
Delivering Excellent Service:

LESSONS FROM THE BEST FIRMS

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As the entire economy becomes more service driven, the traditional approaches to management, most often seen in the manufacturing sector, have required modifications. Many principles derived from the success of outstanding service organizations are now more applicable to non-services than ever before. This article presents some important lessons learned from these successful organizations that are relevant to all organizations and are especially relevant to today's increasingly service-oriented manufacturing firms. Indeed, when Jack Welch, former Chairman and CEO of General Electric, says that GE is a services business, all organizations should reconsider how comprehensively traditional management principles pertain to the contemporary service-driven economy.

Organizations providing food, lodging, transportation, and related travel and tourism services have learned many lessons about how to meet or exceed their customers' expectations. Traditionally, these lessons have not been written down, as the sector has been driven by an apprentice learning model that expects new entrants to learn by doing and watching. Based on discussions with and study of some truly outstanding organizations—such as the Walt Disney Company, Marriott International, Southwest Airlines, and Ritz-Carlton—this article offers ten lessons from the service sector that can help guide organizations to success (see Figure 1).

Lesson 1: Base Decisions on What the Customer Wants and Expects

Jim McIngvale is the hands-on owner of America's largest and most successful furniture store. He has learned that, like GE, his is a service business. To

FIGURE 1. Lessons from the Best Firms

1. Base decisions on what the customer wants and expects.
 2. Think and act in terms of the entire customer experience.
 3. Continuously improve all parts of the customer experience.
 4. Hire and reward people who can effectively build relationships with customers.
 5. Train employees in how to cope with emotional labor costs.
 6. Create and sustain a strong service culture.
 7. Avoid failing your customers twice.
 8. Empower customers to co-produce their own experience.
 9. Get managers to lead from the front, not the top.
 10. Treat all customers as if they were guests.
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everyone he interacts with, "Mattress Mac" McIngvale stresses that his Gallery Furniture in Houston is in the customer business rather than the furniture business. His innovative ways of relating to customers reinforce this philosophy. Services businesses have long known that if their customers don't like the experience provided, don't value it, and don't think it meets their needs and expectations, they won't come back. Services businesses know how much value a customer can return to the organization over repeated visits. They also know that if the customer doesn't like the experience, it doesn't matter what engineering, production, quality assurance, or anyone else inside the organization says or believes. *It all starts with the customer*, and it is the customer, not the organization, who defines quality and value. Bruce Laval,

a former senior vice president at Disney, coined a term to focus everyone's attention on the importance of guest behavior and expectations: "guestology."¹

Guestology turns traditional management thinking on its head. Instead of focusing on organizational design, managerial hierarchy, and production systems to maximize organizational efficiency, it forces the firm to look systematically at the customer experience from the guest's point of view. Guestology involves systematically searching for the key factors that determine quality and value in the eyes of the guest, modeling them for study, measuring their impact on the customer experience, testing various strategies that might improve the quality of that experience, and then providing the combination of factors or elements that attracts customers and keeps them coming back. Only after developing this total guest orientation can the rest of the organizational issues be addressed. The goal is to create and sustain an enterprise that can respond to the customer's needs and expectations and still make a profit.

From their study of customer preferences, Disney's guestologists learned that an important reason for satisfaction with its theme parks is cleanliness. Disney therefore stresses keeping the parks clean, and its reputation for doing so has become one of its greatest assets. Keeping a theme park clean is a big job, so the Disney organization encourages its customers to help out by disposing of their own trash. In studying customer behavior, Disney learned two things about trash disposal. First, if cast members (the Disney term for park employees) constantly pick up even the smallest bits of trash, park visitors tend to dispose of their own trash, rather than throw it on the ground. The cast members practice

and respect cleanliness, and so they become role models for customers to emulate. Second, most people will throw their own trash away if trashcans are convenient, easily seen, and not very far apart. Disney locates its trashcans 25 to 27 paces apart. Understanding how customers respond to environmental cues, and using that knowledge to help maintain a high standard of cleanliness, is guestology in practice.

In response to a survey, the customers of Southwest Airlines were happy to tell the company what they wanted in airline service: low fares, on-time flights, gourmet meals with wine, large comfortable seats, in-flight movies, and so forth. The company learned that if you simply ask people what they want, they are likely to ask for everything. Southwest tried again and dug deeper into customer preferences. In these more in-depth surveys, they found that although customers would enjoy the extras, they really wanted the basics—low fares and on-time flights—with friendly service. Southwest gives its customers what they really want, and the customers reward the airline by filling the planes. Providing what the customers really want benefits the company as well. Southwest can turn an airplane around between arrival and departure easier, faster, and cheaper because it doesn't have to spend the time or money to clean up the extra trash caused by the food service or other extras offered by other airlines. Southwest's success is best measured by being the only airline that has been profitable for each of the past twenty-five years.

