

## Special points of interest:

- Be your own cheer squad—keeping your team on a winning streak
- Guaranteed happy customers—step-by-step
- Save yourself! Tips for delegating more
- Let's talk about it—keeping team communications working

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## Putting the service-profit chain to work

*From Harvard Management Update*

The lifetime value of a customer can be astronomical, especially when referrals and repeat purchases of related products are added into the economics of customer retention.

By quantifying the impact of employee satisfaction, loyalty, and productivity on the value of products and services delivered, you can build customer satisfaction and loyalty. From there you can assess the impact on profitability and growth. Linking all these measures gives you a picture of the service-profit chain. And understanding the relationships among the links can help you craft comprehensive strategies for lasting competitive advantage.

Seven fundamental propositions form the links of the service-profit chain:

*Internal quality drives team satisfaction.* Service workers are happiest when they're empowered to make things right for customers and when they have responsibilities that add

depth to their work.

*Team satisfaction drives loyalty.* In one company study, 30% of all dissatisfied employees expressed an intention to leave, compared to only 10% of all satisfied employees. Moreover, low employee turnover was found to be closely linked to high customer satisfaction.

*Team loyalty drives productivity.* One auto dealer's annual cost of replacing a sales rep who had 8 years of experience with one who had less than a year was \$432,000 in lost sales.

*Team productivity drives value.* An airline in the US deplanes and reloads two-thirds of its flights in 15 minutes or less; pilots fly an average 20 hours more per month than competitors. Fares stay low while service remains high.

*Value drives customer satisfaction.* An insurer's efforts to deliver maximum value include funding a team that provides special services at the sites of major catastrophes. The company has one of the highest

margins in its industry.

*Customer satisfaction drives customer loyalty.* A technology company found that its very satisfied customers were 6 times more likely to repurchase with them than were customers who were merely satisfied.

*Customer loyalty drives profitability and growth.* A 5% increase in customer loyalty can boost profits by 25% to 85%.

A service-profit chain audit can help you uncover the most important links for your business:

- Do measurements of customer profitability include profits from referrals?
- How are customers' perceptions of value shared with those responsible for designing a product or service?
- What proportion of business development expenditures and incentives are directed to the retention of existing customers?

## When teams get "stuck"

Teams can get "stuck" mid-project for a variety of reasons. At times, members' sense of direction may weaken, either because it was ill-defined to begin with or because members have not continued to discuss it among themselves. There may be insufficient or unequal commitment to the team's performance, resulting from excessive focus on team dynamics or interpersonal conflict. Critical skill gaps may

emerge, or the team may encounter confusion, hostility, or indifference from outside stakeholders.

Fortunately, there are many actions that a leader can take to help a team get "unstuck":

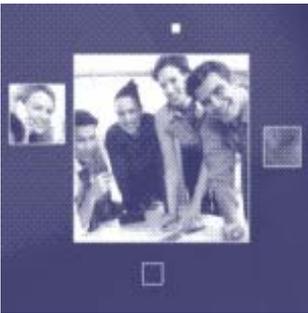
Lead a team discussion that revisits its purpose, approach, and performance goals, using the team's charter as a guide. Probe for hidden assumptions

and differences in opinion, and work to resolve them.

Establish a common, immediate goal and achieve it.

Bring in new information and different perspectives from within your business, or outside via benchmarks, case histories or interviews

Review the team's membership structure.



## Keeping your staff and allies motivated

The importance of the ongoing support of your team members cannot be overemphasized. At the beginning of any new initiative, motivation usually isn't a big problem. But as the work proceeds, unforeseen events disrupt even the best plans. It's natural for people to begin to drag their feet, forget about details, lose steam, or give in to opposition. So how do you counteract these tendencies?

### Create a holding environment

This is a relationship based on trust that:

- reinforces trust among members
- forces people together so they can focus on issues
- helps a leader regulate the conflict necessary to do the job
- upholds principles of mutual respect and consideration
- focuses on behavior, not personality
- gives workers a sense of purpose
- creates opportunities for others' professional growth
- fosters a positive attitude
- protects its members.

### Adapt your leadership style to the needs of your people

- Be directive with people who are just learning a new skill.
- Support people who are learning skills but are still gaining experience.
- Encourage people who may be highly competent, but who may lack self-confidence.
- When delegating, determine whose expertise or experience is suited to a "stretch" assignment, then give them the freedom and support they need to succeed.

### Celebrate successes and keep allies informed

- Broadcast the milestones reached—even the minor ones.
- Distribute rewards to staff, and publicize them.
- Share credit for success.
- Provide advance warning of obstacles or problems to the appropriate people, along with your recommendations about how to overcome them.

### Address conflict as it arises—and respond appropriately

Some level of conflict is more likely to be the norm. Few things can provide as powerful a motivator as your success in handling conflict. First, you need to determine whether the conflict is destructive or constructive.

Destructive conflict undermines the trust that is vital to a working relationship. Handle destructive conflict by acknowledging the problem, using persuasion, reminding others of the vision—or else by using power or political connections to resolve the problem.

Constructive conflict is another matter entirely. It's a consequence of adaptive challenges. It concerns divergent perspectives on the unit's most important tasks or priorities—and so needs to be incorporated into your unit's strategy or vision.

The leader's balancing act involves maintaining a sufficient amount of conflict necessary to force members to address changing circumstances or roles without letting the temperature rise too high for productive work to continue.

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*"Our decisions, not the conditions of our lives, determine destiny."*  
**Anthony Robbins**

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## Steps for Mapping Out a Service Process

Include team members who work with customers in this exercise. Repeat these steps for as many work processes as needed.

