project: _____ Date: _____

1. The Company project team delivers on its promises, does not need reminders and never stonewalls an issue. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

2. The Company project team has respect for the owner (GC). _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

3. Company placed a highly qualified Superintendent, General Foreman or Foreman on this project that takes charge and drives the job to completion. _____

Please name: _____

4. If we make a mistake the Company team admits it without covering up or casting blame. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

5. The Company team is in the owner's corner and is a strong customer advocate. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

6. The Company team has a can-do attitude and I can count on rapid and timely responses to my needs. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

7. The Company team is consistent and treats me with openness and candor. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

8. The Company team is up-front with my questions. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

9. The Company team offers owner/GC participation in all aspects of the project from the beginning. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Tradesmen ____ Other ____

Please name: _____

10. The Company team provides the owner with choices whenever possible. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

11. The Company team is straightforward and keeps the owner informed about the change order process. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

12. The Company team is courteous and respectful of the needs of neighbors to the project. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

13. The Company team communicates effectively to the owner/GC. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

14. The Company team conducts efficient and informative meetings. _____

Please score individuals on the same question:

Project Manager ____ Superintendent ____ Foreman, Tradesmen ____ Other ____

Please name: _____

(As you work with your existing customers you will substitute other questions that are more germane to your clients. Your marketing executive should ask clients to answer the questionnaire after the contract is signed but before work has begun.)

Customer Service In the Company Culture

The committee decided that keeping customers happy during construction is a huge issue because it affects the company's ability to avoid disputes, it sets the stage for argument-free and profitable change orders, and generates positive recommendations for future work.

It is clear that customers experience our company at multiple touch points throughout the duration of a project and, therefore, every employee of the company has to “buy in” to the importance of great customer service. Every PM, superintendent, Foreman, engineer, and tradesman must understand the difference between satisfying the customer's wants and simply doing what is necessary to get the job done. If the company is to improve its customer service scores steadily over time, the committee must infuse the company culture with the “just say yes” attitude of a company that “treats their customers as they would like to be treated.”

Create a Customer-Centered Culture

The committee recommended the following steps to infuse the company culture with a “customer satisfaction” attitude.

1. Add customer service abilities to any compensation metrics.
2. Develop a customer experience strategy that aligns with the overall corporate strategy.
3. Share customer experience metrics with all employees.
4. Review customer experience project scores regularly.
5. Screen prospective employees for customer service values.

Think Like the Customer

The committee decided that infusing the corporate culture with a “just say yes” attitude requires:

- Training new employees to understand and emphasize *who the customers are and what they want*.
- Putting more written materials in the voice of the customer.
- Being courteous and responsive in taking phone calls from customers and responding to calls in a reasonable time.
- Preparing an exhaustive list of the “negatives” in the construction process as perceived by GCs, owners and their representatives.
- Confirming and modifying the list through interaction and discussion with counterparts and associates on the GC and owner side.
- Mapping the customer's journey through the company, thereby defining what the company looks like from the customer's point-of-view.

Give Every Department a Role In Customer Service

To insure that every department of the company has a role in customer service, the committee created a “customer champion” in all areas of the business, not just the executive suite. The champion will be responsible to design countermeasures (fixes) for the negatives that can be controlled in his or her department. Each department was also asked to develop processes that would identify for the committee any customer perceived negatives that they believe are systemic in the HVAC-SM design, fabrication, and installation process or that are outside of their department's control.

Define Customer Experience Success and Tie to Business Outcomes

Finally, the committee realized that the only way to create true believers in the executive suite was to tie customer experience investments to business outcomes. They would have to develop solid metrics and track them. Such as:

- A. The enhanced reputation of the company leading to referrals.
- B. The amount of repeat business.
- C. Increased efficiency through the reduction of on-the-job conflicts.
- D. Reduced litigation expense.
- E. Expense savings and revenue gains from cooperative change order procedures.
- F. Productivity enhancement through a positive attitude in all departments.

SUMMARY AND CONCLUSIONS

We can learn from a customer service survey conducted by Dimensional Research, an independent market research company. They surveyed over 1000 individuals who had extensive experiences with the customer service activities of mid-sized companies. The survey quantified the long term impact of customer service on business results.

