

2008 Survey Results: Factors Contributing to the Industry-wide Decline in Customer Service

The Questions


In May, 2008, several hundred hospitality industry professionals were surveyed and asked the following questions:

- 1) From your perspective, what are 2-3 primary contributors to the decline of customer service today?
- 2) In your experience, what company (other than your own) consistently provides outstanding customer service?

The top three responses to each question are summarized below. In addition, I have included some suggestions to address the top three contributors to the decline of customer service identified in the survey. While there is no single remedy that will eliminate these causes, the suggestions are intended to move your customer satisfaction metrics in the right direction.

The Results

Of those who participated, here are the top three responses to the question:

 From your perspective, what are 2-3 primary contributors to the decline of customer service today?

No. 1 41% of survey respondents said that the decline of customer service today was due, in part, to workforce optimization (i.e., budgeted productivity that limits the number of employees scheduled to service customers).

Striking a balance between efficiency and effectiveness is tough. Oftentimes, when focused on short-term profitability, long-term gain is sacrificed. Most operators live this day in and day out. So the question becomes, "Given the constraints of the owners, budget, and economy, how can I make the best use of the limited resources (human, financial, time) I have?"

Below are some ways that organizations are confronting this challenge to do more with less:

Cross-training: The benefits of cross-training are many: job variety; more scheduling options; avoid less-qualified, high-priced temporary labor; and increased compensation for employees who successfully attain competency in multiple areas. One executive I spoke with had a unique name for this position: ninja. Employees who held this position were highly regarded throughout the operation because of their increased job knowledge, skill, and versatility.

"The problem with guest service is optimization. There cannot be, because of productivity expectations, enough people scheduled to do the best job possible."
General Manager
Denver, CO

Cross-utilization of staff: This refers to the redeployment of cross-trained staff to make the best use of existing talent and budgeted labor hours. I spoke with an executive who shared that cross-utilization impacted the hiring, on-boarding, and ongoing development of select positions at her hotel. For example, in the past she would hire separately for open positions in the main restaurant, specialty restaurant, lounge, and room service. Now, she hires a hotel server position that is equipped to perform each of these roles.

Uniform accessorizing: Many hospitality roles require uniforms that are costly to purchase and maintain. The approach some operators have taken is to select a core uniform that can then be accessorized, at a reduced cost, to transition from one area of an operation to another.

Recently, the most effective business I've seen doing more with less is the Apple Store. If you need help on the sales floor, reps are there. When you're ready to buy, there's no line to wait in because the same rep can complete the purchase transaction with his hand-held payment device. Is your product stocked in the backroom? Don't worry about a lengthy wait in some line—he will retrieve it for you personally.

No. 2 24% of survey respondents said that the decline of customer service today was due, in part, to the surrounding labor market and subsequent lack of qualified candidates to fill open positions.

Labor markets vary. Some are seasonal due to location (e.g., mountains, college towns, etc.) while others benefit or suffer due to local workforce demographics. These factors create a unique set of challenges or opportunities for each business unit.

Innovations I've come across include pursuing unconventional sources of labor. One human resources executive from a resort in Florida participated in a job fair on the continent of Africa! Other businesses routinely bus their employees to and from work in order to reduce employee transportation costs, absenteeism, and turnover. The latest innovation to identify sources of qualified talent is social media.

“A major contributor is the shrinking labor market of available entry level workers, and secondly, competitive rates at the entry level jobs amongst the retail giants and casino's in our area is hard to compete with.”
General Manager
Desert Springs, CA

More recruiters are relying on Facebook, LinkedIn, and other social media sites to fill job openings. In a recent survey of 115 human resource managers by employment firm, Jobvite, 64 percent said they're tapping into online social networking to find qualified job candidates.

No. 3 22% of survey respondents said that the decline of customer service today was due, in part, to the lack of proper training.

While there are many variables that impact the effectiveness of training, the single greatest threat to effective training is the failure to convert knowledge gained in the classroom into action on the job.

