



# **DRIVINGFORCES**

*Adding peak performance to business practice*

## **NEWSLETTER**

**Autumn 2008**

### **In this Issue:**

#### **It's the getting right that counts**

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##### *The Awesome Foursome*

#### **FOUR things that service organisations must get right.**

All organisations exist to serve people's needs. Yet too often they lose sight of that, or how best to go about it.

Surveys conducted by *Drivingforces* show there is often a big difference between what organisations believe their services are worth, and what their customers believe they are worth.

A recent survey shows this "value gap" can be as low as 10%- 15% (i.e. service is close to meeting expectation) and as high as 70% - 80% (miles apart). The average is 50% - 60%.

A survey by a metropolitan newspaper showed that only 33% of customers were satisfied with the service they received. In other word, almost 70% were not.

What this tells us is that these organisations are failing in their essential duty.

*Drivingforces* helps organisations in the not for profit and commercial sectors improve their services to customers (we use 'customer' generically to denote members and clients).

How do we go about this?

Every organisation brings a different set of variables to the table and requires a custom-built approach. But there are still some broad principles that apply to all.

These are well summarised in an article in the April edition of the Harvard Business Review written about service organisations, but of universal relevance. The article discussed the FOUR things service organisations' must get right.

#### ***1. The Offering***

A service organisation will not last long, let alone grow, if what it's offering is fatally flawed.

For service organisations the offering is the experience customers want to have. For this to work successfully, organisations have to be clear about what they offer, and then deliver that service with excellence.

#### ***2. Paying for excellence***

There is no such thing as a free lunch. Excellence comes at a cost.

Developing a way to pay for excellence can be complicated and difficult for service organisations.

However, there are ways around it. Here are some ideas:

- Charge the customer in a way that is acceptable to them by offering slightly

reduced services in some areas rather than increasing the cost of existing ones;

- Create a win-win between operational savings (mainly those that are time-intensive) and delivering value added services;

- Do not raise expectations that cannot be sustained;

- Invest in the future – spend now to save costs and/or generate more income in the future.

### ***3. Employ the right people***

Service organisations are people intensive thus careful attention needs to be made to recruiting, selecting, training, job design, and performance management.

Consider applying two diagnostic tests –

- What makes your staff able to achieve excellence?
- What makes them motivated to achieve excellence?

The answer to these two questions is the platform to design organisational specific policies and programmes.

A word of caution: in the process it is vital not to set staff up for failure by creating customer expectations that cannot be met.

### ***4. Managing customer behaviour***

It is folly to try to be all things to all customers. Decide where you want to achieve excellence and design services and systems to meet this, thereby managing customer expectations and behaviour.

Remember,

- There is no such thing as a good idea in isolation; there are only good ideas in the context of a specific service model;

- Build off your core operational strengths; don't stray into areas of relative weakness.

***“The success or failure of a service organisation comes down to whether it gets the FOUR things right or wrong and whether it balances them effectively.”***

Francis X. Frei – Associate Professor, Business Administration, Harvard University

*PS Drivingforces* would add another “must get right” factor. This is the *delivery* of services. Make sure the infrastructure is able to consistently deliver services to customers in a timely and user friendly manner.

*Drivingforces* has assisted a number of organisations to improve their service capability and bring the “must get right” elements successfully into alignment.

***Believe it, or not!***

***“While the nation’s top rugby players appear to be clean, South African school rugby is becoming increasingly saturated with steroid use. In fact our investigations reveals that doping is rampant....”*** Sports Illustrated, May 2008

Finally, have a look at my new website - [www.drivingforces.co.nz](http://www.drivingforces.co.nz) - I would appreciate your comments.



***“A desire for Peak Performance is the force that must drive any successful organisation.”***

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