Benchmark organizations such as Southwest and Disney identify and act upon the key drivers of customer satisfaction. Their studies let them know if their core competencies are properly aligned with customer value and satisfaction. "It all starts with the customer" is not just an inspirational slogan for these organizations. If the business goal is to provide an exceptional customer experience, then the organization must completely understand why its customers seek to do business with them, how customers behave in their purchase relationship with the organization, what they expect from both the product and the experience, and how to meet the customers' expectations.² Traditional wisdom used to be that running an automobile company was relatively simple: build a good car and the customers will beat a path to the showroom door to buy it. Today, however, customers buy automobiles for a variety of reasons other than liking the looks and performance. Increasingly, auto companies are learning that the factors defining the customer's total automobile experience are more complex than merely producing a quality automobile. Repair, maintenance, financing, and insurance are also part of the customers' experience and are highly influential in creating customer loyalty.

Lesson 2: Think and Act in Terms of the Entire Customer Experience

Benchmark services organizations carefully study the what, where, and how of the customer experience: the service product itself, the setting, and the

delivery system. They know that the delivery system is crucial in ensuring that all customers are provided with the experience that they expect. A tasty hamburger is not enough. Careful attention must be paid to the process by which the hamburger is prepared and delivered to the customer and the setting within which it all happens. If the delivery system isn't in place, then Southwest's planes don't leave on time, baggage is lost, and arrivals are delayed. Jan Carlzon of Scandinavian Airlines Systems (SAS) uses the term "moments of truth" to refer to the multiple contacts that the customer has with the organization.³ The term is relevant to all firms in describing the importance of *every* contact or encounter the customer has with the organization—any one of which can make or break the relationship. Leading companies have developed techniques for determining what problems can occur at these moments of truth, how to fix them before the customer experiences a service failure, and how to recover from the failures that inevitably occur in even the best organizations.

Horst Schulze, the legendary leader of the Ritz-Carlton Hotels, tells the story of how a manager identified and solved a recurring problem at a moment of truth: room-service breakfasts arriving late and cold. After receiving guest complaints, the manager investigated. The traditional managerial solution to the problem would have been to call in the offending room-service manager and loudly criticize that person for technical incompetence and poor supervisory skills. The disciplined room-service manager would then return to the kitchen, gather the room-service people around, and yell at them. In most organizations, blame rolls downhill to the lowest-level employee.

Schulze likes the example because it lets him illustrate an approach to problem solving that is particularly useful in an organization so reliant on its people. The manager organized a team of his room-service employees and asked them to study the problem, find out why the meals were not getting to guests within a reasonable time, and suggest solutions. The team soon found that the cause was the unavailability of the elevators needed by the room-service people to get the meals quickly to guests. They had a room-service employee spend an entire morning in an elevator with a stopwatch to see where the elevators were, what they were being used for, and why they weren't available when the room-service people needed them. What they found astonished Schulze and the manager. The whole problem could be traced to a management decision about how many bed sheets each floor was allowed to stock for the housekeepers. The decision frequently left some floors with too few sheets, and the housekeepers were using the elevators to hunt for extra sheets to finish cleaning the rooms on their floors. The elevators were therefore unavailable to the room-service delivery people when they needed them, meals were delivered late, and guests got angry. Because a manager trying to save on the cost of sheets had stocked too few, the rest of the system was disrupted. This "cost-saving" move drove up the overall costs of room service (because the hotel did not charge for meals when guests complained) and housekeeping labor (because housekeepers were spending their time in elevators instead of making beds). Trying to save money in one

part of the service-delivery system created problems for another part. The total impact was to drive up costs and increase customer dissatisfaction. What manager would ever have thought to solve the late-breakfast problem by adding more bed sheets to the available supply on each floor? Simply putting out one small fire ("we are spending too much money on sheets") without thinking about the entire system can cause big problems.

