

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



May 4, 2001

CSSIN LETTER NO. 01-14

TO: ALL IV-D DIRECTORS
 ALL DISTRICT ATTORNEYS
 ALL COUNTY ADMINISTRATIVE OFFICERS
 ALL BOARD OF SUPERVISORS

Reason for this Transmittal

- State Law or Regulation Change
 Federal Law or Regulation Change
 Court Order or Settlement Change
 Clarification requested by One or More Counties
 Initiated by DCSS

SUBJECT: CUSTOMER SERVICE PLANS INNOVATIONS

The Department of Child Support Services (DCSS) is pleased to share with you a sample of innovative ideas identified through our recent review of local child support agency (LCSA) customer service plans. DCSS will monitor these innovations through the LCSA progress quarterly reports and will consider those that significantly improve customer service for statewide implementation. It is clear that counties are working hard to find new and creative ways to improve customer service. We hope this report will stimulate further ideas for improving customer service in California's child support program.

Also enclosed is the federal Office of Child Support Enforcement report entitled, "Delivering Effective Customer Service," which also provides useful information for your consideration.

Please contact Francine Woods, Chief of the Customer and Community Services Branch, at (916) 464-5337 or by email at francine.woods@dcss.ca.gov if you have any questions or would like more information.

Sincerely,

FRANCINE WOODS, Chief
 Customer & Community Services Branch

Enclosures



DO YOUR PART TO HELP CALIFORNIA SAVE ENERGY
 For energy saving tips, visit the DCSS website at
www.childsup.cahwnet.gov

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

<u>County Name</u>	<u>Innovative Ideas</u>
Alameda	<ul style="list-style-type: none"> • Established NCP Assessment Services Unit to promote responsible parenthood by providing referrals to low-income non-custodial parents for work enhancement, education and parental development programs. • Self-directed work teams.
Alpine	<ul style="list-style-type: none"> • Taking outreach to the people in the Indian and ski communities. • Development of capability to access files via laptop computers from remote sites.
Amador	<ul style="list-style-type: none"> • Taking outreach to local prison and California Youth Authority. • Employer workshops. • Open House for CP and NCPs. • One evening a month, open until 7 p.m. • NCP training.
Calaveras	<ul style="list-style-type: none"> • Work shops for employers. • CP/NCP open house.
Contra Costa	<ul style="list-style-type: none"> • Outdoor payment drop box so customer does not have to leave car. • Drive through window. • Electronic Fund Transfer option for payments. • Install TDD.
Del Norte	<ul style="list-style-type: none"> • Public Service Unit and online manual that can be accessed easily to help answer questions posed by clients. • Employment referral.
El Dorado	<ul style="list-style-type: none"> • 800# for employers. • New Voice Response Unit. • Outdoor advertising on buses and at bus stops. • Conversational Spanish classes for interested employees.

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

<u>County Name</u>	<u>Innovative Ideas</u>
Fresno	<ul style="list-style-type: none"> • Co-located family support assistants at Human Services Kings Canyon Facility to provide services to applicants and recipients of public assistance. • Extended hours. • Interactive voice response. • Document imaging for multiple access to documents. • NCP services.
Humboldt	<ul style="list-style-type: none"> • Jr. & Sr. High School outreach. • Halloween bags and fingerprint cards w/child support messages. • Quarterly meetings with employers. • Quarterly newsletter. • Open late one night a week and open Saturdays. • General information package for new cases. • Public training program. • Referral service program.
Inyo	<ul style="list-style-type: none"> • Joint plan with Mono. • TV/VCR for presentations. • School presentations. • Attend court sessions to provide assistance to NCP who are ordered to participate in job search. • Outreach efforts to tribal community. • Developing information in Spanish. • Extended hours.
Kern	<ul style="list-style-type: none"> • Implement 800# and upgrade Voice Response Unit. • Training with AT&T College of Call Center Excellence & Dr. Chuck Wall - author of "Random Acts of Kindness". • Employment search and training.
Kings	<ul style="list-style-type: none"> • "HERO" program - Help Ensure Respondents Obligations: Job Training Officer present at court for contempt cases. • Assessment of local child support service program needs.

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

<u>County Name</u>	<u>Innovative Ideas</u>
Los Angeles	<ul style="list-style-type: none"> • On-call language translation services. • Expanding teen pregnancy prevention program to middle schools. • Pilot program to provide services to a community based fatherhood organizations. • Co-locate 3 Ombudspersons in the Central Civil West Courthouse Branch.
Madera	<ul style="list-style-type: none"> • Court room children's waiting area with paging system, TV/VCR, movies, refrigerator, toys, play pens, and changing table.
Marin	<ul style="list-style-type: none"> • Establish a Customer Service Unit with an 800#. • Electronic Fund Transfer. • Quarterly presentations for NCPs. • Messages on monthly bills alerting obligors of upcoming events or programs of interest. • Annual Father's Day picnic.
Mendocino	<ul style="list-style-type: none"> • Public service announcements. • NCP program to assist NCPs to become more responsible.
Merced	<ul style="list-style-type: none"> • Extended hours to 8-5, including lunch. • Revamp lobby - more inviting. • Budgeting workshops for NCPs. • Most frequently asked questions flyer. • Desktop flip charts for easy access to info for staff in Customer Care Unit. • Luncheon meeting w/employers to show appreciation/answer questions. • Appreciation card to NCPs when accounts have been paid in full. • Wall of fame for NCP successes. • Customer service message on checks.
Modoc	<ul style="list-style-type: none"> • Combined plan with Siskiyou.

