



Putting the Service Profit Chain to Work

by Lyndsay Swinton

The "Service-Profit Chain" model developed by Harvard University emphasizes the circular relationship between employees, customers and shareholders. This model can successfully be applied to your business no matter the size, and this article explains how.

The customer is always right?

Traditionally, the customer has been the prime focus for business. "The customer is always right!" is a well-worn motto. However under-staffed, under-trained, and poorly resourced employees will not deliver good quality customer service, driving customers away. Equal effort must be made in attracting, motivating and retaining employees as is made for customers, ultimately delivering improved shareholder returns. Better shareholder returns mean more money is available to invest in employees and so the circle continues.

Please hold until someone can take your call...

Understaffing may be unintentional. High sickness and absence mean higher workloads for those at work, and even if temporary cover is provided, it takes time and effort to train and not all tasks are suited to less experienced staff. Job vacancies may be "frozen" and left unfilled, helping the shareholder but harming those left to cover the work, and compromising long term results.

Please hold while I check with my supervisor...

Undertrained staff make mistakes or lack the know-how to get it right first time, frustrating customers and increasing workload. Confidence is eroded and stress levels increase. Conversely, having the right training and experience builds confidence, allowing people to service their customer effectively and efficiently, both within and external to a company.

Please hold while my system reboots....

Poorly resourced staff often lack the tools to do the job. Clunky and unreliable technical systems slow them down, red tape binds them up and you'd never give a plumber an electrician's tool bag. Decision makers are a valuable resource but when they are missing or over-stretched, things slow things down and over-sights abound.

If you pay peanuts you get monkeys

If you choose to pay below the market rate, you'll attract people who need to be trained to do the job which works if you've got a fantastic induction and training program. Do your homework and find out the going rate for a similar job in your area, and decide where you want to pitch your pay.

Having a robust recruitment process ensure bad apples don't get anywhere near the front door. And having a sound company culture ensures people don't go rotten when they're on the payroll.

The virtuous circle of the Service Profit Chain

So you may save a few pennies by scrimping on your employees and saving on your infrastructure, but by driving customers away, you are actually losing pounds for your shareholders.

Put the service profit chain to work for you by making sure it's a virtuous circle. Invest in your employees – hire them carefully, pay them appropriately and enable them to do their job well. Unless your company is the only one in the world that provides the goods or service, customers will walk away from companies with poor customer service and move towards companies who deliver a more valued service.