

Managing for Success

Lift Employee Customer-Service Skills To Raise Revenue

By [GARY M. STERN](#), FOR INVESTOR'S BUSINESS DAILY Posted 11/27/2009 06:00 PM ET

Facing hefty overdraft charges for their checking accounts, many customers of **Royal Bank of Canada** ([RY](#)) were irate. With training by customer-service experts, employees at the bank devised a solution: Stop charging the customers.

Four years later, Royal Bank's research revealed that all customers were spending 13% more on the bank's products. Revenue from its top 20% of revenue producers rose 20%, says Martha Rogers, co-owner of the Peppers & Rogers Group, a Norwalk, Conn.-based customer-service firm that consulted for the bank. The moral here is clear: Improving customer service boosts revenue.

Improving a staff's customer-service skills can spark bottom-line results. Staffers who can turn conflict situations into positive encounters can help retain customers, increase positive word-of-mouth and boost revenue. This is especially true when customers are much choosier about where they spend their money.

A Harris Interactive survey sponsored by **RightNow Technologies** ([RNOW](#)) in October 2008 said that 87% of consumers tied their defection to another company to poor customer service. This was up from 68% in 2006. Even in a recessionary economy, 58% said they would pay more for better customer service.

Treating customers well worked at Royal Bank of Canada because "customers didn't take their business elsewhere," Rogers said. "They took out their auto and mortgage loans with the bank." Imagine, she asks, how much more business could be generated if the 87% of people who departed a business stayed?

IT'S ALL ABOUT SERVICE

Don't fault the employees for inferior customer service — blame the owner, says John Tschohl, president of the Service Quality Institute, a customer-service consulting firm in Minneapolis. Most companies think they're in the credit card, computer or grocery business. But they fail to realize they're in the service business. Many owners fail to provide any customer-service training, leaving their employees adrift in the workplace without skills.

Creating a customer-service culture is vital to retaining customers, training employees and preserving revenue. Tschohl says this culture starts with how employees are treated by ownership and management. If employees are treated with respect and recognized for their accomplishments, they tend to be motivated, appreciated and ready to help customers. Disgruntled workers won't deliver superior customer service.

Part of creating a customer-service culture is training managers and supervisors to coach staffers and reinforce positive behavior toward customers. Training employees to smile at customers and greet them by name when appropriate are staples of retaining clients. So is going out of their way to help them and anticipating their needs.



Employees who aren't trained react negatively when customers gripe or raise their voice, escalating the conflict. The Service Quality Institute offers a workshop that trains workers to deal with difficult customers.

Workers are trained to: (1) listen carefully to the customer's complaint before reacting, (2) be empathetic and show understanding of their plight by saying things such as "I can see why you're so upset," (3) ask questions, which help defuse the anger, (4) suggest alternatives, (5) take responsibility, without blaming the company or manager, and (6) solve the problem.

The trick in establishing customer service is rewarding behavior that generates results. If a call center wants customers off the line in a minute, then reps are rewarded for speed. If the company wants to establish strong relationships with customers and keep them for life, then speed won't be the major factor but solving customer problems might be, Rogers says.

Many firms see customer service as a cost factor rather than a way to boost revenue. "It costs money to train employees," said Barbara Gutek, author of "The Brave New Service Strategy" and a University of Arizona business professor. The companies who want their customers to come back, recommend them and spend more on their products hire people who are better qualified and put more time into training, Gutek says.

BRIGHT EXAMPLE

An example is BrightKey. The 183-employee Annapolis Junction, Md., firm provides call-center and warehousing services, mostly to membership groups. It hired a consultant to bolster its customer service.

Rita Hope Counts, BrightKey's CEO, had trained staff until she had too much on her plate. In May 2009, she hired the Pensare Group to do two-day customer-loyalty training. The program lasted for seven weeks, with follow-ups for its entire staff, not just management.

Training focused on four skills: communication, problem-solving, issue analysis and goal setting, says Lesley Boucher, a Pensare managing director. The idea: increase referrals and boost revenue from loyal customers.

Training showed that everyone at BrightKey influences customers. This includes warehouse workers, programming staff and order takers. "Every person at BrightKey now has the awareness of their impact on the bottom line," Counts said.

Though BrightKey hasn't evaluated the training's effect on revenue, Counts sees two results. Customers have sent e-mails praising the improved service. And staff morale has risen because of improved skills, goal setting and involvement in problem solving.

Customer-service training "strengthens our product offering, increases professionalism, makes it a better place to work, and reduces turnover," Counts says.