There are many reasons for this. Here are just a few:

Information overload: Acquiring knowledge is easy. Just read the paper or watch the news and you've acquired knowledge. Most of us are confronted with news, television, and other media throughout the day. There is no shortage of information to occupy our mental space, however, at times we may feel as though the space is becoming a bit cramped and overloaded...

Large-scale training events generate lots of energy and enthusiasm and are a lot of fun—but they're not always very effective. A part of the reason for this is that they're a bit like a sip from a fire hose in the sense that (usually) it has been a while since the last training event and there's lots of new and useful information that has been percolating at headquarters for some time now and, under great pressure to deliver the training efficiently, several hundred employees have been assembled in a large meeting room for a half-day or less and—WHAM!—you've got information overload!

To counter this, ongoing training should be less formal and more frequent. Ritz-Carlton is well-known for its daily Lineups where Ladies and Gentlemen (its term for employees) spend 15 minutes before each shift discussing, among other things, the Gold Standards (twenty service behaviors that are expected of all employees). By definition these "team huddles" are less formal and, because they occur daily before each shift, they are more frequent than classroom training.

"Turnover creates the need for ongoing service training. Each operation must have a dedication to service training daily or inconsistent service of our customer will be the norm."

General Manager
Houston, TX

The frequency of these messages reinforce the Ritz-Carlton's culture of service and core values that enable the brand to continually be recognized as the leader in customer service in the luxury lodging segment.

"Yes, but..." syndrome: This describes the thinking that holds people back so that when they learn something positive (e.g., how to diffuse an angry guest), they tend to discount it (e.g., "Yes, but I've tried that before and it doesn't work." or "Yes, but that won't work here." or "Yes, but you haven't met any of my customers!").

The most effective way I've found to address the "Yes, but..." syndrome is to acknowledge it up front, when developing the class norms. Class norms represent the guidelines for behavior that are expected from the group. Typical norms address productive participation (e.g., ask questions, share experiences), potential distractions (e.g., BlackBerries, side conversations), and the environment (e.g., restrooms, emergency exists).

Consider going beyond the basic and predictable norms in order to address the "Yes, but..." syndrome up front. To accomplish this, here are a few daring norms to consider adding to your repertoire:

- Listen with no prejudice or preconceived ideas
- Listen with a learning attitude that is excited about new information
- Listen with positive expectancy
- Participate with a "How can I apply this?" attitude
- Monitor your "Yes, but..." thinking

Gain agreement on these norms at the beginning of the session. Then, when you're in the midst of the training, if you hear a participant say, "Yes, but..." you can call them on it—or, better yet, encourage other group members to do so. Most participants will respond positively when other group members hold them accountable to the ground rules that were established and agreed upon by the group.

Another way to address "Yes, but..." thinking is by seeking contrary evidence during the presentation. Using the example above, if you're presenting a way to diffuse an angry guest, you might ask the group, "Under what circumstances do you think this method might *not* work—and what might you do instead?"

Lack of follow-up: Ordinarily, when follow-up is left to one's good intentions after a training event, commitment wanes as life takes over after class. Ideas and suggestions that appeared interesting and useful during training fade from memory and are overtaken by the familiar and routine. It is critical to apply helpful structure to encourage follow-up in order to increase the effectiveness and sustainability of the training.

Here, as with "Yes, but..." thinking (above), you have the option of addressing follow-up and retention up front, during the class norms. Consider including this norm:

- Interact with the material with a pen in hand, underlining key points you want to remember and taking notes

If one cannot recall what was presented during class, how can he act on it? Listening alone, regardless of learning style, contributes little to retention. In fact, three hours after a seminar or class, pure listeners will remember only about 50 percent of what they just heard. Twenty-four hours later, they will have forgotten 50 percent of that. At the end of the month, they will have less than 5 percent recall of the new material they were exposed to during training.

There are three key ingredients to an effective follow-up plan: structure, support, and accountability.

