



## Service Metrics

### What should you look at when measuring service performance?

There are a lot of ways to look at and measure service performance — but what makes the most sense for your company? Does it make the sense to focus on internal performance factors? Should these be correlated to customer satisfaction? Is employee satisfaction an important metric? And what's the best way to measure longer-term customer loyalty?

To get at the answers to some of these questions, *Customer Service Newsletter* recently sat down with Richard D. Hanks, president of Mindshare Technologies and author of *Delivering and Measuring Customer Service*.

Mindshare, which started as a mystery shopping services company, now provides enterprise feedback technology and feedback management services to companies in more than 25 industries, handling some 75,000 customer and employee feedback surveys per day.

Here's a look at what Hanks had to say about what and how to measure for improved service performance.

**CSN:** *Where do companies typically go wrong when it comes to measuring their customer service performance?*

**Hanks:** Quite often the biggest mistake organizations make in measuring customer service performance is not doing anything with the results — not holding people accountable and not making sure that customer issues are responded to. Quite a lot of people will just go out and ask questions — and that creates an immediate expectation that you are going to do something with the results.

So if you ask me how you're doing, and I tell you about it, through some means — customer feedback, or direct feedback — and then I come back again a couple of weeks later and things are not any different, I'm going to feel let down. Or you give me a survey, and you say you will call me back — then you don't. That, in my opinion, is the place where most organizations go wrong.

Secondly, many companies tend to ignore customer complaints when the data comes in, when instead they

should adopt an attitude of treating complaints like they are gifts. If their attitude is defensive, or they begin to look for whom to blame rather than saying, "Wow, this negative feedback is really going to help me" — that's the second mistake.

Third is that too many decisions are based on customer samples that are just too small. Mystery shopping is a good example. A mystery shopping report is often based on one or a few visits to a business by one individual. You really have to give every customer the opportunity to provide feedback. Now, they won't all provide feedback, but you should give every customer the opportunity.

**CSN:** *What should companies be looking at and measuring in terms of customer service?*

**Hanks:** We serve more than 25 industries at this point, and while there are nuances in every industry, it really comes down to the same five basic things:

- The product or service they called or came in to buy.
- The person or team that delivered it.
- The process of doing business with your organization.
- The atmosphere, location, or method that encompassed that process.

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- The confidence and reassurance customers felt during their experience.

Digging down deeper into those five areas you come to things like reliability, accuracy, honesty, and consistency, but those are really just part of the above.

**CSN:** *So basically you want to be asking as many customers as possible about their experience in those five areas as regularly as possible?*

**Hanks:** Yes. And again, there are going to be specific questions added to that, depending on the industry, but those are the heart and core. And in addition, you want to ask questions that are actionable. The goal is to ask a question that can then turn into an operations improvement.

That's particularly true where you have service turnover as high as 300 percent in some industries. It's nice to talk about strategy, but the real problem is you've got to train people faster than they can get out of here. So you need to have something to tell you how they are performing on the operational level.

**CSN:** *So a general question like, "How satisfied were you with your customer experience?" isn't going to be very helpful?*

**Hanks:** Right. But that is a good question to correlate with your other questions. "How satisfied were you?" Or, "Did you leave with a feeling of confidence that you would recommend us to someone else?" We can tie those responses into the response to other questions to determine which operations improvements might have the greatest effect on satisfaction or referrals.

**CSN:** *Your book talks about the gap between what organizations — or their managers — perceive about customers and what customers are*

*really thinking. How important is it to understand that gap?*

**Hanks:** You have to sit down and listen to your customers. If you continue to believe that you know what your customers need, then you will be wrong. There is just no question about it. So instead of believing that you know what customers need, you need to actually ask your customers to tell you what it is they want. And sometimes that will result in major strategic changes, but usually it will be a matter of small tweakings of your approach to customers.

**CSN:** *How important is it to survey your managers or your customer service representatives and other employees?*

**Hanks:** All of our feedback systems are enterprise feedback management systems — meaning we are looking at all feedback for the enterprise, including customer satisfaction and employee satisfaction.

I believe that all companies need to be able to link employee satisfaction to customer satisfaction and loyalty. Then they will find they can

link that customer loyalty to improved financial results. These links are very clear: Those who take care of their employees have higher customer satisfaction, and those who take care of their employees *and* their customers have higher profits. You've got to have happy employees. Then you will have happy customers. And that will make you more money.

**CSN:** *How do you measure customer satisfaction and loyalty? What questions should you be asking?*

**Hanks:** My definition of loyalty involves three factors — share of wallet, share of mind, share of mouth. And the reason that it has three components is because some people contribute most by telling others about your product or service. And so, consequently, we believe that you have to have a share of the person's wallet — they have to be spending some money with you; a share of the person's mind, so that you are in the considered set; and sometimes it is even more important to have a share of their mouth — when they are referring other people.

## Put together a team that's more accepting of mistakes

Service measurement tends to identify the mistakes made in an organization, "And if you want your organization to lead in customer service, you need to make it safe for employees to risk making a mistake," says Mindshare Technologies' president Richard D. Hanks. Following are some of Hanks' ideas on how to make your organization more accepting of mistakes, and therefore, more risk-tolerant:

- Create an award for best mistake of the quarter.
- Managers and senior executives should be willing to admit their own mistakes.
- Don't dwell on mistakes and who made them. Talk about what was learned and focus on the future.
- Make sure your public and private methods for dealing with mistakes are the same.
- Teach employees about great leaders whose eventual success followed multiple previous failures.
- Base bonuses on learning from mistakes (the improvement made), rather than just absolute scores.

As for the questions you need to ask to get at those things — we call them proxy questions — they are basically the same three that everyone has used for years. They are: Would you recommend us to a colleague or friend? Would you return to buy the product or use the service again? And, what is your overall satisfaction level with the product or service? They can be different for different industries, depending on what is the most important factor.

*CSN: How important is it that customer service agents see the feedback from customer surveys — especially complaints?*

**Hanks:** We believe that every single survey ought to be reviewed by managers and employees, and that every customer, if they ask for feedback, ought to be called back. And they shouldn't be called back by a central location, either. They should be called back by the location or department where the positive or negative issue occurred. You can't have operations improvement if you and your staff don't know where you messed up.

In the old days, if we had a problem we would hide it — and that is just not acceptable any more. A best practice we see now is complete and total transparency. "We messed up on

your order. Well, the reason we messed up on your order was we didn't have enough people staffed. We have learned from our experience with you, and we will now be correctly staffed for the next time you call or come in."

In the old days it would be, "Heavens no, don't ever tell them that we messed up. And certainly don't tell them why we messed up." But now, transparency is going to require that. So capturing customer complaints is not only necessary, it will be required.

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