KEY SURVEY FINDINGS

Customer service - both good and bad - impacts revenue.

- Participants ranked customer service as the #1 factor impacting vendor trust.

- 62% of Business to Business (B2B) and 42% of Business (direct) to Customer (B2C) customers purchased more after a good customer service experience.
- 66% of B2B and 52% of B2C customers stopped buying after a bad customer service interaction.

Customer service experiences have a long lasting impact.

- 24% continue to seek out vendors two or more years after a good experience.
- 39% continue to avoid vendors two or more years after a bad experience.

Customer service experiences are spread widely - especially bad ones.

- 95% share bad experiences and 87% share good experiences with others.
- B2B most likely to share their customer service stories.

DETAILED FINDINGS

What specifically made customer service interactions good?

- 69% responded - "The problem was resolved quickly".
- 65% responded - "The person who helped me was nice".
- 63% responded - "The problem was resolved in one interaction - no passing around to multiple people".
- 47% responded - "The outcome was what I was originally hoping for".

Among participants that had experienced good customer service, most of them (83%) reported that their behavior changed in some way as a result. The most common way that their behavior changed was that they purchased more from that company (52%). (Customer Service and Business Results: a survey of customer service from mid-sized companies. Dimensional Research, April 2013)

Make Great Customer Service Your Primary Product

Seeing your company as an organization that services customers rather than a company that builds and installs HVAC-SM systems can really pay off. The construction industry has a “commodity mind-set” that sees the HVAC-SM contractor as one more “sub” that needs to get in and out without causing any added cost or trouble. HVAC-SM contractors are sometimes considered pretty much the same in the minds of the general contractors who often go with the low bidder or the available HVAC-SM contractor that’s capable of handling the scope and complexity of the project.

In this market environment you need to know how to become the contractor of choice? How to stand out among all the rest when the time for inviting HVAC-SM contractors to bid rolls around? How to make your company regularly come to mind when any construction project in your region is being planned? How to become the “contractor of choice”?

Most HVAC-SM contractors are competent and just about all can do the work. It is almost impossible to display distinctive competence and distinguish your tangible HVAC-SM system as technically more advanced or dramatically different from competitors. In HVAC-SM technology, product differentiation is marginal at best.

And rarely does a HVAC-SM contractor fail to complete a project. The ability to install HVAC-SM systems that work is a baseline expectation. So what’s the difference? Why is one HVAC-SM contractor invited to bid and not another?

The HVAC-SM contractor who creates a cooperative, positive, professionally respectful experience for the GC, owner, other trades, and project neighbors throughout the term of a construction project will just about always be on the preferred list of bidders.

Changing Your Beliefs

Most contractors spend time thinking about efficiency and quality and they should. However, if they believe that installing an HVAC or SM system on time, on budget, and it functions as advertised, they should be the “contractor of choice” they have failed to consider the “commodity mindset” of the customer or to recognize the importance of the working *experience* during the term of a project.

Some contractors make an even greater error by considering the GC or the owner adversaries who are potential obstacles to the contractor’s profitability. In the interest of not “wasting time” these contractors are often braced to resist inquiries or changes from the GC or owner. Every issue the GC asks about is seen as a threat or, at the very least, an imposition.

These are ill-advised “beliefs” that some consider the normal environment of the construction industry. Their only objective is getting a system installed as quickly as possible. It’s not about cooperating with the GC, the owner, or the other trades to complete the overall project which should be the primary interest of all concerned.

In A New Business

It is all about cooperation. In this “evolving” business environment the future of our entire company has become dependent on our ability to cooperate and work as a team. We are no longer just in the sheet metal fabrication or HVAC installation business. To be successful we need to also be in the customer creation and customer satisfaction business. If we want to stay competitive and thrive as part of the new construction industry, it is critical that we change our beliefs and understand what business we need to be in.

The Entire Company

Once we have truly changed our beliefs, we need to change the beliefs of our *entire company*. The program outlined above is a beginning. Construction companies that have followed it have succeeded in changing the attitudes of not only their top management, but the entire organization.

It takes time to effect a change like this in an entire company's view of itself and its mission. The key to success is in the strength of your commitment. If you and your senior management truly believe that *servicing customer's needs* must be part of your new business, this program will imbed that belief in the entire company.