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Strategy & Planning

Better Service as a Differentiator

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By Mark Gibson

Ask a community banker why clients choose his or her bank, and the answer inevitably points to superior personal service. This is understandable, given that national banks often claim the honor of best technology or greatest convenience.

But do community banks really outperform in the service category? If not, how can they get there?

The short answer is, “not always.” Delivering an exceptional experience consistently is really hard. And smaller organizations are just as likely to get it wrong as large ones. In fact, according to J.D. Power & Associates, large banks have been improving their customer satisfaction scores much more rapidly than their smaller competitors over the past several years.

Why is this happening? One reason is that large organizations are three times more likely than community banks to be intentionally managing the client experience.

They’re increasingly recognizing that delivering “exceptional service” helps an organization make more money—and not doing it costs an organization real money. Several factors are at play:

- **Word of mouth** – Both happy and unhappy customers tell their friends and associates about the service they've received.
- **Stock performance** – The stock of customer experience leaders has far outperformed that of customer experience laggards.
- **Brand impact** – Alleviating the stress consumers feel while managing money creates a powerful emotion around your brand.

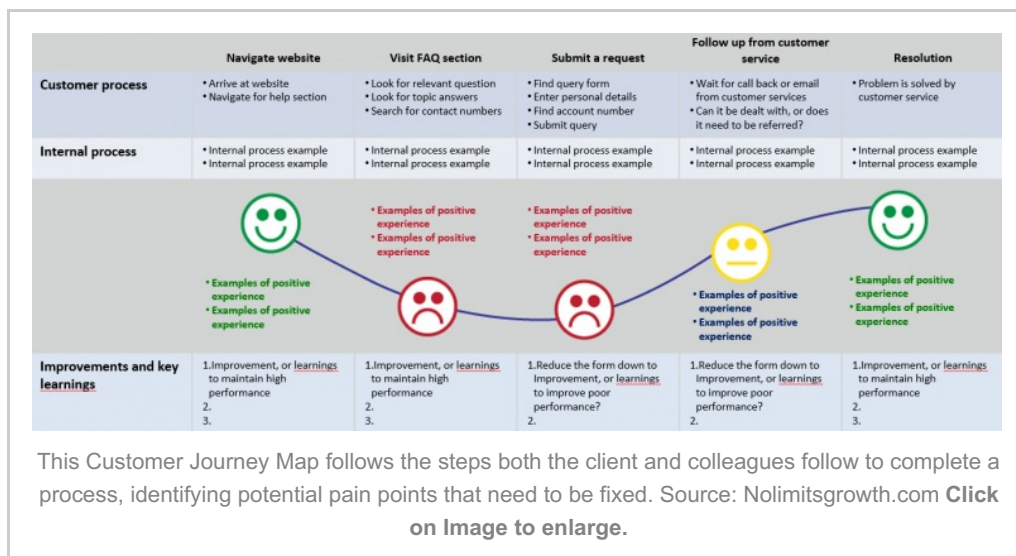
What can a community bank do to consistently deliver exceptional service—and own the position of best service in the market?

Here are five essential elements of providing exceptional service.

1. Process Design – Exceptional service is no accident.

Anyone who has attended Disney's Approach to Quality Service, Zappos School of WOW, or Ritz-Carlton's Memorable Customer Service Courses knows that consistently delivering exceptional customer service takes as much planning and discipline as designing a jet airliner.

Service organizations need to spend time and resources to design processes that create a simple, intuitive, and effortless experience. This design process must identify and eliminate pain points before they happen. And if you can't eliminate them immediately, at least proactively communicate them to customers so you don't disappoint them, according to John Goodman, vice chairman of Customer Care Measurement and Consulting.