Another illustration of the importance of the "how" in the customer experience is provided by studying, understanding, and managing occasions when customers have to wait. Often a service experience involves a wait somewhere. Whether it is standing in line to check in at the airport or waiting for delivery of a meal at a restaurant or holding for an operator at the reservation phone line for a hotel, there is a wait to be managed. Benchmark service organizations study every step in the customer experience looking for the times when a customer is waiting for some or all of the experience to take place. They study customer psychology to determine what makes the wait feel longer, shorter, or just right. They also study the mathematics of the queue to ensure that customers get whatever they expect in a timely fashion. While organizations have spent considerable time studying the reactions of their customers to waiting, how to *manage* the wait is a largely under-studied area in most organizations. Disney is the master of managing waits. They know the exact relationship between guest satisfaction and wait times and make sure that they have sufficient attractions, food service, and merchandise capacity available to handle the number of guests in the parks without unacceptable waits. They know that guests want to be kept informed, so they post the estimated wait times. They also send mobile entertainment teams to long lines to entertain the people in line. They have added a "virtual wait" capability called "fastpass" that allows people to make a reservation for a particular attraction and then go elsewhere while waiting for their designated time.

Typically, there is more to an experience than merely the product itself. Outstanding service firms pay attention to the complete experience that customers have, from the first contact with the organization onward. The more customer-focused manufacturing organizations have also learned this lesson. When people become Harley-Davidson customers, they buy into a brand experience and a way of life. Harley managers and dealers often refer to their business as "fulfilling dreams through the experience of motorcycling." An illustration of the company's appreciation of the total customer experience is its successful sponsorship of the Harley Owners Group (HOG), the world's largest owner-affinity group with over 500,000 members.

Benchmark service organizations have also learned that the quality of the "where," the environment within which the experience occurs, has an important effect on the customer's opinion of the firm. If the environment is not in keeping with the rest of the experience, customer satisfaction diminishes. The "servicescape" extends from ambient temperature and lighting that affect the physiological responses of customers to the character and feel of the experience

that affect their emotional and cognitive responses. Outstanding organizations know that the customer perceives the environment in a holistic way and that inconsistencies can have a negative impact on the customer's overall impression of the experience.⁴

Disney spends considerable time, thought, and money designing the optimal environment for the experiences it provides to customers. One example is the diligence of the Main Street painters at both the Magic Kingdom and Disneyland. Their only responsibility, all year long, is to start at one end of Main Street and paint all the buildings and other structures until they get to the other end, and then start all over again. Each painted rail is completely stripped down to the metal and repainted five times a year. The servicescape supporting the feeling of a fantasy experience for visitors requires a clean, freshly painted park, and the customer who finds the painting chipped or soiled will define the quality of the experience in a less favorable way.

Spatial layout also contributes to the quality of the customer's experience. At Disney parks, the environment helps guests know where they are and helps them feel comfortable in their surroundings. Logical, easy-to-follow pathways lead people from one attraction to another. The big circular path around the World Showcase in Epcot makes it easy for visitors to go from one attraction to another, and the lake in the middle of everything provides a focal orientation for the customer at any point around the circle. Visitors always know where they are and can see how to get to other locations. Customers comfortable with knowing where they are and where they are going are far more able to relax and enjoy the experience than those who are lost and anxious.

Paying careful attention to the environment can also enhance the work experience for the firm's employees. When management provides a safe, well-lit, clean, and supportive environment, the employees are sent a strong message about how the organization feels about them.⁵ Astute managers know that whatever they can do to make their own employees happy will inevitably help them make the customers happy as well.

Lesson 3: Continuously Improve All Parts of the Customer Experience

Competitive advantage is difficult to achieve and sustain, and organizations know they must continuously improve quality to survive. Autos, tires, computers, and raincoats are produced in factories with "Quality First" posters on the walls, and employee involvement in quality circles is the norm. In too many organizations, however, these are piecemeal efforts with groups of production employees focusing on their specific area of expertise. While such efforts are often positive contributions to meeting the customer's expectations, the benchmark service organizations have taken this commitment to continuous improvement to an integrated, organization-wide level. Since these firms'

economic health is based on customer retention, the benchmark organizations continuously refresh, renew, and revise all parts of the customer's experience. As an example, Federal Express continually tries to improve not only the efficient movement of packages, but also the information systems enabling customers to track their own shipments and associated expenditures.

The Tower of Terror at Disney-MGM Studios illustrates how Disney uses feedback to keep improving customer satisfaction with the thrill experience. The ride simulates a runaway elevator dropping thirteen floors. As originally designed—two big drops and one little drop—the ride was exciting, but guests thought it was over too quickly. They wanted more “hang time,” the feeling of weightless during the five-minute ride. Based on this feedback, Disney introduced a new sequence with seven minor and major drops, in about the same length of time. Customers now indicate that the Tower of Terror is an excellent ride, just scary enough and just long enough.