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

<u>County Name</u>	<u>Innovative Ideas</u>
Monterey	<ul style="list-style-type: none">• Father's Day and Mother's Day cards sent out to NCPs thanking them for providing support to their children.• Revamp waiting area with small play center.• Quarterly workshops for CP/NCP.• Employer and credit reporting forums.• Public access TV.• Extended hours to 7 a.m. to 6 p.m. and Saturdays.
Napa	<ul style="list-style-type: none">• Court Assistant.
Nevada	<ul style="list-style-type: none">• Joint plan with Sierra.• 800# for people out of the area.• Computer terminal in lobby with educational information.• Informational forums with CP/NCP.• Dedicated work efforts court - work with family law commissioner and Golden Sierra Job Training Agency to assist unemployed obligors to seek and obtain employment.
Orange	<ul style="list-style-type: none">• Customer service kiosks.• Monitor and VCR for lobby.
Placer	<ul style="list-style-type: none">• Lobby improvements.• Customer friendly environment and staff education.
Plumas	<ul style="list-style-type: none">• Contest to promote program.
Riverside	<ul style="list-style-type: none">• 800# for all customers.• House phone in lobby with direct link to current payment line.• Drop box at offices and family law court.• Additional receptionist windows for customers dropping off documents to include copy machine to make copies for customers.
Sacramento	<ul style="list-style-type: none">• NCP information class.• Information exchange workshops for all stakeholders.• Internet access for case information, frequently asked questions, and links.

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

<u>County Name</u>	<u>Innovative Ideas</u>
San Benito	<ul style="list-style-type: none"> • Mother/Father's Night Out - Q&A session for CP/NCP. • Community Handshake - Informational workshops and thank you to employers. • Rapid Response Unit. Staff by Ombudsperson who can directly communicate with customers and provide detailed answers to questions.
San Bernardino	<ul style="list-style-type: none"> • Phone team. • Financial team.
San Diego	<ul style="list-style-type: none"> • Outbound and predictive dialing. • E-mail and website for employers.
San Francisco	<ul style="list-style-type: none"> • Establish a best practice method of feedback using phone calls, letters, surveys and home visits as tools to resolve root causes of dissatisfaction. • Take child support information to junior high and grammar schools. • Work with community and faith based organizations to help spread messages about family values. • Volunteering at various community events. • 800# and Voice Response Unit.
San Joaquin	<ul style="list-style-type: none"> • Customer Service and Diversity training. • Voice Response Unit. • NCP education programs. • Designated Spanish speaking caseloads. • Distribution of staff telephone directories. • Teen educational program, "Keep Your Freedom, Keep Your Dreams".
San Luis Obispo	<ul style="list-style-type: none"> • Telephone interviews after hours for working parents.
San Mateo	<ul style="list-style-type: none"> • Install an automated calling for pay and court reminders. • Staff monetary incentive if customer service surveys are good. • Offer credit card payments. • Predictive dialing.

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

County Name

Innovative Ideas

Santa Barbara

- Early Intervention Program. Program consists of group and individual meetings with non-custodial and custodial parents with new cases, to ensure their understanding of the child support program.
- Upgrade lobbies and interview rooms.
- Extend hours to 7 a.m. – 5 p.m., one Saturday and one evening each month.

Santa Clara

- Teen Parent Program. Teen parents are hired part-time to speak at schools about being a teen parent.
- Attorney Training program. Hire a training attorney to train new attorneys that will replace attorneys that decide to stay with the DA's office.
- ATM machine at the court house for quick access to funds for those clients held in contempt of court or who have to pay other fines.
- Family court mediation.
- Fatherhood conference.
- Public service announcement panel and monitor in lobby.
- Awards to employees for excellent customer service.
- Telephone conferencing for outside customers.

Santa Cruz

- Extend hours to include lunch, Saturdays, and one evening each week.
- Interactive website.

Shasta

- Remove glass from customer interview booths and install panic buttons.

Solano

- 800# and website and 800# for out of state customers.
- Customer service team.

Sonoma

- Customer newsletter.
- Alternative work schedules for greater accessibility.

Stanislaus

- Implement call center.

CUSTOMER SERVICE PLAN INITIATIVES INNOVATIVE IDEAS BY COUNTY

<u>County Name</u>	<u>Innovative Ideas</u>
Sutter	<ul style="list-style-type: none">• Upgrade lobby.• Classes at facilitators office.• 800# and website.
Tehama	<ul style="list-style-type: none">• Attend community functions such as the Children's Fair and County Fair.• Presentation at private and public schools.
Trinity	<ul style="list-style-type: none">• Customer service coordinator.
Tulare	<ul style="list-style-type: none">• Wall boards and phone center upgrades.• Upgrade public area.• Cultural sensitivity training.• Internet communication system.• Upgrade public areas.• Teen pregnancy prevention training.• Partnership with the Employment Connection to establish one-stop center to provide comprehensive workforce development system resources and social services.
Tuolumne	<ul style="list-style-type: none">• Creation of a specialized unit for expediting modifications of court orders.
Ventura	<ul style="list-style-type: none">• Hiring technical accounting staff.
Yuba	<ul style="list-style-type: none">• Increased hours to 7 a.m. to 7 p.m. and Saturdays 9 a.m. to 1 p.m.• Voice Response Unit.

