

Why We Must Deliver What We Promise

By Al Hahn

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Every once in a while I run across a company where the service marketers and the service delivery people are not really working from the same playbook. This can be very obvious, but often it is subtle. Specifically, what I am writing about is failure to consistently deliver what you promise in your service packages. The majority of product companies with their own service organizations offer 3 choices of service contracts: call them Basic, Standard, and Premium. As the names imply, Standard is usually the most popular offering, with Basic offering less and Premium offering more. The biggest differences between these offerings are in the hours when the services are available, and the speed with which responses to service requests are made. This applies to both hardware service (H/W) and software support (S/W) contracts. There are often other differentiations made, particularly for Premium services, but the most essential differences are in the performance of the service.

A common problem is in these performance differences, particularly in response times to a trouble call. It is more commonly a problem with onsite response for hardware service, but can also cause trouble in software support responses. The essence of contracts for these services is in offering and delivering different types of response when the customer calls. In software support, a Premium customer typically gets their phone call answered within seconds to a few minutes by a dedicated team of responders that already know the customer configuration, revision level, and probably the uses of the product(s). This means that customers don't have to wait initially to get their call answered by someone who can help them, and they are not annoyed by answering the 5 or 6 questions that lower level support customers have to respond to. In hardware field service, the higher level customers (as defined by the level of contract they have purchased) get someone dispatched to their site the same day that they have called, or maybe even within 2 hours, for some high level plans. Typically, Premium levels of hardware service contracts get 2-4 hours onsite response 24 hours a day, seven days a week. Standard customers usually get business hours of coverage (Monday through Friday, 8am-5pm) and onsite response within the next half-day.

The trick in all this is to deliver what has been promised in terms of performance differences **consistently**. Customers make choices between programs based on what you have promised for that particular program. They expect, and often plan what they will do if they have a problem, based on what expectations **you** have set. Initially your brochures, Internet information and what the person who sold the contract said, set their expectations. After they have been provided your service for a while, it is set by their experience in actually working with you. This becomes difficult when well-meaning service delivery folks start to modify their responses by the situation and what seems best to them at the time. This can manifest in a thousand different ways. Suppose two field service customers need help and have

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called in at around 3:00pm. The first one is a Basic customer, but is located on the field service engineer's way home. The second call is located across town and comes from a customer with a Standard contract. Which call gets serviced first? According to the contract, the Standard customer is supposed to get priority and response within 4 business hours. The Basic customer only gets priority over a Time and Materials call (no contract) and is supposed to get someone onsite within 8 business hours. Many field service engineers (and their bosses) could easily rationalize responding to the Basic customer first, but is that the right answer? This can become a very slippery slope when a company allows too many rationalizations along this line. Add into the mix the customer's sob story about how they are hard down and their situation is dire, and you have a combustible mixture that just begs for trouble. Suppose the hard down customer is on Time and Materials (T&M) and another customer that needs service is not providing a sob story, only asking for you to respond soon. I have seen many situations when the T&M gets an emergency response that they are not really entitled to and are not paying for. This is a bigger issue and more problematic situation than most companies realize, as it is quite common when providing services.

Now I wholeheartedly agree that the reason a service organization exists is to keep customers happy and continuing to purchase your products and services. We should never forget that. We also have to never forget that providing service and support is never free to the company providing it—someone has to pay for it. To maintain a service organization with people poised to deliver very fast responses to customer needs takes a lot of investment in infrastructure and is very expensive. When you respond to a T&M customer's emergency as quickly as if they had a contract, essentially you are letting the contract customer subsidize the cost of that service. If this only happens rarely, say once a year, no real problem. If it starts happening with more regularity, watch out, you are headed in the wrong direction! Remember I said earlier that customer expectations after the initial sale are set by their experience with your service. ***Every exception resets their next expectation.*** Exceptions must remain exceptions and never become the new reality. Once it does, you have seriously changed the game. Customers can now no longer rely on the promises you are making. In the end, all service is a promise. This is why failures in delivering services take so long to forget—you are breaking a promise when you don't deliver. Equally devastating is over-delivery. It establishes a new set of expectations, and now you are at risk of serious complaints when you don't deliver to the new expectation, even when it is significantly different than what you promised and what is printed in your contract. Over-delivery cannot be supported for very long, as the customer is getting service that is more expensive to deliver than they are paying for. Engineers and their bosses that engage in over-delivery on a regular basis are cheating their employers and risking future unhappy customers.