Although “continuous improvement” is a mantra for most organizations, benchmark service organizations have added two important aspects to this concept. First, they start with the customer and find out what the customer expects to see improved. Second, they consider all parts of the customer experience as potential areas for improvement. These enterprises not only continuously reassess the quality of their service offerings, but also review the setting in which the experience takes place and the delivery system that provides the experience. The lesson for all organizations is to review *everything* that affects their customers. Periodically producing a “new and improved” car model, refrigerator, or computer is not enough. Companies wishing to enhance their standing in the highly competitive marketplace must also improve the setting where customers buy their products, the delivery system that gets the right items to customers on time, and the nature and accessibility of the help desk to receive complaints and answer questions.

Lesson 4: Hire and Reward People Who Can Effectively Build Relationships with Customers

The traditional organization spends considerable time and money insulating the production core from distraction. Rules, regulations, and systems are in place to make sure that nothing disturbs those who are busy on the factory floor cranking out autos, tires, refrigerators, or any other product. The services industry learned long ago that it *can't* protect its production core and, furthermore, it doesn't even *want to*. Its production core is the men and women that are making the customer experience happen. Since most services are consumed or used at the moment of production, the services industry relies extensively on hiring and training its people to create an experience instead of a product, an experience in view of and often while interacting with customers.

Job performance in services is complicated to define.⁶ Employees not only have to make the hamburger, check in the patient, or handle a bank deposit, but they must do so with customers asking them questions ("What time is the 3 p.m. parade?") or getting in the way ("Let me steer the boat."). Thus, employees not only need the skills to do the job, but also the skills to manage the customers. They may have to train customers in how to enjoy the experience they have paid for. If customer problems arise, they must be able to figure out how to fix them, even those caused by the customers themselves. A testament to the managerial effectiveness of benchmark service organizations is that they achieve their goals with employees who to a large extent are relatively young and inexperienced, who receive low pay and are not career employees, and who are generally more difficult to manage. Nevertheless, benchmark organizations hire and manage these people very well.

An example of problem solving by a well-trained and committed employee is seen in this story told by Heskett, Sasser, and Hart about a bellman at a Sheraton Hotel.⁷ When confronted with an unusual problem, the bellman solved it with both outstanding interpersonal skills and an ingenious solution. A departing guest had locked his car keys in his trunk while checking out. The car was parked in the middle of the driveway that handled all the arriving and departing hotel traffic and, if not immediately moved, would bring the entire check-in/check-out process to a halt. The bellman called for a floor jack that he had had the foresight to store away nearby, jacked the car up, and rolled it away from the middle of the driveway. He informed the guest that he had called for a locksmith, estimated when the locksmith would arrive, and promised to keep the guest informed as events unfolded. The traffic problem was solved, the guest's car problem was promptly addressed, and the guest was spared the embarrassment of being the cause of everyone else's delay. Teaching such resourcefulness to new employees is difficult, but every new employee in the area learned from the bellman's example what a Sheraton employee is expected to do to solve a guest's problem. The bellman had the big picture, knew that a creative solution was expected of him, and he delivered one.

The goal for service businesses is to build a positive relationship with the customer while being flexible enough to handle the inevitable problems that arise. Successful service firms seek employees with a positive attitude and understand the importance of having them doing not only their job tasks, but also other things that can make a difference in creating an excellent customer experience.⁸

Truly guest-focused employees are constantly on the lookout for areas that can be improved. For example, some British Airways customers at London's Heathrow Airport asked a baggage handler how they could obtain yellow and black tags for their bags. When he inquired why, they told him that bags with yellow and black tags always arrived at the luggage carousel first, so they wanted their baggage tagged that way too.⁹ The baggage handler realized that the people asking about the tags were first-class passengers, who deplaned first

and were the first to arrive at the luggage carousel. Yet they had to wait on their bags while other passengers were getting their bags first. The baggage handler asked a few questions about why this was true and got an answer from the operations people. Since the stand-by passengers were the last to board the plane, their luggage was loaded last and then unloaded first. Stand-bys were getting first-class luggage service, while first-class passengers, highly profitable to the airline, had to stand by and wait for their bags. The baggage handler reported his findings along with a simple suggestion: load first-class luggage last. Although airline officials were quick to see the merit of his suggestion, implementing it meant changing the British Airways luggage-handling procedures in airports all over the world and that took time and money. However, the procedures were changed. The average time of getting first-class luggage from plane to carousel dropped from twenty minutes to less than ten worldwide, and under seven minutes on some routes. The baggage handler knew what the British Airways culture required of him and found satisfaction in doing it. His service award of \$18,000 and two round-trip tickets to the United States on the Concorde no doubt added to his satisfaction.