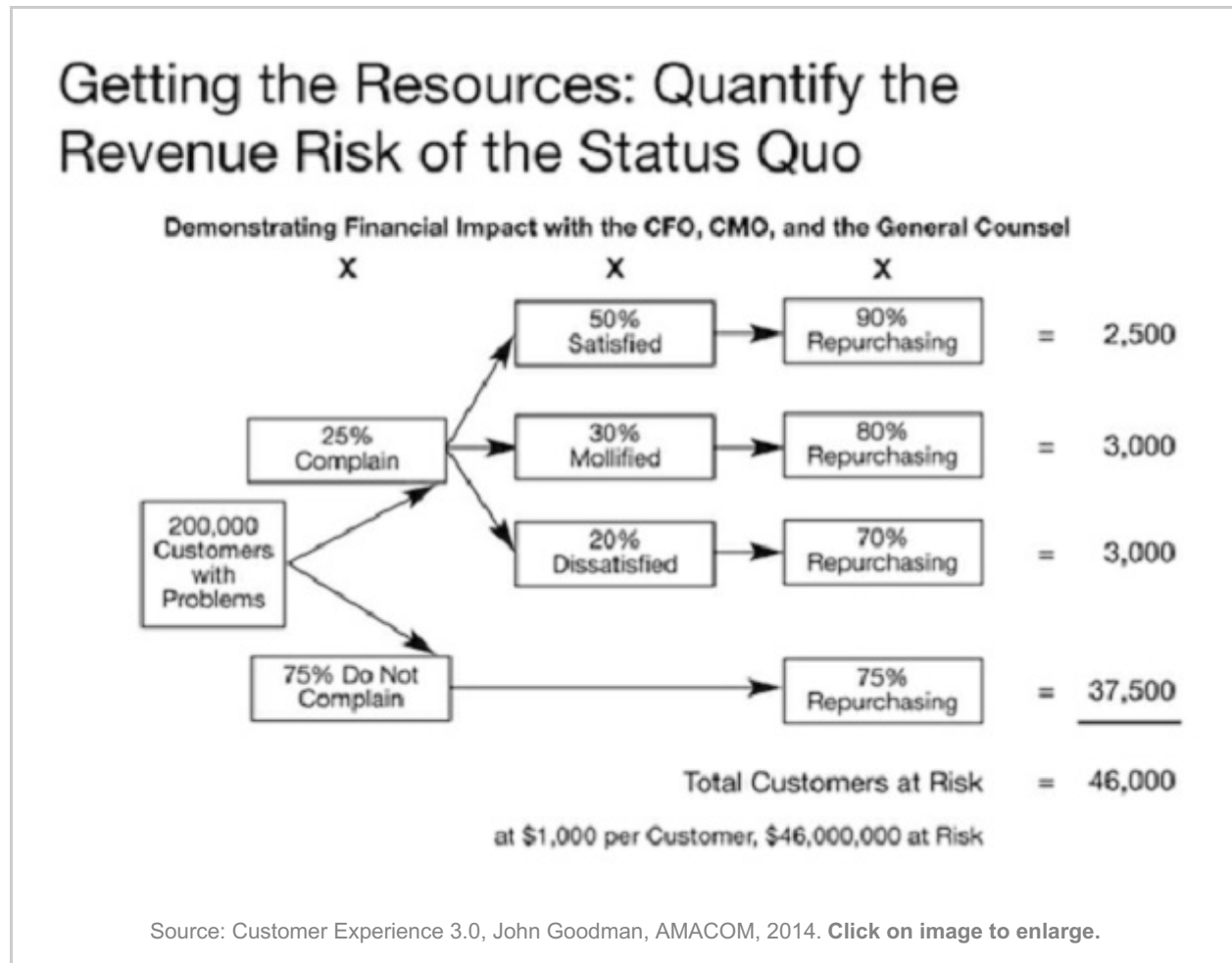


A great starting point is to focus on the processes that are important to your clients *and* that provide an opportunity for improvement. This will vary by institution, but some possible areas could be:

- The new deposit account opening process (both branch and online based)
- The mortgage application process

- The Reg E dispute process

It may also pay to demonstrate to your organization the value of improving—or more accurately, *the cost of doing nothing*.



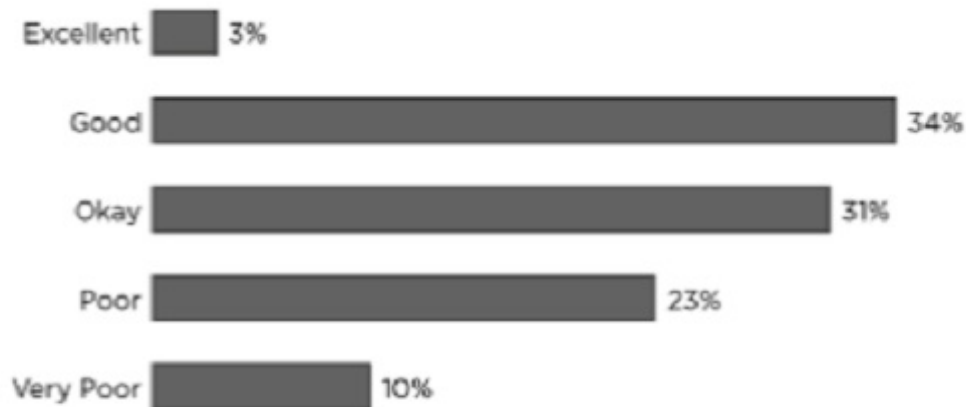
2. Human Delivery – People really do matter.