Software support faces essentially the same problem. Companies typically promise priority to contract customers, with each higher level of contract getting priority

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over lower levels. Delivering this priority takes careful design of processes, phone systems, and other aspects of delivery. Sooner or later, all support organizations learn to not ask the support people who take customer calls to decide priorities on their own. This is almost always done by different phone access to priority customers so that support folks don't have to be the enforcers of policy. Similarly, calls received that have no contract are routed first to someone whose job is to sell them an entitlement, even if it is for one call. These people cannot solve technical problems, but control who gets routed to technical help. Similarly in field service, most companies eventually evolve to centralized dispatch, and individual field service engineers are only alerted when they are dispatched to a call. Triage of phone-solvable problems is done more efficiently in a centralized remote diagnostic center by those trained and equipped for that task.

Delivery problems can happen in many different ways in almost any aspect of service/support delivery. Years ago I was working with Waters, a company that made High Performance Liquid Chromatographs (HPLC) that test samples of chemical and other materials to determine their composition. They were a typical field service organization, and over time their field delivery people had determined that the Preventive Maintenance (PM) procedures that their engineer specified were a bit of an overkill for many customers. Consequently, all the parts that were supposed to be replaced at PM time were examined for wear and only replaced as needed. Also some systems were deemed to not need PM as frequently as the manuals specified, so some planned PMs were skipped. The problem was in their customer's perception of the value that they received by virtue of purchasing a service contract. Over time, and through their experience, they came to see that they only sometimes needed emergency repairs, so that value was only partially perceived, depending on what happened that year. In addition, the well-meaning field service engineer trying to save their company money, and their customers unnecessary interruption, was slowly diminishing the PM value each year. When Peter Boler, their service marketer at that time, discovered the situation, he set out to change the perception of value in their service contract. To do so, he redesigned the PM process of delivery, and renamed it Performance Maintenance instead of Preventive Maintenance. His rationale was that customers had bought Waters instruments to get high performance, why not maintain them for high performance as well? As is common, the PM parts were either delivered to the customer site in nondescript packaging ahead of time, or brought onsite by their field service engineers. Peter had oversized boxes with large print declarations of Performance Maintenance Kit delivered to customer sites two weeks ahead of the scheduled date for the PM. Then he changed the policy and procedure so that all PMs had to be done as specified and on time. This caused a major reaction from the field, as you can imagine. Fortunately Peter had credibility with his boss and he forced the change, over field objections to the cost escalation. Part of the process change was that every part must now be replaced, whether it needed it or not. Instead of hurrying through

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the procedure, field engineers were instructed to take their time and make a show of it. The net result of all this was, in fact, a significant cost increase, but along with that was an increase in contract renewals, a significant improvement in customer satisfaction, and increased sales of new contracts. While costs went up, profits went up a lot more. There is no villain here. We should all want field people to take initiatives to reduce costs and improve customer satisfaction, but what they see may miss the larger strategic picture, so we also need someone watching for that, as well. Typically this is a services marketer.

There are often communication breakdowns between the headquarters marketers and their services delivery people, even those in the same location. Service marketers who don't make every attempt to let all service delivery people know the promises made to customers and the strategies that make the service offerings work properly together are not doing the most important part of their job. Service delivery folks, who think that marketing is just a bunch of fluff, and that they know best how to treat customers, are overstepping their autonomy. Having lots of experience with companies rolling out new service offerings and changing their old offerings, I have learned that this takes real change management approaches. Delivery people, along with their managers, need in-depth briefings and time to challenge, discuss, and internalize changes in delivery. A workshop approach is particularly effective, as interaction must be not only allowed, but encouraged. If delivery people are thinking, "This is just another worthless headquarters change du jour, we'll just pretend to go along and then go back to business as usual," then you've got a train wreck in the making. Real dialogue must occur up and down the entire management chain including, especially, the deliverers and their direct supervisors. Then we have a chance to make changes. Otherwise, this will be just another exercise in frustration, with the tactical triumphing over the strategic. When that happens, both the customer and the company will lose. In the end, the service delivery folks who participate in this practice will be unwittingly endangering their own jobs, as well. If this disconnect between what you sell and what you deliver continues too long, you are ultimately going to lose customers as they find out that you are selling promises, but delivering lies.