Managers cannot be everywhere at once to fix problems or authorize solutions to them, so those closest to the problem site—the front-line customer-contact employees—must be empowered to fix problems.¹⁰ The Ritz-Carlton hotels teach everyone that if they see a problem, they *own* it until it is solved. The customers of other industries often talk about their frustration with finding no one to help them, no one to complain to when they have problems, and no quick and easy solutions to errors that they didn't cause. Some believe that the demise of several e-tailers can be attributed to inadequately trained front-line employees. Organizations in all industries can dramatically improve their customer relationships and retention by empowering their employees to fix problems without seeking approval from a difficult-to-find manager. The research in services clearly shows that an excellent way to get customers to like what you do and come back for more is to fix the inevitable failures in the experience quickly and fairly.¹¹ Only employees who recognize the importance of quick solutions and who are empowered to provide them can achieve this end.

Lesson 5: Train Employees in How to Cope with Their Emotional Labor Costs

Service employees must be trained to do their job consistently for each customer in real time and with a sense of positive caring. Benchmark service organizations use extensive training programs to teach the new employee how to deal with customers in a way that is consistent with customer expectations about what the experience should be and how the employees who deliver it should act. Visitors to Disney World, for example, assume that employees will be competent at the technical aspects of their jobs, but they also arrive with high expectations about the level of employee caring, consistency, and enthusiasm. A

street cleaner inside the Magic Kingdom can quickly learn the mechanics of operating a pick-up broom and dustpan. However, it takes considerable time to learn all the rest of the job. To many park visitors, the street sweeper is the always-handly expert on where everything is, the available extra person to snap a group photo, or the symbol of continuing reassurance that the park is clean, safe, and friendly.

The services industry has long known that its people must perform their jobs with a smile and a friendly demeanor. This is especially true if they are in customer-contact jobs, but even employees behind the scenes can negatively influence overall customer satisfaction if they are not cheerful and not supporting a customer-oriented culture. Indeed, the services literature includes several studies that show a strong correlation between employee attitudes and customer attitudes.¹² In other words, happy guests are correlated with happy employees. Thus, the industry spends considerable time and energy making sure that its employees are having fun in their jobs so that they can spread their sense of having fun to the customers.¹³

The benchmark organizations also spend time and energy ensuring that the front-line employees appear happy even when they aren't. They recognize that normal humans have a very difficult time being upbeat and happy across an entire shift and for each customer. Consequently, they find ways to help their employees cope with the emotional cost of staying "up" all the time, as this can be every bit as tiring as the physical labor of the job.¹⁴ To be happy, pleasant, and attentive with all customers—especially those who are not happy and pleasant in return—takes a lot out of most people. By the time you've greeted the 500th daily arrival at McDonald's or asked the 15,000th person to watch their hands and feet on a Disney ride, it's hard to remember that you're supposed to treat each and every person like a special guest you're happy to see.

Of the benchmark organizations, Disney is perhaps most masterful in helping its cast members deal with this emotional labor issue. They teach their employees to think of themselves as being "on stage" whenever they are in front of customers. This teaches the cast members to think of themselves as performing in a role instead of merely doing a job. Once they consider what they're doing as a part in a theatrical production instead of a job in a theme park, a number of advantages occur. One benefit is to avoid the ego challenges that some people, for example, might feel about being asked to pick up trash. Disney hires many college graduates and other people who don't think of themselves as trash collectors. Playing the role makes the job easier to take and can make it fun and interesting. Furthermore, the challenge of always being positive and happy is more easily met when you think of yourself as on stage playing a role than if you feel that you must actually be positive and happy all the time. In other words, it's easier for people to *act* happy than it is for them to *be* happy. As they say in the theater, "the show must go on." This attitude carries over into the mindset of Disney cast members, regardless of how they feel on a particular day.