According to Nigel Hollis, chief global analyst at Millward Brown, human delivery is the heart of the brand experience for service businesses. “A company culture built around the brand’s purpose will help ensure consistent high-quality service delivery,” Hollis reminds us. “By effectively handling the human elements of the business, a service brand can set itself apart as something truly special.”

But this is much easier said than done. It takes two ingredients that most companies get wrong.

First, front line employees need to be empowered and have the information and tools to fully handle a problem. In his book Customer Experience 3.0, Goodman suggests that these same employees be trained and encouraged to educate customers on how to get full value from the product.

Figure 2-1: Distribution of Customer Experience Index Scores, 2012



Base: 160 large North American brands scored in Forrester's Customer Experience Index, 2012, (percentages may not total 100 because of rounding)

Source: Forrester's North American Technographics Customer Experience Online Survey, Q4 2011 (US)

This chart, as published in Outside In: [The Power of Putting Customers at the Center of Your Business](#), by Kerry Bodine and Harley Manning, illustrates that delivering "excellent" service is really difficult, when defined from the client's perspective. (This sample is of large companies, which illustrates the potential differentiation opportunity for smaller organizations). Click on image to enlarge. Second—and even more difficult—an organization needs to have a culture that, at its core, is based on helping people. And this needs to permeate every decision made, every process created, and every system installed. It also needs to be embraced and visibly displayed by every colleague at every level of the organization, particularly at the top. Click on image to enlarge.

The most successful service organizations share an understanding that customers are the reason they exist, and that serving them to the best of their ability is their top priority. These organizations also realize that, in order to do that, they need to hire people who are passionate about serving other people, and create the best possible work environment. To attract them and keep them, it takes much more than mere financial rewards. Exceptional people want to believe that what they do matters and makes a difference. Great service organizations often have a mission around improving peoples' lives. And they can show each employee a direct line of sight to how their work actually does that.