Office of Child Support Enforcement

Delivering Effective Customer Service Literature Review

Robert Horowitz
Assistant Director
ABA Center on Children and the Law
202-662-1742 (phone)
202-662-1755 (fax)
rhorowitz@staff.abanet.org

Tammy Rinehart
Project Manager
Circle Solutions, Inc.
703-902-1266 (phone)
703-821-2098 (fax)
trinehart@circsol.com

November 27, 2000

This report was prepared for the Office of Child Support Enforcement, Administration for Children and Families, and the Office of the Assistant Secretary for Planning and Evaluation of the U.S. Department of Health and Human Services, Washington, DC, under Contract No. 105-00-8301, Task Order No.11, with the American Bar Association Center on Children and the Law and Circle Solutions, Inc. The findings and conclusions in this report are those of the authors and do not necessarily represent the official positions or policies of the Department of Health and Human Services or its agencies.

Executive Summary

The review of public- and private-sector customer service literature revealed that no specific tactic, technology, or mission statement is the key to effective customer service delivery. In fact, what is clear is that effective customer service delivery is organization-specific, since services are designed around the targeted customers' desires and the frontline employees delivering them. The components of the process for producing effective customer service delivery include appropriately identifying and targeting the ideal customer, establishing a customer-focused vision that is consistent with the prioritized desires of

the target customers, establishing the operational procedures and internal infrastructure that support customer service, continuously measuring customer and employee satisfaction, embracing change, and striving persistently to improve. The customer service literature clearly demonstrates that both profit-seeking and public agencies that implement effective customer service strategies realize financial benefits, either through increased profits or through reduced costs associated with long-term, informed customers; customer referrals; employee retention; improved information exchange; and streamlined service delivery. Child support enforcement, in this case, is like any other business. In order to implement effective customer service strategies and reap the benefits of good customer service, OCSE agencies will need to implement the process of developing effective customer service.

In the 1990s, IBM conducted global research to determine "What will keep CEOs and senior management awake at night as we begin the twenty-first century?" The study found that regardless of the industry or geographic location, the most common response was a desire to generate a more customer-oriented culture or business vision (Thompson, 2000, p xi). As technology improves and the difference between the value of the company's product or the competitor's product and convenience of accessing competitors' products is reduced, companies are seeking a different kind of competitive edge. That competitive edge is effective customer service delivery. The purpose of this report is to outline the private and public sector approaches to effective customer service delivery, as well as report on the costs and benefits associated with it for the Office of Child Support Enforcement (OCSE). At the conclusion of the ongoing OCSE customer service project, this report will be one component of a comprehensive report that identifies customer service strategies and concepts as they may be applied to the child support arena and the potential costs and benefits of transferring them.

What is customer service?

Customer service is not merely customer relations, nor how nice frontline workers are to customers. Rather, satisfying or even delighting customers is the goal of excellent customer service.

Why should a company or agency provide good customer service?

*It saves money and increases profit...*In the private sector, good customer service leads to satisfied or delighted customers, which generates customer loyalty, which produces increased revenues and reduces costs. For example, during the early 1990s, IBM transformed itself into a customer-driven organization. From 1994-1999, customer satisfaction increased by 5.5 percent, revenue increased from \$63 billion to over \$80 billion, cost and expense savings equaled \$7 billion, and stock prices improved over 1,000 percent (Thompson, 2000, p192). Upon becoming CEO of Greater Southeast Hospital, a private, non-profit community hospital, Tom Chapman refocused customer service strategy to save the faltering hospital. Instead of trying to attract more clientele outside of the community or turning away the uninsured in the community it served, Chapman sought to provide better customer service-improving the quality of life and creating community-specific services. He treated people when it was cheapest-not in the emergency room, but rather when their problems were minor and by instituting preventative care. He opened a clinic in the high school to address minor health issues and provide health education resources to teach students about prevention. Additionally, Mr. Chapman improved coordination with the local health clinic and obtained the specific technology from which patients served by the hospital would benefit. Whereas the hospital spends only \$20,000-\$30,000 a year on a blood pressure program, a single stroke victim can cost \$30,000 to treat (Harvard Business Review, 1995, p 218).

*It improves trust and information exchange...*In the public sector, including child support enforcement

offices, good customer service also generates satisfied or delighted customers. Satisfied customers lead to increased compliance; improved information exchange; improved relationships; increased trust; and, potentially, decreased workloads or costs. For instance, police departments across the Nation have embraced the concept of community policing. Through community policing, police departments have incorporated a customer focus as well as a customer partnership to increase satisfaction and trust and even reduce community fear of crime. Customers actually participate in addressing crime and disorder problems, reducing the workload on patrol officers.

What is the cost of NOT providing good customer service?

The hard costs of NOT providing customer service are increased marketing costs, loss of profits, and increased investment in serving new customers. The bottom-line cost of poor or non-existent customer service may be business failure. Without good customer service, customers will not be loyal. For most companies, two-thirds of their customers are return customers (Barlow, 1996). In a competitive environment, loyal customers are valuable because they return and refer more customers. As such, a lack of loyal customers or the loss of a loyal customer carries a significant cost. The lifetime value of a loyal pizza eater may be \$8,000, while lifetime value of a Cadillac owner may be \$332,000. Studies have found that even a 5 percent increase in customer retention can raise profitability by 25-85 percent (Harvard Business Review, p 230). As such, a reduction in customer retention has a negative impact on profits. Companies such as L.L. Bean, Land's End, and USAA have built their whole accounting systems around the economics of customer retention (Reichheld).