The lesson for other industries is again both simple and profound. Everyone in every job has some emotional involvement that must be managed. Whether it is the assembly-line operative trying to cope with the immense boredom of the repetitive activity or the data entry clerk trying to concentrate repeatedly on the same data entry fields, some parts of the job require a continuing rededication and emotional commitment to doing it right. How organizations help their employees deal with this part of the job may be as important as how well they train employees to perform the job task in the first place. Manufacturing learned long ago that it doesn't matter how well the job is designed if the people performing it don't want to do it correctly. Helping these people deal with their emotional labor costs has led to a variety of techniques including job redesign, job rotation, and job involvement.

Lesson 6: Create and Sustain a Strong Service Culture

Managers of outstanding service organizations know the importance of organizational culture. A truly guest-focused culture can help achieve three important goals. First, *it helps guide the employee* in making the intangible service product tangible. Second, *it gives meaning and value to the work*. Third, *it helps to fill the gaps* between what the organization can train the employee to do and what the employee must actually do to meet individual guest expectations across a variety of situations. Because these goals are so important, the culture must be carefully planned and communicated to all employees. The more intangible the product, the stronger the cultural values, beliefs, and norms must be.

Culture as a Guide to Employee Behavior

Benchmark organizations recognize the importance of *managing* culture.¹⁵ No service organization can anticipate the many different things its customers will do, ask for, and expect. Therefore, the power of the culture to guide and direct employees to do the "right thing" for the customer becomes vital. Good managers know that the values, beliefs, and norms of behavior taught to employees by the culture become critical in ensuring that each front-line employee does what the organization wants done in unanticipated situations.

One way the Olive Garden restaurant teaches new employees its cultural values is through telling stories. In the early days, newly hired employees learned about the Olive Garden culture through a story about a customer named Larry. After having a dinner at an Olive Garden Restaurant, Larry wrote the company president complimenting the food but complaining about the chairs. Olive Garden uses armchairs, but Larry was a rather large person and he felt somewhat cramped by the confining arms of the chairs. In response, the president of the Olive Garden made sure that each restaurant had at least two chairs that had no arms. Hostesses were instructed to discreetly substitute these "Larry chairs" for the normal chairs whenever a person of extra girth came into the restaurant. The Larry chair story conveyed to new employees the importance

of customer service as a cultural value. It illustrated how far the company and its employees should be willing to go to respond to and meet a customer's needs.

Culture can be taught or conveyed in a number of interrelated ways. It can be inculcated via formal training programs, modeled by managers and other employees, and shaped by the organizational reward system.¹⁶

Formal Programs

Training new employees in the organization's cultural values is an important strategy for most benchmark service providers. Disney's innovative Traditions program, for example, is required for all new employees at all levels. The program teaches them the company's history, achievements, quality standards, and philosophy. It also details the new cast member's responsibility in creating the Disney "show." It becomes the first exposure for the new employee to the culture that unites all Disney cast members together in a common bond. They are taught the four parts of the Disney mission—in order of importance: safety, courtesy, show, and efficiency—which they learn should drive their behavior with customers at all times. Above all, and regardless of their job assignments, cast members learn that their mission is *creating happiness in guests*. A supervisor "mentor" then teaches the new employee the necessary job skills. The Traditions program leaves no question in anyone's mind as to the core values and beliefs of the Disney organization.

Modeling the Culture

The culture can be modeled and taught by managers and other employees. One way that this is done is by developing language, stories, and legends that are shared by all those inside the culture.¹⁷ Each organization develops a special language of its own that is an important vehicle for communicating the organization's culture and affirming identity within the organization. Managers of benchmark organizations also use stories, heroes, and legends to help teach the culture, to communicate the values and behaviors that they expect their employees to display in their job performance, and to serve as guides to behavior when employees face new situations. Stories about organizational heroes, for example, are easier to remember and more enduring than someone's lecture on the ten points of excellent service in a formal training class.

Culture and the Reward System

Benchmark service organizations make sure the reward systems are in place to reinforce positive behaviors. An important component in some organizations' formal performance reviews is how well managers and their units meet customer expectations. Many organizations post thank-you letters from customers on the wall and talk about them in managerial meetings, and they also give appropriate awards to the employees mentioned. Some organizations have point systems whereby an employee accumulates points, redeemable for prizes or money, for each favorable mention gained in a letter or on a customer

comment card. Other organizations provide celebratory events for their employees if they reach customer-approval rating goals. Often, the entire group or team gets the reward, which further promotes a culture of teamwork.