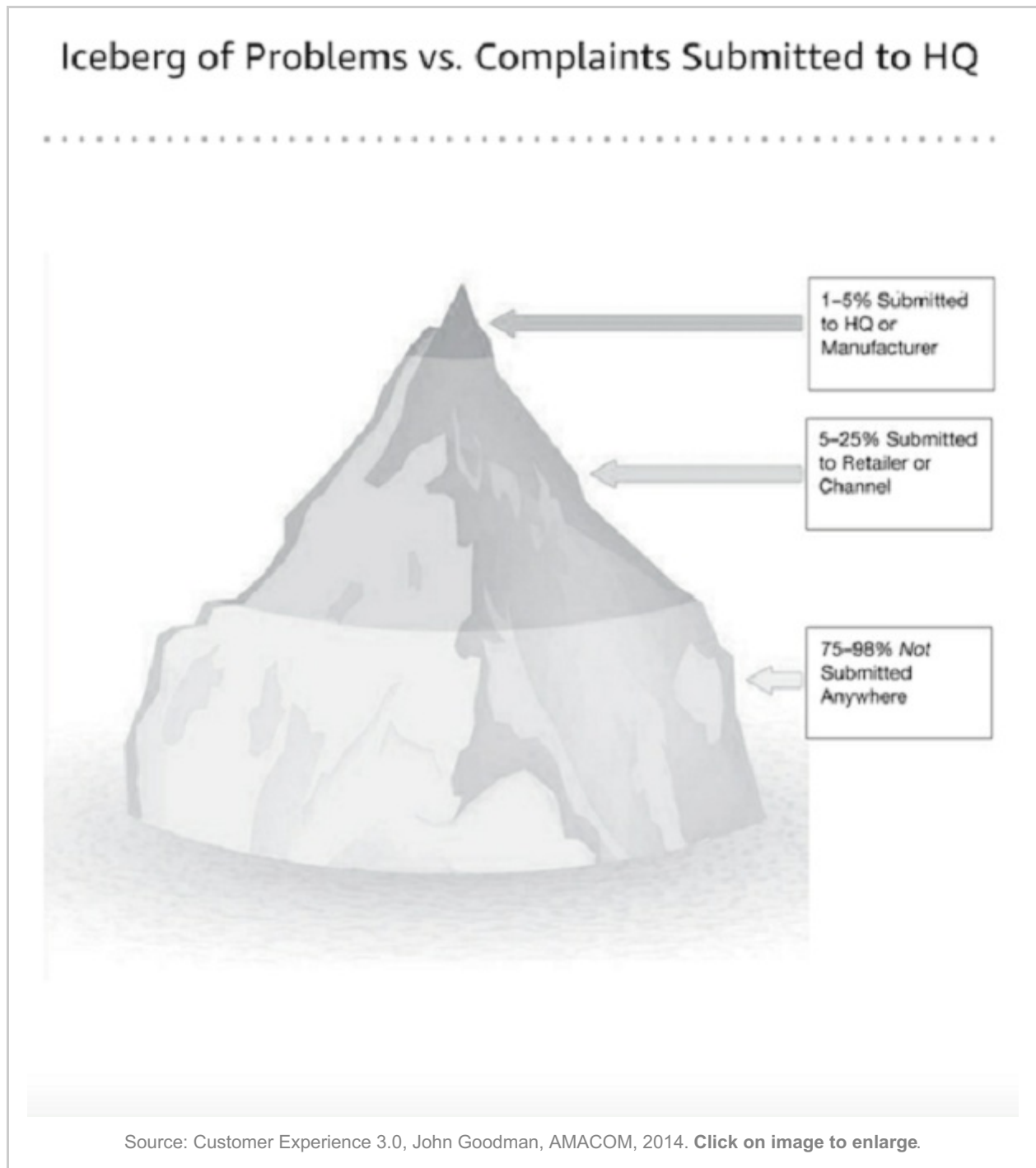
3. Voice of The Customer – Listen and learn.

The third secret ingredient of great service providers sounds overly simple—they listen to their customers. What organization doesn't effectively listen to its customers, you ask? Most of them. They may do research and focus groups. They probably gather and categorize complaints. They may even field customer satisfaction or "net promoter" surveys after each service encounter.