- Choose a service process that many employees perform—one that has a strong impact on customer satisfaction and is prone to problems is a good starting point.

- List the activities involved in the process. Use a separate sticky note, index card, or sheet of paper for each activity.
- Arrange the activities in the sequence in which they occur. Indicate how long it takes to complete each step.
- Transfer this information to

a work process map. Add or subtract levels as appropriate.

- Brainstorm with the team to determine fail points.

Study your map from different perspectives. Put yourselves in your customers' shoes. Then ask again how you can change the work process to eliminate fail points and to deliver better service.

## Do you delegate?

Effective delegation can have short- and long-term benefits for you, your team, and your business. When you delegate, you can reduce your workload and stress level by removing tasks from your "To Do" list that others are qualified to do.

This gives you more time to focus on things that need your particular skills and authority, including higher-level tasks such as long-term planning and development.

Delegation makes some managers uneasy. They fear losing control and worry they're abdicating responsibility.

Sometimes they just believe that doing the job themselves will be most efficient. In the long term, however, these fears and beliefs are rarely justified.

Keep an eye out for these delegation "warning signs":

- Your "IN" tray is always full. You're regularly working overtime on tasks that "only you can do".
- You're frequently interrupted by requests for guidance and clarification of tasks.
- Delegated tasks are incomplete and deadlines are being missed.
- Team members feel they're being "dumped on" and lack authority to complete tasks.
- You second-guess decisions made by team members and personally redo unsatisfactory work.
- Direct reports feel inadequately prepared to carry out assigned tasks.
- You frequently intervene in tasks or projects assigned to one of your team.
- Your team members are not taking responsibility for the tasks or projects you delegate.



## Improving communication among team members

Communication is the key to keeping a team productive and functioning smoothly. You can get the most out of your team if you:

### Review the format for team discussion during meetings

Follow the same format for all meetings so everyone know what to expect.

Focus on problem solving instead of sharing information.

Don't waste valuable time on information that could be

distributed ahead of time.

Keep the discussion on track.

### Encourage all members to contribute

Ask each person what they think of a proposal so that everyone stays involved.

By structuring time for everyone to participate, the team will benefit from each member's opinion.

### Deliberately examine opposite points of view

Ask for all possibilities, and examine them.

Ensure everyone has the opportunity to offer input.

### Encourage the team to talk often about its goals

Revisit the initial purpose of the team periodically. When a project is under way, it's easy to get lost in the details.

Talking about goals will help ensure you're all working to accomplish the same thing.

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*"The bravest are surely those who have the clearest vision of what is before them, glory and danger alike, and yet notwithstanding, go out to meet it."*  
**Thucydides**  
 (471 BC–400 BC)

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## The Personal Side of Leadership

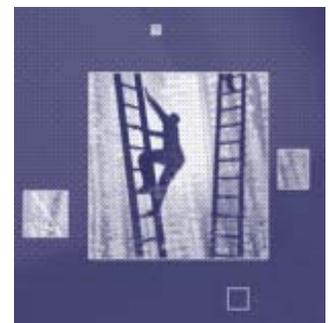
Leadership is principally concerned with key tasks and perspectives—but it also has its personal side. Neglect this personal side, and you'll soon be overwhelmed by the pressures that barrage those in leadership positions.

- Talk regularly with a confidant—for example, a spouse or trusted friend—about your chief concerns at work.

- If you don't have a mentor, get one. You should be mentored by at least one relatively senior and influential guiding light who is invested in your development and success, and whose advice you can trust without hesitation.
- Find a sanctuary, a place you can go to at regular intervals that affords you "a view from the balcony": the

chance to reflect on overarching patterns and issues in your work life.

- Take advantage of professional development seminars that help you refine your leadership skills.
- Remember: Delegation is not a sign of weakness. It makes you a better leader, develops the potential of your staff, and helps you avoid burnout.





## Steps for Achieving Excellent Service Recovery

When a customer is dissatisfied, it's important to get things back on track as quickly as possible. Use the following steps as appropriate to help you get there:

### Find out what the problem is

Listen carefully. Ask questions, and paraphrase to be sure you understand the problem.

### Find out what the customer expects to be done about it

Listen to what the customer wants you to do.

### Take personal responsibility for solving the problem.

Offer to help. Explain the options to your customer calmly.

### Go out of your way to make the

### customer comfortable.

If you know the problem may take a while to solve, do whatever you can to make your customer comfortable during the wait.

### Maintain an objective frame of mind

If someone is angry, don't take it personally. They're angry at the problem, not at you. So just listen. Let them get their feelings out.

### Stay positive and calm

Apologies for the difficulty, even when it wasn't your fault. Never blame others for the problem, or tell them it's something that "always happens".

### Resolve the problem quickly

Try to determine the fastest, most effective way to solve the problem. Offer reasonable alternatives if you can't give them exactly what they want.

### Follow through

At a later time, make sure that the problem was solved to the customer's satisfaction. Send a letter of apology, a gift, or premiums such as coupons, a free item, or additional service.

### Look at the big picture.

Determine if the problem is a recurring one. If so, figure out ways to prevent it from happening again.

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5001 California Ave, Ste. 122  
Bakersfield, CA 93309-1671

Questions or comments:  
Phone: (661) 716-1160  
Fax: (661) 716-1166  
Email: [rblanton@odellcrosscpa.com](mailto:rblanton@odellcrosscpa.com)

[www.odellcrosscpa.com](http://www.odellcrosscpa.com)