Serving existing customers who already know how to access services is easier and less expensive than serving customers who are not familiar with the process to access services. This saves marketing expenses and generally requires less assistance from company personnel to access services. According to the Executive Vice President of Customers at Southwest Airlines, existing, loyal customers sometimes assist new customers in understanding how to utilize services, thereby even further reducing costs (Wiersema). The degree of satisfaction may also have financial value. A 1991 study by Xerox showed that customers responding with 5's, the highest score (very satisfied), on the customer satisfaction survey were 6 times more likely to repurchase Xerox equipment than those rating their satisfaction at 4, the next highest score (satisfied) (Harvard Business Review, p 232).

What are the concept(s) underlying developing effective customer service strategies?

The Service Profit Chain Model...

In general, private-sector customer service literature supports concepts that are encompassed in the Service Profit Chain model (Heskett, 1997). In fact, other than the lack of emphasis on profit as an outcome of effective customer service delivery, in the public sector literature, the same general conceptual framework is supported. It may be referred to as an outside-in strategy, rather than the traditional inside-out model of providing services (Thompson).

The Service Profit Chain model states that profit and growth are *outcomes*, not goals. Profit and growth are generated by customer loyalty. Loyalty is generated by customer satisfaction. Customer satisfaction is the *goal* that companies should seek and focus upon, because high customer satisfaction, as a matter of course, produces customer loyalty and subsequently profit and growth. Customer satisfaction is achieved by providing valued services and products, where value is the positive difference between customers' service delivery expectations and actual experiences. Productive employees also create value. Employee productivity stems from employee loyalty, and loyalty is a product of employee satisfaction. Satisfaction is generated by high quality support services (people, information, and technology) and being empowered to provide value and resolve customer complaints. The Service Profit Chain must be supported by leadership that emphasizes the importance of each customer and employee, by someone

who is creative and energetic (not lofty or conservative), participatory and caring (not removed or elitist), a coach, a teacher, a listener (not a supervisor or manager), demonstrates the company values (rather than simply institutionalizing policies), and by someone who motivates by mission (rather than by fear) (Heskett, 1997).

Some components of the Service Profit Chain model are cyclical. A 1991 study of property and casualty insurance companies found that employees who felt that they were meeting customer needs had twice the job satisfaction level of employees who did not believe they were meeting customer needs. Also, when a frontline service worker left the company, customer satisfaction levels dropped from 75 to 55 percent (Harvard Business Review, p239).

What guiding principles do companies that deliver effective customer service adopt?

In the customer service literature, the five guiding principles adopted by public as well as private agencies delivering excellent customer service include:

1. Embrace change and persistently strive to improve.
2. Continually ask the target customers what they want and then give it to them.
3. Empower, support, and reward frontline personnel.
4. Harness the power of information.
5. Establish an enabling infrastructure.

How does an organization develop and implement an effective customer service strategy?

Identify Who is the Target Customer?

- Begin by identifying the target customers, by considering the point of purchase, the point of service delivery or receipt, or the point of consumption.
- Cluster or segment target customers based on their common behaviors, knowing that targeting the wrong customers can have adverse effects on the organization.
- Determine the value of various clusters of customers (especially lifetime value), knowing the capabilities of the organization.
- Prioritize and narrowly focus on customers with high current or future value. This does not mean that other customers will not receive service, but it may mean that they receive a different level of service. Consider the frequent flier programs that airlines and hotels offer to their customers with high current and future value. This does not mean that other passengers will not receive services, but services may not be at the same level. However, discouraging non-target customers, those who are not likely to be satisfied by the services, and those to whom it is expensive to provide services, is a necessary part of a customer-focus. A simple example is offered as an illustration. A fire department could discourage residents from contacting the department to remove cats from trees by charging a \$20 fee for performing the service and by advertising their busy emergency call load. The equipment and time investment of sending a ladder truck and several firefighters may reduce the effectiveness of the department at responding to an emergency and may not be the most prompt means of accomplishing the task for the customer.

Determine What Customers Want.

- Determine what target customers want (not just what they need right now) by asking them or by using other mechanisms (e.g., electronic tracking of purchases and researching marketing trends) to determine what they want. Be aware that advertising, word of mouth, and public relations

influence customers' expectations. Meeting customers' basic needs or expectations does not always bring high levels of satisfaction. Exceeding expectations produces high satisfaction-therefore, determine customers' ideal desires.

- Determine how the target customers prioritize their "wants." Generally, customers want convenience, low prices, quality products and services, variety or selection, and protection or security. However, an organization must identify what is most important to the customer.
- Weigh how important the customer-identified "wants" are to the organization. Are the services something that the organization does, is capable of doing, or wants to pursue?
- Determine how well the organization can meet the customers' "wants" in comparison with competitors. The success of other companies at meeting and exceeding customer expectations changes a customer's frame of reference and increases a customer's expectations.
- Determine which "wants," if performance delivery were to be improved, would most impact the organization's bottom line (profit, cost, loyalty, trust, or compliance).

Establish an Organizational Culture Supportive of Customer Service.

- Utilizing the information gathered, establish the company's customer-focused vision. The vision statement should be simple and may also identify what the company does not want to be. Some examples of simple vision statements include "Absolutely, Positively Overnight" by Federal Express and L.L. Bean's promise "Guaranteed. Period."
- Live up to what is promised by concurrently developing and applying externally and internally oriented strategic service concepts that reflect the vision. If the organization does not implement both internally and externally oriented service strategies consistent with the vision, the organization will have good intentions but poor customer service (Thompson).