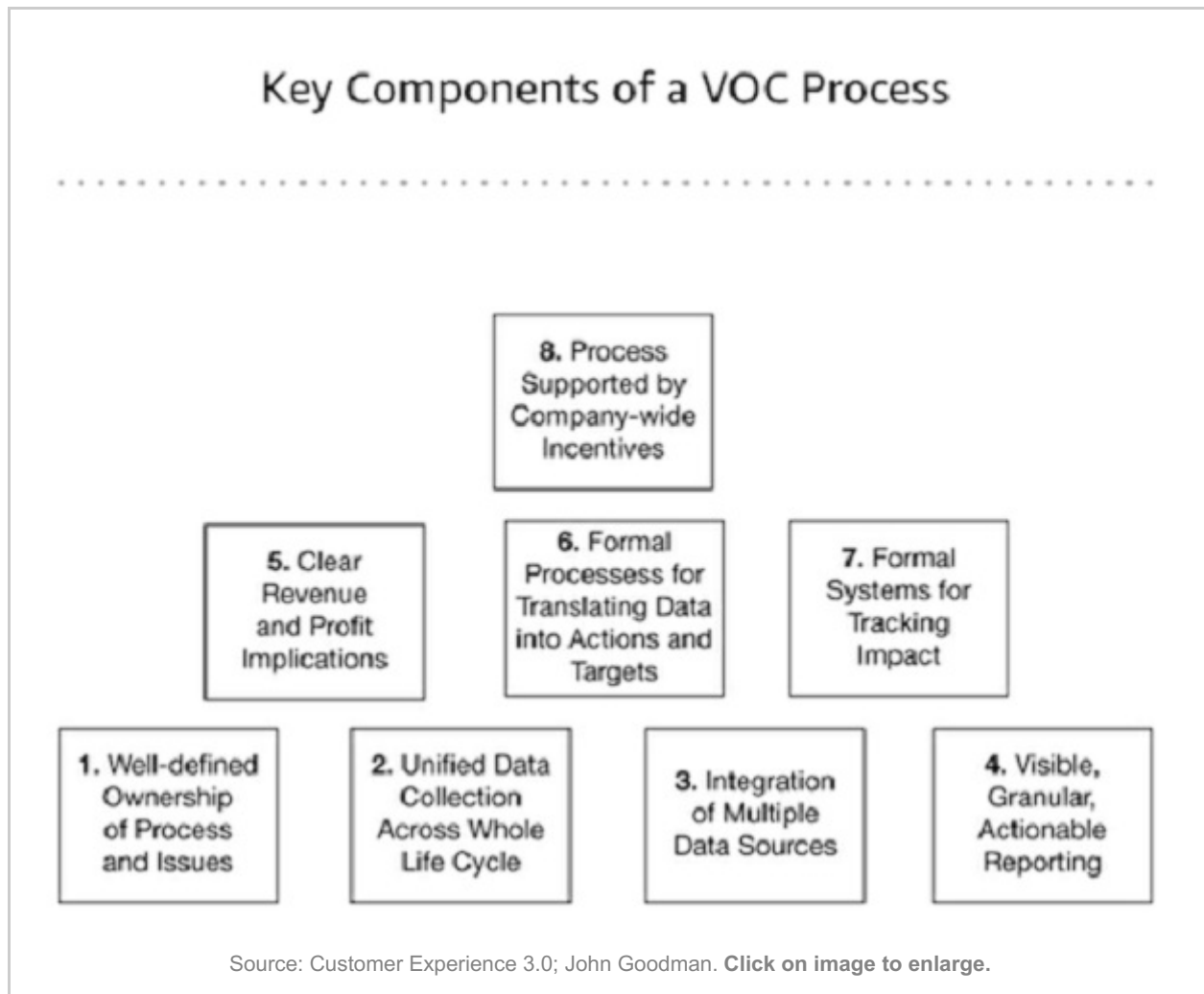
But where does all that information go? How does it instruct and inform major decisions? And how does the organization learn and improve based on all this rich customer insight?

The first step in getting this right is counter-intuitive. You need to *encourage* your customers to complain!

That's right. You can't improve service if you don't know what you're doing wrong. And believe me, every organization is doing plenty wrong. Experts say that less than 15-20% of service problems get reported. It's the proverbial "tip of the iceberg." Think about all the ways you can encourage your customers to provide feedback, and make it easy for them to do so.



Second, build a “Voice of The Customer” process that collects information from all over the organization across the full customer experience. Make sure this process integrates the information into a single picture of the customer experience, focusing on areas you know are the most important to them. And make sure executive management is leading the way. Goodman’s book has plenty of advice for any organization that wants to improve its VOC process.



4. Effective Measurement – Shine the light.

As we all know, “what gets measured gets done.” So if you are going to stake your brand on exceptional service, everyone in the organization needs to know:

- What exactly that means
- How their efforts contribute to it
- How the organization is performing

That boils down to having a few key metrics that relate directly to what is most important to your clients. One popular metric is the net promoter score, which indicates the ratio of very

happy clients to unhappy ones. There may be other metrics your colleagues can better understand and relate to. Examples might include the percentage of clients who are willing to refer, the percentage of clients giving the bank 5 out of 5 after a service encounter, etc.

These metrics not only need to be captured—they need to be widely and frequently communicated to colleagues, and celebrated publically by senior management.

5. Activation – Making things happen.

Finally, it's not enough to measure and celebrate. Exceptional service is all about continuous improvement. You never “arrive” at the destination of exceptional service— it's all about the journey.

The reason you are listening to your clients and reporting on your findings is to identify and prioritize areas of improvement, *from your clients' perspective*.

This involves a regular meeting of the senior-level team to review improvement opportunities, prioritize them, and monitor the status of implementation. And then again—communicating the progress to all colleagues.

Getting real about service.

Community bankers are right in believing that they can differentiate through exceptional service. But it takes much more than wish management. A great place to start is to establish a client listening process, tackle one or two processes clients are telling you could be improved, measure your success, and celebrate it with your colleagues and clients. And remember, once your clients tell you how happy they are, be sure to ask them who else might like to experience this level of service.

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Tags: **Customer service**