

Guidance Note on Setting Customer Service Standards

Introduction

We are used to such phrases as '100% reliable' and 'works everytime' as they relate to products. These product quality standards have developed over time, as consumers have become more demanding of manufacturers. But a tangible product is only one aspect of the supplier/customer relationship. The other aspect is service; indeed, in many businesses, there is no physical product. The only relationship is service.

Service standards are important for customers, potential customers, employees and management of a business. They help to define what a customer can expect and to remind management and employees of the challenge and obligations that they face.

This ICS Guidance Note addresses these questions:

- ***In what terms should service standards be defined?***
- ***How do you go about creating service standards?***
- ***How many standards should a business have?***
- ***How are service standards used?***

Defining service standards

Service standards are usually defined in terms of:

- Timeliness
- Accuracy
- Appropriateness

Timeliness

'Delivery in three days' or 'calls answered in 20 seconds' are phrases that give the essence of a service standard that involves a timeline. These statements need to be defined precisely before they can be considered as true service standards. 'When does the clock start?', 'Are we expecting 100% success in the timeframe?', 'Is measurement based on working days or calendar days?', 'Does this apply to all locations worldwide?' and 'Does this apply 24 hours/day, 7 days/week?' are some of the questions that have to be asked in the process of defining the standard.

So an initial definition of 'answer the phone within three rings' may be implemented as 'Between 8am and 6pm on workdays, 95% of calls will be answered by a human in 15 seconds and 100% in 40 seconds'. Similarly, an initial definition of 'delivery within two days' could become 'For addresses in the UK mainland, parcels will be delivered two working days after receipt of the order'.

Accuracy

Customers expect accurate information and accurate deliveries - only 100% is acceptable as a standard under this heading. 'We got most of your order right' is a response that is not appreciated by a customer!

Examples of service standards reflecting the accuracy of a service are 'the information quoted in a telephone conversation is 100% accurate' or 'the parcel received by the customer contained all the goods ordered by the customer'.

Appropriateness

How often do you hear the exclamation 'they didn't answer the question!' It happens often when politicians are being interviewed on TV but it shouldn't happen in the commercial world. Appropriateness is about ensuring that the customers' expectations have been met, particularly in an enquiry situation.

e.g. A customer writes to an organisation with a three-part enquiry. The customer receives a response that is on time, totally correct in what it says - but fails to address one of the three topics in the original enquiry. Such a response would fail the appropriateness standard - again based on a 100% expectation.

'100% of the customer's questions were addressed' would be a good starting point for such a standard.

How do you create a set of service standards?

There are at least seven potential sources of information to help define the service standards for an organisation:

- Management
- Employees
- Existing customers
- Potential customers
- Lost or former customers
- Competitors
- Regulatory authorities

Management – you should seek information from different levels of management. However do not rely solely on management input - existing customers are a better source.

Employees- this group is too often overlooked - 'what do they know' is a view that has been expressed. In fact, they interact with customers every day, so employees are a really valuable source of information and will be expecting to contribute to the process.

Existing customers - are rich sources of information. A few focus groups will usually generate an excellent set of customer expectations.

Lost or former customers - why did customers not return? They will probably be pleased to tell you!

Potential customers- what can you learn from people who are choosing an alternative supplier? The sales team may give you some input but there is no substitute for direct input from prospects

Competitive information - mystery shopping and monitoring competitors web sites and literature can reveal useful input.

Regulatory authorities – the activities of some types of business are governed by a regulator who sets service standards that must be used.

How many standards should we have?

You should have standards that are appropriate to the size, diversity and complexity of the business. Initially, we suggest that you establish a small number of service standards that focus on the absolutely critical areas of your business. You will need a period of time for colleagues to 'buy-in' to the concept of service standards, the monitoring arrangements and the benefits of implementing an effective programme. Once they have become a way of life, consider expanding the range of measures on a 'need to have' not 'nice to have' basis.

You should only have service standards that can be monitored accurately and with an appropriate degree of effort.

Planning the Implementation

Having defined the ideal set of standards, management is then faced with the challenge of working out how to measure performance against the standard. The standard is of no use if performance against it cannot be measured. Technology often has a role to play in monitoring performance against timeliness standards - particularly in-coming telephone calls. Correspondence management systems also help monitor the timely answering of written

communications. Use of technology as part of the process may allow performance results to be based on 100% of all transactions, rather than on a sample. Feedback forms or follow-up calls/questionnaires can be used to check customer feedback. It is important to get expert advice on sampling.

At this stage, all ambiguity must be eliminated from the wording of standards so that the whole organisation understands the measure.

Suppose that '95% of calls to be answered in three rings' is a draft standard. It leads to the following questions:

- What happens to the other 5% of calls? Do we care how long the customer has to wait?
- Do we mean answered by a computerised voice or by a real human being?
- Does the standard apply 24 hours/day, 7 days/week?

Development of the final wording and the associated data gathering process is likely to require a couple of iterations. Some compromises may be required as the cost of data collection is balanced against the ideal service definition.

Accuracy and responsiveness standards are more challenging to monitor. Listening to calls, speaking to customers and independent assessment of written/ email communications against the original enquiry on a sample basis usually provide reliable results. Statisticians should be asked to give advice on sample sizes and data gathering techniques.

Implementation of Service Standards

Ownership, Visibility and Commitment are the key words.

Ownership

It starts at the top. The Chief Executive and top management team must be sponsors and champions. They must 'walk the talk', own the communication process and ensure initial and on-going focus on standards in every employee briefing.

Each service standard must have a management owner, who is accountable for the delivery of the service. Performance against standard will normally be a feature of that individual's annual review. The management owner will also have the authority to implement process and other changes to improve operational performance. But there is no copyright on ideas, so all colleagues should be encouraged to make suggestions for performance improvement.

Visibility

'How well are we doing?' should be a question that employees don't have to ask! Customer service standards and the current performance against those standards should be communicated to all employees on a timely basis. Notice boards, memos, email, team briefings, newsletters and the organisation's intranet are appropriate methods. Employees really appreciate the opportunity for discussion. Employees who are based out of the office are frequently overlooked, so they should get special consideration.

Commitment

The mission or values of an organisation are a good place to 'anchor' the commitment to customer service. The Chief Executive, all levels of management and all employees must be committed to delivering the promise to customers regardless of external or internal influences. It's not easy but remember 'service is your best salesman'.

How are service standards used?

The main use of service standards is as a tool to confirm to management that customers are receiving what they have been promised.

Sales and marketing colleagues will want to take the operational standards and develop them into the sales pitch for the organisation. Whilst the enthusiasm is to be applauded, this approach should be resisted until consistent performance has been achieved and sustained.

Service standards, and performance against those standards, should be reviewed regularly with employees. It is important that they know how the organisation is performing. Discussions about service standards can often generate ideas for process improvement to further enhance service delivery.

Review of Service Standards

Business economics, external factors and changes in the market place all have an influence on service standards. Just as these factors change, so should an organisation regularly review its service standards, probably every 12 -18 months.