Implement an Externally Oriented Strategic Service Concept.

The externally oriented strategic service concept establishes how the organization's service is designed, marketed, and delivered to target customers.

- The strategy should take into account the costs of providing services and ways to minimize those costs while implementing quality control. The service concept must be developed with the frontline worker at the center. Determine the necessary financial, human, and technological resources necessary, as well as how the organizational structure and flow can enable the frontline worker to delight the customer and deliver the promised vision.
- Advertising strategies should be used to set appropriate customer expectations.
- When planning, it is helpful to realize that control of information can take the place of assets. For instance, the Rural/Metro Fire Department in Scottsdale, Arizona has reduced the size of its crew and trucks because of technology that allows crews to view microfiche floor plans on the way to a fire. The added knowledge of the building layout allows fewer fire fighters to accomplish the same task that more firefighters can accomplish when they do not have this advance knowledge (Harvard Business Review).
- Organizations cannot be successful without providing a feedback loop for incorporating customer comments and complaints into their planning processes. Customer complaints are an invaluable resource and source of information. Complaints brought to the organization are one of the most efficient and least expensive ways to obtain information about customer expectations of products and services. Complaints are a more direct means of obtaining information than conducting research studies of customer expectations, conducting transaction studies, or reviewing customer expectations in parallel industries. (Bartlow, 1996) Another means of soliciting customer feedback that has been implemented by a number of service leaders is to interview lost customers-those who have switched service providers. Still other options are customer meetings, hosting social

events, and attending seminars or conferences where customers are present.

- An effective complaint resolution strategy must support the customer-focused vision. Most research shows that, "...if customers believe their complaints are welcomed and responded to, they will more likely repurchase." British Airways found that 67 percent of their complaining passengers fly again if their complaint is handled well (Bartlow, 1996, p 24). British Airways even implemented a creative and convenient way to allow customers to complain by installing video booths at Heathrow Airport so that customers could immediately go into a booth and state a complaint, even during non-business hours. The videotapes are reviewed and addressed during business hours.
- One final element of an externally oriented service strategy is to regularly measure customer satisfaction or delight in the products and services.

Implement an Internally Oriented Strategic Service Concept.

The internally oriented strategic service concept establishes how the organization's internal processes will support the customer-focused vision. The premise behind the internally-oriented strategic service concept is that, "...capable workers who are well trained and fairly compensated provide better service, need less supervision, and are much more likely to stay on the job. As a result, their customers are likely to be more satisfied..." (Harvard Business Review, p 72). Reichhold claims that improving employee loyalty improves customer retention and also increases new customer volume through referrals (p 97).

- First, identify employee groups important to implementing the externally oriented service concept. Frontline workers are of central importance.
- Identify the characteristics and needs of the employee group(s) and how well those needs are met. This may include resources needed to successfully perform the job or needs can refer to compensation, work environmental factors, or personal needs. Understanding employee needs helps an organization to develop successful employee retention policies; a number of studies provide convincing evidence as to why companies should avoid employee turnover. Merck & Co found in 1990 that turnover costs were 1.5 times an employee's annual salary. Clearly this varies based on a number of cost factors (e.g., workers compensation claims, hiring process costs, training costs, and lost business), but it is commonly noted that employee turnover is an expensive problem. Abt Associates studied an automobile dealer's sales and determined that it cost \$36,000 to replace a salesperson who has 5-8 years of experience with a salesperson who has less than 1 year of experience (Harvard Business Review, p 23). The economic costs of excessive employee turnover in one trucking company were analyzed, and it was determined that the company could increase profits by 50 percent by cutting driver turnover in half (Reichheld, p 96). A study by Sears in 1989 found that "employee turnover and customer satisfaction are directly correlated." Stores with high customer service ratings had a 54 percent sales force turnover versus 83 percent in stores with low customer service ratings (Harvard Business Review, p 80); this is supported by examples throughout the literature. Taco Bell found that the 20 percent of stores with the lowest employee turnover rates have 55 percent higher profits (an outcome of customer satisfaction) than the 20 percent of stores with the highest turnover rates (Harvard Business Review, p 240).
- Learn how targeted employees perceive the proposed customer services. An organization cannot change without the participation of its employees.
- Focus on recruiting employees who support the customer service vision. The costs of employing people who do not support the customer service vision are vast. Forum Corporation research in the service industry showed that, "only 14% [percent] of customers who stop patronizing service businesses do so because they are dissatisfied with what they bought. More than two-thirds defect because they find service people indifferent or unhelpful." (Harvard Business Review, p 77). Oftentimes, the right employees are those that fit in with the corporate culture of the customer service vision, not necessarily those with the most experience in the industry. Additionally,

develop career paths that allow successful customer-oriented employees to remain on the frontline.

