



Five Secrets to Great Customer Service for Your Industrial Company

We would like to tell you the story of two clients. Both sell and service heavy equipment. Both are successful and put much effort into improving their customer service. Yet Client A improved at a much faster rate than Client B in a year-over-year comparison. Client A's customers appear to be much happier with the service they receive than are those of Client B.

What makes one company able to see huge gains in customer service and potential income, while another company's gains are just so-so? That's what The Daniel Group sought to find out. In this white paper, we'll share what we learned about five secrets for improving customer service and increasing the loyalty of industrial customers.

- 1. Consistency matters.** While the writer Ralph Waldo Emerson considered consistency to be the "hobgoblin of little minds," it matters when delivering service. Great service every time is your goal. An industrial customer often counts heavily on the service provider to keep a product running that is instrumental to the customer's operation. Being able to deliver a consistent service experience helps to build trust and loyalty with your customer.
- 2. Be clear about what the customer expects from the first point of contact.** Listen carefully to what the customer says. Negotiate with the customer to set and reset expectations. One client made a big difference in field service satisfaction after they trained their customer service representatives to explain that they would do everything possible to have the right parts and tools to fix the equipment on the first trip. However, if this was not possible and additional trips were required, the customer would be charged. This, along with other changes, helped to dramatically improve the client's field service performance.
- 3. Don't try to improve everything at once.** Focus on a handful of areas, improve them and then tackle the next most critical area of the service experience. Those clients with a more focused approach to improving service saw more improvement. The old adage of "How do you eat an elephant? One bite at a time" applies to improving service. One bite at a time!
- 4. Top performers push accountability and responsibility for service improvement to the lowest levels possible in the organization.** There is a group of clients that are consistent top performers. These clients have several common traits: They push accountability and responsibility for service improvement to the lowest levels possible in the organization. Employees are encouraged to talk with customers and promptly resolve issues. And, they celebrate successes. When a customer makes a positive comment about a service experience, everyone at the company knows about it.
- 5. No matter how good you think your customer service is, there's room for improvement.** Even our top performing clients with very high Net Promoter Scores (NPS) were able to make improvements during the year.





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Crunching the Numbers

For those who enjoy working with data, here's how we conducted our analysis and arrived at our five secrets. Table 1 shows the change in NPS (Net Promoter Score¹) from 2008 to 2009 for the clients that were clients for both years or started early enough in 2008 to have an adequate number of interviews.

Table 1

Client ID	NPS--2008	NPS--2009	% Change
Client 1	56.71%	68.90%	21.50%
Client 2	59.04%	71.10%	20.44%
Client 3	56.89%	66.90%	17.59%
Client 4	70.65%	82.39%	16.63%
Client 5	53.35%	61.23%	14.77%
Client 6	65.63%	74.41%	13.38%
Client 7	61.83%	69.96%	13.15%
Client 8	61.91%	69.73%	12.63%
Client 9	68.47%	76.01%	11.01%
Client 10	70.42%	77.40%	9.91%
Client 11	77.05%	83.53%	8.40%
Client 12	69.97%	74.76%	6.84%
Client 13	77.15%	81.91%	6.17%
Client 14	75.45%	79.56%	5.45%
Client 15	72.95%	76.80%	5.27%
Client 16	71.25%	74.93%	5.16%
Client 17	62.45%	65.24%	4.47%
All Clients	66.81%	73.44%	9.93%

The performance picture is quite positive. All clients improved their NPS scores from 2008 to 2009. The mean improvement was 9.93%. But as can be seen, some clients did better than others. Let's see what the numbers say about how these clients accelerated their performances.

What Happened to Cause the Change?

Field and shop service of all types are included. First, the clients are divided into two groups based on the percentage change in NPS from 2008 to 2009. Second, there is a Special Group of four clients (shown on Table 2) that had an NPS above 65% in 2008 and beat the mean performance for all dealers in 2009. In fact, this group of clients improved their NPS performance by over 11% to 77%, slightly higher than the Low Change Group.



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Table 2 **Service Summary Performance**

	2008	2009	% Change, 2008 to 2009
All Clients—NPS	66.81%	73.44%	9.93%
High Change Group—NPS	62.80%	71.53%	13.90%
Low Change Group—NPS	72.22%	76.06%	5.32%
Special Client Group—NPS	68.99%	77.14%	11.18%

Looking at responses to the “benchmark” questions (1 to 5 level of satisfaction with 5 meaning very satisfied) yields several interesting insights (see Table 3). Though the High Change Group had a 13.9% improvement in NPS from 2008 to 2009 this group started from a lower NPS base in 2008 and thus had a greater improvement opportunity.

