



# Service Profit Chain

---

email: [asad@asadkhan.com](mailto:asad@asadkhan.com)

<http://www.asadkhan.com>



# What is Service Profit Chain

---

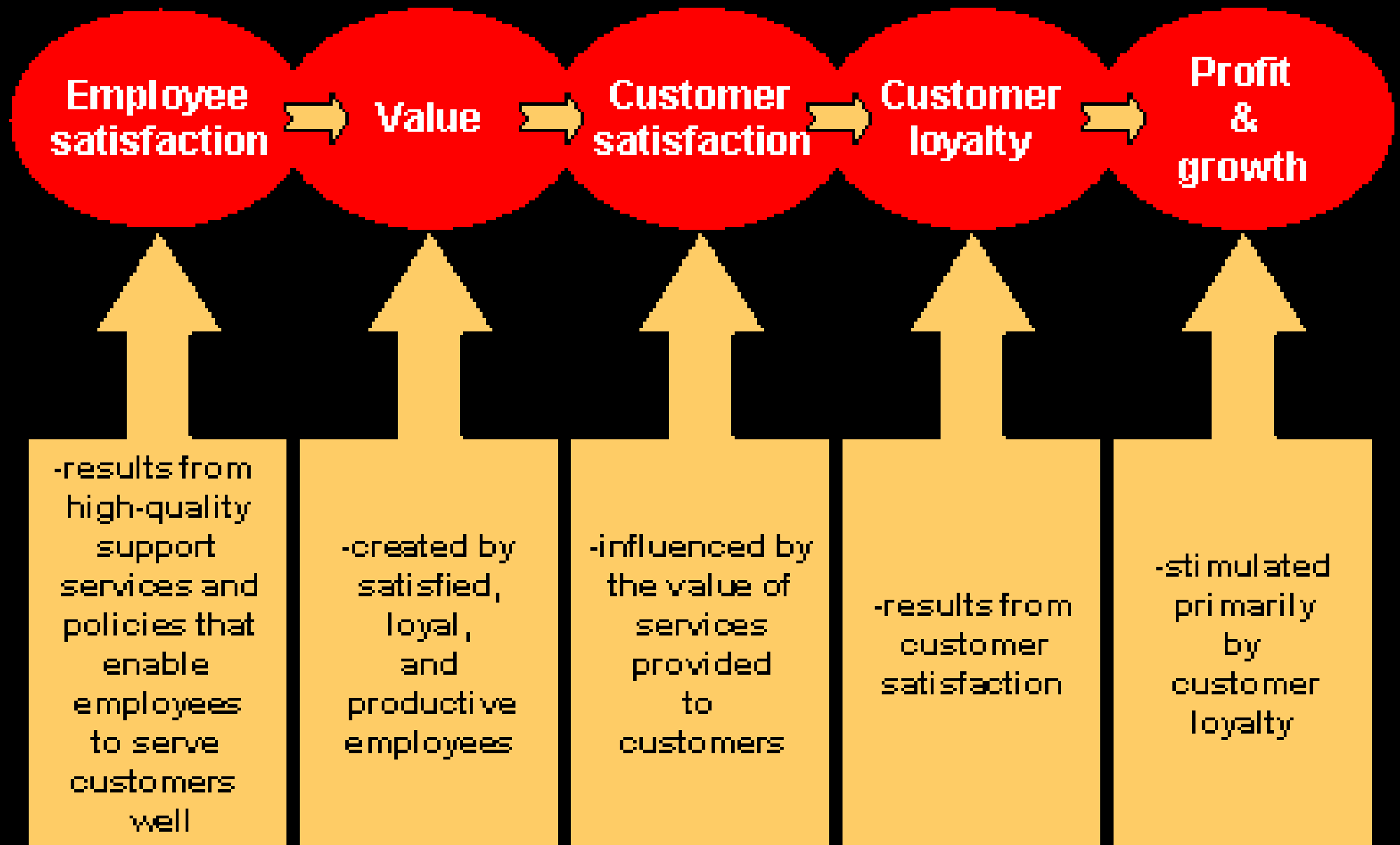
- ✍ Stresses the importance of people - both employees and customers – and how linking them can leverage corporate performance.
- ✍ The service-profit chain is an equation that establishes the relationship between corporate policies, employee satisfaction, value creation, customer loyalty, and profitability.

# Need for Seamless Integration



- ✎ A seamless integration of all components in the service-profit chain - employee satisfaction, value creation, customer satisfaction, customer loyalty, and profit and growth - links all the critical dynamics of top customer service. "The company guides, nurtures, and empowers its employees, and the employees play a vital role in securing customer satisfaction and the benefits that accrue from it".

# Service-Profit Chain





# Satisfying Your Employees

- ✍ Success comes through people. If you understand what motivates people, you have at your command the most powerful tool for dealing with them to get them achieve extraordinary results. "When companies are effective in satisfying their employees, employees stay longer, make a deeper commitment to the business, recommend ways to improve the company's products and services, and work harder to satisfy the customer1".
- ✍ Creating a work environment that encourages rapid response to customers' needs and attentive follow-through is the key to leveraging the power of the service-profit chain. This is only possible when people are empowered to make decisions and are motivated to solve problems. By encouraging employees to go beyond the literal boundaries of their jobs - to make suggestions for improvement - you gain not just a part, but the full potential of their contributions to the business.



# Why Customer Satisfaction

---

- ✍ Customers **stay** with the company longer
- ✍ Customers **deepen** their relationship with company
- ✍ Customers demonstrate **less price sensitivity**
- ✍ Customers **recommend** company's products or services to others



# Holistic Approach to Customer Relationships

- ✍ Customer owns the relationship, not you
- ✍ Look beyond the arithmetic value of individual transactions to all the ways you can serve the customer to capture and develop lasting relationships
- ✍ Once you have captured customer relationships, service the customer relentlessly
- ✍ Develop financial system that truly captures the financial dynamics of customer relationships
- ✍ Develop system that rewards people for building and maintaining customer relationships

# How To Make Customer Service and Essential Part of Your Corporate Culture



- ✍ Demonstrate continuously to your employees that in your company's order of priorities, customer service comes before all else
- ✍ Gain a real-world view of the issues in customer relationships: empower employees to identify customers' true needs; engage not only front-line customer service people in this continuous research and field contact with customers but all your staff, including CEO
- ✍ Provide for customer input to be heard simultaneously throughout your organization, by all its key functions and departments
- ✍ Develop system for collecting customer satisfaction data and measuring customers' perception of the value created by your organization
- ✍ Relay information concerning customer expectations to those responsible for value creation



# Major Obstacles

- ✍ Tunnel vision: they focus solely on transactions, view the lifetime value of a customer relationship as the arithmetic sum of the transactions they conducts with that client
- ✍ They don't really seek to build relationships with the client, thus diminishing synergies that come into play when enduring relationships are build and nurtured
- ✍ They forfeit the opportunities for gaining referrals, generating word of mouth, cross-selling, and building barriers to competitive encroachment
- ✍ Skewed cultural bias: they reward employees on transactional basis and are unwilling to change their internal model to one that rewards people for building and maintaining relationships