- Focus on training and employee development throughout employment. A study by Ryder Truck from 1988 through 1989 found that increased training meant lower employee turnover (Harvard Business Review, p 81).
- Empower frontline employees to do what it takes to satisfy the customer. Management must support employee empowerment by clearly defining the parameters of the empowerment, while remaining flexible within the parameters. This will encourage creativity. Rules should be simple and few-Continental Airlines actually had an employee handbook burning party to signify the change from a procedural environment to one of empowered customer service (Spector). Also, in support of internal customers, the Department of Defense reduced its 230 pages of travel regulations to 17 pages (Gore).
- Management must support employee decisions and judgement calls, even if this means that the cost of satisfying customers initially increases. According to the Service Profit Chain Model, employees will succeed under a mentoring management style and cannot be sustained under a traditional supervisory style of management. Quality control is not met by increased supervision in high-customer-contact service delivery, rather by the use of incentives to emphasize quality, making service providers highly visible to customers, and building a peer group to instill a sense of pride and teamwork.
- In addition to skills and empowerment, frontline personnel must be equipped with the technology, information, and internal resources to do what it takes to satisfy the customer. The literature is replete with examples of how incorporating the latest information technology can improve employee productivity. For example, Charles Schwab developed IWIN: I Want Information Now, a system that allows an agent to identify and view electronically Charles Schwab literature to respond to customer questions received by telephone. Before implementing the system, agents who were unfamiliar with the literature in question could not provide immediate and succinct answers to customer questions (Wiersema).
- Develop cross-functional teams for operations and improvement tasks. First ask those who are doing the work for suggestions to improve productivity. The Social Security Administration nearly doubled its telephone answering capacity by implementing automated features, utilizing additional technology to change the way employers' reports of wages are recorded, and cross training its employees to work outside of their normal areas of responsibility during peak periods. (Gore)
- Link all employees' compensation to, and offer rewards for, good customer service performance. Rewards can be monetary, status, praise, acknowledgement, or perks such as trips or special events. While Charles Schwab does provide monetary incentives based on the amount of money a broker team brings into the company, if the customer service survey for the quarter does not show strong customer service by the team, the reward is reduced or can even be eliminated for the quarter. This policy in a profit-seeking environment leaves no doubt that customers' satisfaction is the primary goal (Wiersema). Chick-fil-A uses competitive salary and career advancement opportunities to achieve an annual loss of phone operators of only a 4-6 percent, which is low for the industry (Reichheld).
- One final element of the internally oriented service strategy is to measure employee satisfaction regularly. Leaders in industry have employed such methods as toll free numbers, periodic roundtable meetings, and surveys to collect employee satisfaction information.

While not as prevalent in the literature, another internal/external consideration for publicly owned companies are investors. Investors should be educated in the roles that customer and employee loyalty play in company long-term goals. Investors should be long term. Make certain the right kind of investor has controlling interest. Nike used the same model of attracting the target investors that is proposed for identifying the target customers.

What other examples of good customer service policies or components have been implemented?

While customer satisfaction literature clearly supports organizations implementing processes of customizing customer service delivery strategies, once an agency's customer-focused vision is established, to the agency should consider different methods that have been used to develop enabling infrastructures and meet certain customer needs. While it is doubtful that a policy or practice from one company will precisely meet the needs of another, reviewing some examples and solutions may provide food-for-thought for brainstorming sessions. Some companies have established the following practices, policies and goals and found them to be successful at satisfying their customers.

Identify Target Customers...

Home Depot is able to service two competing customer categories-contractors and "do-it-yourselfers" because they can direct services to both, based on the time of day that each seeks service. Contractors are generally finished purchasing supplies by 10:00 a.m., when homeowners are beginning to arrive. Home Depot has also extended hours (sometimes 24 hours) to accommodate their customers (Wiersema).

Meet or exceed customer expectations...

Provide customers with choices. Nordstrom stocks a variety of inventory choices. FirstMerit offers choices of when, where, and how customers can do their banking-using ATMs, the Internet, a branch, or the telephone. St. Charles Medical Center advises its customers of all approaches to treat illness, thereby allowing patients to make informed choices (Spector).

Create an inviting place, through physical appearance, by providing an aura of helpfulness and professionalism, being consistent in delivery, and allowing communication. For instance, Nordstrom hosts a concierge as well as a piano player, and its stores and Web site are easy to navigate. Similarly, Continental Airlines inspects plane interiors every 3 days and has installed larger than normal bathrooms.

Make access to services easy for customers. The IOWAccess Project Team won the Hammer Award in September 1999 for improving customer service by connecting Iowans with their government via the Internet. They demonstrated immediate savings of over \$2 million (www.npr.gov/library/awards/hammer/index.html).

Provide one-stop customer service. One study finding of the Federal Benchmarking efforts is that many customers expect one-stop customer service when they conduct business. For example, the Trade Information Center incorporates a group of services under one roof (Federal Benchmarking Consortium, November 1997).

Show customers respect. Land's End, Inc. respects customers by accepting any return without question. This includes products not even made by Land's End-provided the customer truly believes the article to be a Land's End product. This policy is based on the philosophy that questioning a customer's integrity costs the company more than the price tag associated with the policy (Wiersema).

Seek Customer Input...

Actively involve customers in business development. For example, Ford Motor Company had customers in the target marketplace define the vision for Ford Taurus (Harvard Business Review).

Make providing input convenient for customers. Customer Service Managers are on call 24 hours a day at Ritz Carlton Hotels. The company also makes guest comment cards available in each room and has a

toll-free number to solicit customer feedback (Brown).

Meaningfully involve customers. The Bonneville Power Plant overcame public hostility and a number of lawsuits by meaningfully involving the public in the company decision making process. Bonneville trained personnel in organizing and conducting public meetings and instituted an agency policy on public involvement in decision making. Staff regularly met with environmental groups and other critics. (Harvard Business Review)

Customer input needs to reach all levels of the organization. The President of Walt Disney Attractions spent time dressed as Mickey and Goofy in the theme park to interact with customers (Gore).