On the other hand, behaviors damaging to the culture should be strongly discouraged. Managers of benchmark organizations know that if they let even one employee get away with poor customer service, they send a message to all employees that consistent, high-quality service really doesn't matter. A story about Bill Marriott, Sr., tells how he happened to be in one of the Hot Shoppes restaurants, owned at that time by Marriott, and overheard a waitress speak rudely to a customer. Marriott immediately went up and identified himself to the waitress and the customer, fired the waitress on the spot, and apologized to the customer. Whether the story is actually true or not matters less than its effect; once the story circulated among other employees, everybody had a clearer understanding of what was going to be rewarded in the Marriott organization and what was going to be punished.

Giving Meaning and Value to Work through Culture

A strong culture also gives meaning to employee jobs. All employees want to feel important and that their work contributes to something greater than what they can do by themselves.¹⁸ Disney employees learn that their mission is to create happiness. Disney ads, the community programs they sponsor, and the organization's training and reward systems all teach and reinforce this value. Cast members understand that providing happiness and joy can be an uplifting experience. No longer is their job merely to sell popcorn, load rides, or sweep streets; rather, it is to be part of a noble activity that brings much needed happiness every day to hundreds of people from all over the world.

The lesson for other industries is simple; use culture to fill in the gaps between what you can anticipate and train your employees to deal with and what you can't. The stronger the service culture, the better off the organization will be as its employees face the uncertainties created by changing customer expectations in a changing marketplace. Carefully defining, modeling, and teaching the organizational culture to employees not only encourages them to do the right thing for customers, but also adds meaning and value to their work life.

Lesson 7: Avoid Failing Your Customers Twice

One area that clearly distinguishes benchmark service organizations is their emphasis on the cost of failure and recognition of the importance of repeat customers to organizational success. If a hotel disappoints a family, they will not return and, perhaps worse, are likely to tell their friends about their unhappy experience. For a branded hotel like Marriott, retelling of the one bad experience will jeopardize all other hotels wearing the same brand. The customer

who remembers a bad room at the Marriott in Phoenix may well avoid a Marriott in Chicago and may recommend that acquaintances do the same.

Disney, Marriott, and Southwest Airlines have spent considerable effort discovering the price they pay when a customer leaves unhappy. They do whatever they can to make sure that each customer's expectations are met or exceeded. They survey their customers constantly, use mystery shoppers to evaluate the quality of the customer experience, and train their employees to solicit both verbal and nonverbal feedback regarding customer satisfaction levels and assessment of quality. These organizations know that a happy customer typically tells five or six other potential customers about a happy experience, and an unhappy customer tells ten to fifteen others.¹⁹ They also know that with the proliferation of consumer web sites, truly unhappy customers can and will share their unhappiness with countless potential customers all over the world. Organizations must work hard to identify problems and find satisfactory solutions for them quickly.

The idea of not failing twice is a vital belief of the benchmark organizations. They know that failures are going to happen because people and systems are imperfect and the expectations of guests are infinitely variable. However, not fixing the failure or not fixing it well is the second, and far more damaging, failure. Customers may accept failures, but most people will not forgive organizations that can't or won't fix them.

This lesson has become increasingly important in all industries. As industrial organizations become more aware of the costs of a dissatisfied customer who never comes back to repurchase a new car, tire, refrigerator, or computer, they are spending more time and energy surveying their customers and learning about their dissatisfactions. The impact that a disgruntled customer can have on a manufacturing organization like General Motors is every bit as great as it is for organizations such as Marriott, Gallery Furniture, or Disney. Just one angry customer's switch from Cadillac to Mercedes could cost GM hundreds of thousands of dollars over that person's lifetime. Furthermore, failing the customer once by producing a faulty product is a serious enough concern, but not fixing the problem can jeopardize the reputation of the company's entire product line.

Lesson 8: Empower Customers to Co-produce Their Own Experiences

Benchmark organizations do what they can to empower the customer to participate in the customer experience other than simply "being there." These organizations know that customer involvement leads to a number of positive organizational benefits. First, whatever customers do for themselves, the organization doesn't have to do for them. This outcome can have a cost and convenience benefit to customers as well. Second, the organization knows that the more customers are involved in producing their own service experience, the

greater is the likelihood that the experience will meet each customer's own expectations. If the experience does not, the customer bears part of the responsibility. It's hard to find fault with a salad you've made for yourself at a self-service salad bar. Third, the organization can gain loyalty from participating customers who think of themselves as part of the organization's "family." Southwest Airlines, for example, invites its frequent flyers to help interview new flight attendants. This involvement not only brings customer expertise to the selection process, but also sends a strong message to the customers participating—you are so important to us that we want you to help us pick the people you think can best serve your needs.