Table 3 **Group Comparisons**

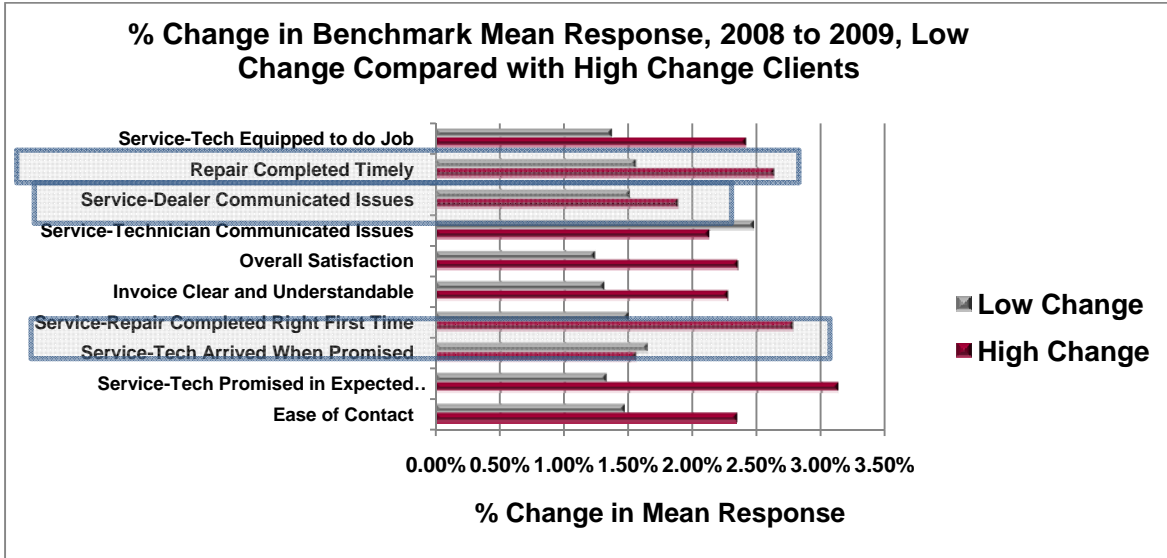
Common Benchmark Questions	High Change Group		Low Change Group	
	2008	2009	2008	2009
Ease of Contact	4.67	4.78	4.71	4.78
Tech Promised in Expected Timeframe	4.48	4.62	4.60	4.66
Tech Arrived When Promised	4.69	4.77	4.73	4.81
Repair Completed Right First Time	4.50	4.63	4.60	4.67
Invoice Clear and Understandable	4.49	4.59	4.53	4.59
Overall Satisfaction	4.51	4.62	4.61	4.66
Tech Communicated Issues	4.62	4.72	4.65	4.77
Dealer Communicated Issues	4.56	4.65	4.63	4.70
Repair Completed Timely	4.48	4.60	4.58	4.65
Tech Equipped to do Job	4.58	4.69	4.72	4.78
Mean Rating	4.56	4.67	4.63	4.71

In both years the High Change Group had a mean rating on the benchmark questions comparable to the Low Change clients. By the end of 2009, the mean scores on most of the key benchmark questions were similar between the High and Low Change Groups. There are other findings of note, the first of which is highlighted in Chart 1.



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Chart 1



From our research, the benchmarks outlined in blue in Chart 1 are more strongly correlated to Net Promoter Score than are the others. While clients in the High Change Group increased their scores on the benchmark questions across the board, they particularly increased their scores on those most strongly correlated with the NPS. A notable finding is that the clients in the High Change Group focused more intently on a smaller number of service areas as a way to improve NPS performance.

Another finding is even more striking. As Table 4 shows, the standard deviation in responses changed significantly for both the High and Low Change groups. The rate of change was particularly noticeable for the High Change group. The standard deviation on the benchmark responses dropped from .84 to .71, a 15.5% drop (the smaller the standard deviation, the better). The Low Change Group also reduced the standard deviation by 12%--no small feat.

Note the performance of the Special Client Group. These clients reduced the standard deviation of responses on benchmark questions to the lowest level of all groups, .64. This group of clients started out with a relatively strong NPS performance in 2008 (at least 65%) and increased it significantly in 2009. The Special Client Group had a standard deviation in NPS responses that was better than both the High and Low Change groups, indicating a more consistent service delivery.



Table 4 **Selected Comparisons**

	2008	2009	% Change 2008 to 2009
High Change Group—NPS			
Mean Response on 1 to 5 Benchmark Questions	4.56	4.67	2.41%
Mean STD on Benchmark Questions	0.84	0.71	15.48%
Mean STD on NPS Responses	1.94	1.63	15.98%
Low Change Group—NPS			
Mean Response on 1 to 5 Benchmark Questions	4.63	4.71	1.73%
Mean STD on Benchmark Questions	0.75	0.66	12.00%
Mean STD on NPS Responses	1.61	1.52	5.59%
Special Client Group			
Mean Response on 1 to 5 Benchmark Questions	4.63	4.72	1.94%
Mean STD on Benchmark Questions	0.76	0.64	15.78%
Mean STD on NPS Responses	1.72	1.48	13.95%

There are many reasons for having great customer service: It is a major strategic advantage if you have it and a critical weakness if you don't. Customers choose to come back, which creates new selling opportunities. Employees like to work in environments where customers see them as valued partners. One additional reason is that it makes financial sense. More to come about this in future white papers!

We welcome your feedback on this paper. What would you like to learn? To what degree has your company discovered the five secrets?

Lynn Daniel and Jill Boyette

The Daniel Group provides services designed to help companies measure, manage and improve customer service. To find out more, visit our website at www.thedanielgroup.com.

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¹ NPS is calculated by subtracting the percentage of customers giving a 9 or 10 on a 0 to 10 willingness to refer question from the percentage giving a 6 or less.