Hire the Employees that Support the Customer Service Vision...

W Seattle Hotel recruits new employees through recruitment drives called casting calls. Executives observe participants of the casting calls as they wait in line for an interview. Only those participants who are smiling in line are hired, because the company believes that those who naturally smile are more apt to be good service providers (Spector).

Southwest Airlines relies on humor and fun to deliver effective customer service. Therefore, recruiting brochures and ads, as well as, creative hiring practices are meant to draw out fun-loving applicants with sense of humor. For instance in one case, a group of pilot interviewees who arrived in suits were challenged to change into more typical Southwest working attire. Upon changing into Bermuda shorts, jackets, black socks, and dress shoes, they got the jobs. Southwest conducts group interviews. Upon arriving for the interview, sometimes applicants are asked to prepare 5-minute presentations about themselves. The interviewer, instead of focusing on the content of each presentation, instead is interested in how the rest of the group responds to the presenter. Applicants who study their notes and ignore other presenters will not be hired, whereas, a applicants who cheer for other presenters receive high marks (Wiersema).

Land's End Inc. chose to operate in the middle of a 40-acre cornfield. The reason for selecting the site was an attempt to make use of a strong work ethic in a friendly town that would be good for the company. Approximately 90 percent of the workforce are residents in or around Dodgeville, Wisconsin. Many employees have family members also employed by Land's End. At Christmastime, Land's End is able to solicit reliable referrals from families and friends to hire seasonal help.

Listen to Employees...

The CEO of Greater Southeast Community Hospital holds coffee breaks with random groups of employees to identify problems and brainstorm solutions (Harvard Business Review).

Empower Frontline Personnel...

Greater Southeast Community Hospital implemented Freedom Grants of up to \$5,000 to support employees to develop programs addressing an identified problem (Harvard Business Review).

Ritz Carlton Hotel employees are authorized to spend up to \$2,000 to satisfy a guest (Brown, p 384).

Provide Training to Employees...

Ritz Carlton Hotel employees are provided with an initial training session from hotel executives and the training manager. This is followed by specific training on their job function. Finally, every day, employees in each work area meet in a quality line-up meeting and briefing session during which they receive quality training (Brown).

Reward Employees for Good Customer Service...

Roberts Express, a trucking company, hires a third party to conduct monthly telephone customer surveys. Customer satisfaction numbers, trend charts, and verbatim responses are distributed to employees in a monthly research report. Employees are interested in the information because it supports the customer-focused culture of the company, but also because employee bonuses are tied, in part, to the customer satisfaction scores. Customer service objectives are outlined for all employees, based on the component of service that they provide. Bonuses of up to 16 percent are available to all employees each quarter (Brown, p 408).

Employ Leadership that is Supportive and Customer-Focused...

Charles Schwab asks managers to write down a one or two paragraph example of an outstanding customer service testimonial. Managers are also asked to complete the following sentence, "Customers insist on doing business with us rather than competitors such as A and B because we..." He asks them to create a billboard ad that would compel potential customers to choose the company. An additional management development strategy used by Schwab is to ask managers to describe the company as a person and determine what traits appeal to the customers (Wiersema, p 77).

Management should stay close to the frontline...

The Southwest Airlines CEO spends the busiest travel day of the year loading bags onto airplanes. This allows him to connect with the frontline workers that produce the company's results (Wiersema).

Minimize Operating Costs...

To reduce expenses, businesses such as Intel, Honda, and Apple outsource routine or non-core or non-critical elements of their service strategy that can be performed elsewhere more efficiently or at a higher quality. Outsourcing must be done through companies whose operations support the customer-focused vision. Otherwise, like Value Jet, the organization may find that they lack control over vital components of service delivery (maintenance and training in the case of Value Jet).

Conclusions

The review of public- and private-sector customer service literature also revealed that no specific tactic, technology, or mission statement is the key to effective customer service delivery. In fact, what is clear is that effective customer service delivery is organization-specific, since services are designed around the targeted customers' desires and the frontline employees delivering them. The components of the process for producing effective customer service delivery include appropriately identifying and targeting the ideal customer, establishing a customer-focused vision that is consistent with the prioritized desires of the target customers, establishing the operational procedures and internal infrastructure that support customer service, continuously measuring customer and employee satisfaction, embracing change, and striving persistently to improve. The customer service literature clearly demonstrates that both profit-seeking and public agencies that implement effective customer service strategies realize financial benefits, either through increased profits or through reduced costs associated with long-term, informed customers; customer referrals; employee retention; improved information exchange; and streamlined service delivery. Child support enforcement, in this case, is like any other business. In order to implement effective customer service strategies and reap the benefits of good customer service, OCSE agencies will need to implement the process of developing effective customer service.

Customer Service Resource List

Articles

Chase, Richard B. (November-December 1978). "Where Does the Customer Fit in a Service Operation?" *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Ciminero, Sabina. (November 1997). "Anglian Water: Customer Service Transformation," *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Evans, Phillip B. and Wurster, Thomas S. (September-October 1997). "Strategy and the New Economics of Information," *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Heskett, James L., Jones, Thomas O., Loveman, Gary W., Sasser, W. Earl Jr., Schlesinger, Leonard A. (March-April 1994). "Putting the Service-Profit Chain to Work," *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Levitt, Thodore. (September-October 1972). "Production-Line Approach to Service," *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Pelofsky, Mark. (February 1992). "Ford Motor Company: Dealer Sales and Service," *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Pittman Merliss, Penny. (January 1983). "Federal Express: Customer Service Department," *Harvard Business Review*. Boston, MA: Harvard Business School Publishing.