- 1.) **Structure:** By incorporating follow-up into the training design, you can provide the structure necessary to formally address follow-up as opposed to leaving it to chance. This structure may take the form of a third party such as Fort Hill Company www.forthillcompany.com who can setup and administrate a web-based follow-up mechanism that tracks the participation and progress of its users. Another way to add structure without adding the cost of a third party vendor is to develop and implement an electronic or paper assessment that encourages course participants to practice the behaviors from the course in the days and weeks following the training class.
- 2.) **Support:** This refers not only to the tools and resources required to convert knowledge gained in the classroom into action on the job. It also refers to an ongoing dialogue with stakeholders (e.g., course participants, peers, supervisors, etc.) whether virtual (e.g., web-based community) or face-to-face. Too often when people are sent to training, when they return to work, nobody knows or cares that they have been gone. As a result, there is little priority placed on applying what they learned, particularly in non-technical areas like leadership or customer service.

- 3.) **Accountability:** It's often said that, "what gets measured, gets done." In order for any follow-up plan to be successful, there needs to be accountability. Some companies may link follow-up to their performance appraisal process by attaching some percentage of one's performance evaluation to the quality and consistency of his or her follow-up. In the case of structured follow-up, you cannot leave it up to the employee. His or her supervisor *must* be committed and involved. It's the only way for structured follow-up to succeed.

In summary, the three causes most often cited in the survey as contributing to the decline of customer service today are: workforce optimization, inadequate labor market, and the lack of proper training. While there is no single remedy that will eliminate these causes, the suggestions provided herein are intended to support your customer satisfaction objectives.

Of those who participated, here are the top three responses to the second question:

Q In your experience, what company (other than your own) consistently provides outstanding customer service?

1. The Ritz-Carlton (24%)
2. Nordstrom (22%)
3. Starbucks (11%)

No surprises here. Customer service at Ritz-Carlton and Nordstrom is legendary and the two predictably land on most industry-wide customer satisfaction surveys.

The Ritz-Carlton's emphasis on daily training in its Lineups (described earlier in the section on proper training) keeps the hotel company's service messages in the front of its employees' minds. The Credo and Gold Standards, through repetition, become internalized in the minds—and actions—of the staff.

"Nordstrom continues to do it better—and a lot of mom and pops because they have not learned to be more efficient yet."

Project Director
Washington, DC

Nordstrom is renowned for the empowerment it extends to each of its employees, regardless of position. The rules outlined in the Nordstrom Employee Handbook read: "Rule #1: Use your good judgment in all situations. There will be no additional rules." Here's a quote from the book *The Nordstrom Way* that affirms this belief: "You (the employee) will never be criticized for doing too much for a customer, you will only be criticized for doing too little. If you're ever in doubt as to what to do in a situation, always make a decision that favors the customer before the company."

Starbucks loses a bit of control at its non-corporate stores (e.g., airport locations where kiosks are not staffed by employees of Starbucks), but demonstrates a commitment to its partners (Starbucks' term for its employees) by providing generous benefits, wages, and other fringes. This commitment extends to its customers as well. For instance, last February Starbucks closed 7,100 of its stores for three-and-a-half hours to train more than 135,000 baristas. The primary objective of the training was to focus on its core product, espresso, as well as the quality and consistency of the customer experience.

Begin Shaping Your Service Culture Now!

Peter Drucker, widely considered to be the father of modern management, said "The best way to predict the future is to create it." The same applies to your company's service culture. If you are hoping to build and sustain a culture that is renowned for hospitality, consistency, enthusiasm—whatever your priority—then the best way to realize it in the future is to create it now.

Would it benefit your company's service culture to have:

- managers who recognize their individual responsibility to model and sustain enthusiasm for customers?
- front-line employees who recognize their individual responsibility to generate authentic enthusiasm for their customers in ways that transform typical, bland, and ordinary transactions into refreshing, unique, and memorable service experiences?
- customers who recognize that they are being treated differently, leading to positive perceptions of your company, repeat business, less price resistance, etc.?
- a reputation for enthusiastic hospitality?

If so, I would enjoy speaking with you about how the workshops I offer will support the creation and sustainability of your company's service culture. Please visit me at www.stevecurtin.com to learn more about my experience and programs.

If you have questions or comments about this survey, or are interested in receiving a copy of the anonymous verbatim comments from the survey, please let me know and I will forward them to you. I may be reached at steve@stevecurtin.com or 303.325.1375.