Perhaps the most important way in which customers can participate is as *active co-producers of the customer experience itself*. The value of customer co-production can be substantial for the organization. Every time customers serve themselves or help produce their own experiences, they are replacing labor that the organization would otherwise have to pay to do the same thing while often improving the quality of their own experiences. For example, some computer manufacturers get customers to participate in the entire purchase and consumption experience by involving them in the configuration of their own machines. If the customer helps co-produce any or all parts of the entire experience, the company will benefit and the customer will too.²⁰

The services industry has learned a second aspect of co-production. If you invite customers to participate in producing their own experience, then you had better view them as "quasi-employees."²¹ In other words, services managers know that they have to articulate and develop the skills, knowledge, and competency requirements for the job of "customer" in a way similar to what they do for their own full-time employees. If you want your customers to find their own merchandise in a store, download your product specification data from your web site, or do their own banking transactions and stock trading online, then you must carefully identify the required knowledge, skills, and abilities and "train" the customers accordingly. Once a customer is invited to participate, then the organization needs to make every effort to ensure that the customer is willing, able, and motivated to participate successfully.

Lesson 9: Get Managers to Lead from the Front, Not from the Top

One of the more important lessons learned by the benchmark service organizations is the value of visible leaders. They know they are always on stage for organization members and customers alike. Herb Kelleher of Southwest Airlines has been a premier example of quite literally walking the walk through airports, planes, and service areas to show employees his concern for the quality of each customer's experience. Similarly, all Southwest managers are expected to spend time in customer-contact areas, both observing and working in customer-service jobs. These actions send a strong message to all employees that everyone

is responsible for maintaining the high quality of the Southwest experience. This same modeling behavior can be seen in the many hotel managers who visibly and consistently stop to pick up small scraps of paper and debris on the floors as they walk through their properties. Employees see and emulate this care and attention to detail.

Bill Marriott, Jr., provides a good example of how a leader leads from the front. He is a constant teacher, preacher, and reinforcer of the Marriott values of customer service. He stays visible. He flies more than 200,000 miles every year to visit his many operations and to carry the Marriott message visibly and personally to as many people as he can. He stops by hotels unannounced and chats with everyone he sees. He shows up in the Marriott kitchens at daybreak to make sure the pancakes are being cooked properly. His intense interest in Marriott employees and in the details of hotel operations is well known throughout the organization, and he personally exemplifies the Marriott commitment to service quality.

Because they realize that losing a hard-earned reputation for service excellence is so easy, top managers are constant preachers and teachers of intense commitment to customer service. All eyes in the organization are on them, and they are the role models for what excellence really means. Too often in traditional hierarchical organizations, the people who make the product never see the “upstairs” managers. They can’t feel the passion of their leaders, understand their commitment to quality, or see their dreams for excellence because they are not visible. Disney has a tradition of having its managers work periodically in the parks to remind them of the value of the customer to everyone’s livelihood. Their presence also shows the employees who work on the front line how important their jobs are—so important that the managers will give up considerable time to perform the tactical basics of the business. Their presence sends a powerful message about what it means to lead from the front.

Lesson 10: Treat All Customers as if They Were Guests

The final and key lesson to be learned is to *treat each customer like a guest*. Train employees to think of the people in front of them as their guests, whom they are hosting on behalf of the organization. Outstanding companies such as Disney insist on everyone using the term *guest* instead of *customer* for their millions of visitors. Looking at a customer as a guest changes everything the organization and its employees do. Creating a hospitable experience instead of merely selling a product or service is an important way to turn customers into loyal patrons or repeat guests.²² It is cheaper to retain loyal customers than it is to recruit new ones, and repeat business is the key to long-term profitability. Although treating customers as guests is a simple-sounding lesson, it represents a major challenge that organizations have to master in order to compete successfully in an increasingly customer-driven marketplace.

Summary

What is so new and innovative about these ten principles? Isn't this just common sense? Doesn't everyone already do these things? Unfortunately, the answer is no. Data from the University of Michigan's survey of customer satisfaction show that service is bad and getting worse. In other words, the apparent common sense underlying these lessons isn't common after all. While the principles may seem simple, they are hard to follow on a consistent basis by everyone throughout the organization. Providing an excellent service experience is a tough job and deserves the full attention of all employees, from top management to the guest-contact worker. The benchmark service organizations have one overarching lesson to teach us: a total organization-wide commitment to customer service and satisfaction can lead to success in any field of business.

Notes

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