

Selling in to and out of the Service Industry - SPO Presentation (Feb 8, 2011)

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Background

- We are individually the sum of our experiences – it's what makes us who we are, it's what conditions our responses and prejudices, our hopes and desires, how we do things.
- My post-education experiences included
 - 4 years in the construction industry as a surveyor;
 - 25 years in the Royal Air Force, initially as aircrew and then on the ground in logistics.
 - From 1994 joined Serco a UK-based, international facilities management as marketing manager.
 - 2001 – 2008 several project based freelance appointments.
 - From Jun 2008 my current role as CEO in the IT Department which, like Serco, is a service company.

Foundational Pillars

(Use actual examples to illustrate poor company structure and/or performance to illustrate 4 foundational pillars required of a service company - speak briefly on each)

Pillar # 1 Customer Service

It's quite easy in business to forget who you are trying to serve! Is profitability the reason for the organization to exist so that it can meet payroll and other commitments. Does the company exist to provide products or services or both and what direction does it look in to achieve that?

The 'customers' fees/payments are enablers to that 'happy place' of profitability and without them there is not only no happy place, there is no business either.

The word 'service' in Service Industry or Service Company reflects the desire by the 'provider' to give a service to a customer - which is what the customer wants, what they pay for and what they deserve. The road towards 'customer satisfaction' is the number 1 priority for any service company.

The need in the service 'contract' is to have a collaborative relationship and not a combative relationship. Any client who outsources is entrusting something of themselves and their organization to a third party – this can be business critical services like IT, accounting, HR, etc. So the development of a customer service mentality is to create the environment where business (both client and supplier) can flourish and succeed to the maximum extent.

Can you imagine receiving referrals and contract extensions from a customer who is dissatisfied with what you do? So not only does high customer satisfaction give a good and positive working and contractual relationship, but also acts as part of your growth strategy to harness more and additional work with your current customer base, but also acts as your supplemental sales force (referrals).

Don't ever forget that it is by far easier and more economical to do things right the first time, than to correct them later!

Customer service to be kept at the forefront of the company's vision and constantly talk of it to all levels of staff.

Pillar #2 Client Control

Clients need to feel some flexibility exists in their relationships and that they are not handing off total control in the outsourced area, particularly if it is a business critical area.

Management, including sales, need to understand the triggers of control of usage of a providers time and resources since how the contractual and operational environment works should determine the approach to a sale. Customers want to feel in control of the operational and financial decisions that affect their lives and businesses as they outsource tasks or processes which, at the same time, can be both economical and non-detractors from their own core expertise.

Control by clients of their own destiny is a fundamental requirement - processes and procedures should be designed to be flexible enough to address any clients' wishes without being overly burdensome on the provider's own support system.

A barrier for many clients is being locked in to a 2/3 year contract. It's also a barrier for me – particularly if I have a contract with a client during a period of deteriorating relationships – for whatever reason. A contract should – in the service industry – not be a vehicle that holds parties together, it's the relationship between parties – trust, integrity, professional and technical competence which are the foundation stones of a successful partnership.

So at the IT Department, we have moved towards an 'agreement' style of relationship which recognises the components of service delivery but with a flexible response to being 'tied' together. I know that what I want out of the relationship is a satisfied customer who pays his bills and who has retained sufficient control of his destiny to provide confidence and comfort in his outsourcing decisions.

Pillar #3 Value-based Pricing

I can't think of a client who would like to pay more than he has to for any product or service. But I can think of some who are prepared to pay a premium for confidence and worry-free service – knowing that the service company can be completely relied upon to deliver what has been agreed. There is a confidence to be derived from paying well for what you want – ever had a concern about choosing the bottom dollar bid – questions like do they know their business, do they understand me and my needs, are they competent, will they always want to cut corners to save money?

Clients will be much more amenable and less demanding if they are paying a reasonable price for what they wanted right at the beginning of the relationship. My experience is that many prospects are prepared to pay well for the right service.

Pillar #4 Relationship focussed environment

What do people think about when meeting for the first or even second time in a business environment – I suspect that 80% of the thought is focussed around ‘what can I get out of this’ – a self-seeking route of the \$ and personal gain.

The service company has to address those matters, of course, but there is the other matter of how clients can be served – identify the benefits of a relationship and define the boundaries, since a prospect’s expectations need to be addressed and managed.

So, behaviour from the outset has to be a true reflection of the provider and then consistent throughout the relationship. Key is the demonstration of honesty and integrity that will allow the prospect to consider placing potentially business critical parts of his business in your hands.

Professionalism and competency are often taken for granted by a client but the delivery of these should never be under-estimated.

It is for the service company to foster a relationship focussed environment where active interplay between supplier and client can operate freely and without barriers; client expectations need to be set very early in the relationship process - words (and actions) like patience, empathy, caring, attentiveness come to mind as being the required response to client enquiries.

Conclusion

It may seem that what I have been talking about are the management actions that may need to be undertaken to turn around an organization – they are also precisely the areas which are sold to a prospect looking to outsource services.