Books

Berry, Leonard L. (1999). *Discovering the Soul of Service: The Nine Drivers of Sustainable Business Success*. New York, New York: The Free Press.

Berry, Leonard L. (1995). *On Great Service: A Framework for Action*. New York, New York: The Free Press.

Barlow, Janelle and Moller, Claus. (1996). *A Complaint is a Gift: Using Customer Feedback as a Strategic Tool*. San Francisco, California: Berrett-Koehler Publishers, Inc.

Brown, Stanley, A. (Ed.) (1997). *Breakthrough Customer Service: Best Practices of Leaders in Customer Support*. New York, New York: John Wiley & Sons.

Gore, Albert. (1997). *Businesslike Government: Lessons Learned from America's Best Companies*. Washington, DC: National Performance Review.

Harvard Business Review. (1994). *Command Performance: The Art of Delivering Quality Service*. Boston, Massachusetts: Harvard Business School Publishing.

Heskett, James L., Sasser, W. Earl Jr., Hart, Christopher W. L. (1990). *Service Breakthroughs: Changing the Rules of the Game*. New York, New York: The Free Press.

Heskett, James L., Sasser, W. Earl Jr., and Schlesinger, Leonard A. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*. New York, New York: The Free Press.

Labovitz, George and Rosansky, Victor. (1997). *The Power of Alignment: How Great Companies Stay Centered and Accomplish Extraordinary Things*. New York, New York: John Wiley & Sons, Inc.

Peters, Tomas J. and Waterman, Robert H. Jr. (1982). *In Search of Excellence: Lessons Learned from America's Best Run Companies*. New York, New York: Harper & Row Publishers.

Reichheld and Teal. (1996). *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value*. Boston, Massachusetts: Harvard Business School Press.

Rust, Roland T., Zeithaml, Valarie, A., and Lemon, Katherine N. (2000). *Driving Customer Equity: How Customer Lifetime Value is Reshaping Corporate Strategy*. New York, New York: The Free Press.

Smith, Ian (1997). *Meeting Customer Needs* (2nd Ed). Woodburn, Massachusetts: Butterworth-Hienemann.

Spector, Robert. (2001). *Lessons from the Nordstrom Way: How Companies are Emulating the #1 Customer Service Company*. New York, New York: John Wiley & Sons, Inc.

Thompson, Harvey. (2000). *The Customer-Centered Enterprise: How IBM and Other World-Class Companies Achieve Extraordinary Results by Putting Customers First*. New York: New York: McGraw-Hill.

Wiersema, Frederick (Ed.). (1998). *Customer Service: Extraordinary Results at Southwest Airlines, Charles Schwab, Lands' End, American Express, Staples and USAA*. New York, New York: HarperCollins Publishers, Inc.

Woodruff, Robert B. and Gardial, Sarah F. (1994), *Know Your Customer: New Approaches to Understanding Customer Value and Satisfaction*. Portland, Oregon: Blackwell.

Zeithaml, Valarie A., Parasuraman, A. and Berry, Leonard L. (1990). *Delivering Quality Service: Balancing Customer Perceptions and Expectations*. New York, New York: The Free Press.

Government Reports and Orders

American Society for Quality, University of Michigan Business School, Arthur Anderson. (December 1999). *American Customer Satisfaction Index: Federal Agencies Government-wide Customer Satisfaction Report for the General Services Administration*. Washington, DC: National Performance Review.

Federal Benchmarking Consortium. *Serving the American Public: Best Practices in Customer-Driven Strategic Planning*. Washington, DC: National Performance Review.

Federal Benchmarking Consortium. *Serving the American Public: Best Practices in One-Stop Customer Service*. (November 1997). Washington, DC: National Performance Review.

Federal Benchmarking Consortium. *Serving the American Public: Best Practices in Resolving Customer Complaints*. (June 11, 1996). Washington, DC: National Performance Review.

Federal Benchmarking Consortium. *Putting Customers First: Serving the American Public: Best Practices in Telephone Service*. (February 1995). Washington, DC: National Performance Review.

National Performance Review. (August 1999) *Balancing Measures: Best Practices in Performance Management*. Washington, DC: National Performance Review.

National Performance Review. *Putting Customers First '97: Standards for Serving the American People*. (October 1997). Washington, DC: National Performance Review.

National Performance Review. *World-Class Courtesy: A Best Practices Report*. (Not dated). Washington, DC: National Performance Review.

White House, Office of the Press Secretary. (March 23, 1995). *Presidential Memorandum, Improving Customer Service*.

White House, Office of the Press Secretary. (September 11, 1993). *Executive Order 12862: Setting Customer Service Standards*.

Web Sites

American Customer Satisfaction Index: <http://www.acsi.asq.org/>

Ask the IRS: www.irs.ustreas.gov/prod/news/mod-faq6.html

Chase Visa Mission, Vision and Values: www.chase.com/chase/gx.cgi/FTcs?pagename=Chase/Href&urlname=personal

Customer Service Review: <http://www.csr.co.za/>

Hammer Awards: www.npr.gov/library/awards/hammer/whatis.html

Head Start Bureau Customer Satisfaction Memorandum: http://www.hskids-tmssc.org/publications/im00/im00_07.htm

Iowa Access Program: http://www.state.ia.us/governor/news/september/september23_2.html