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Resource Paper

Leadership and Corporate Culture

by Richard S. Gallagher

Most customer support operations spend the vast majority of their time focusing on their business processes, and little if any time focusing on the core values that define their corporate culture. But history and research both show that these values are the single greatest factor in your success or failure. These values drive tangible factors such as customer satisfaction levels, employee productivity and turnover, and even the ROI of automation initiatives such as CRM projects.

A key function of support leadership is creating and maintaining a successful corporate culture - and the process is much more specific and practical than defining missions and visions.

This white paper examines what drives the corporate cultures of successful support operations, and seven roles that leaders play in managing these cultures:

- The Strategists: Driving operational excellence
- The Motivators: Creating a positive working environment
- The Teambuilders: Getting the best from your human capital
- The Nimble: Building an infrastructure for change
- The Customer Champions: Building a service-driven culture
- The Passionate: Customer support as a way of life
- The Visionaries: Leadership with a higher purpose

Every company faces hundreds of individual business decisions every day, and each of these decisions represents a fundamental conflict - between human nature, and core values that transcend this human nature. Support operations who understand this principle run more successfully, more efficiently, and help their companies gain a strategic competitive advantage in their marketplace. By knowing the values that guide these seven types of support leadership, help desks of any size can take practical steps to create a successful corporate culture in their own business environment.

The business case for values-driven leadership

Southwest Airlines, the fourth largest airline in the United States, is the only air carrier to be consistently profitable every year since the 1970s. Despite being one of the lowest-fare carriers in the market, it consistently ranks at or near the top of rankings for customer service, employee satisfaction and safety. Yet for many years, its Web site contained a welcome message from recently retired CEO Herb Kelleher that said nothing about missions, visions or even customers. Instead, it discussed Southwest's ability to "turn around" an aircraft at the gate in 20 minutes, twice as fast as their competitors. This 20-minute turnaround saves the company 35 aircraft and billions of dollars per year, driving their profitability. But more importantly, it drives a company-wide value of teamwork and internal customer service. You can't turn around an aircraft in 20 minutes unless people work cross-functionally - flight attendants help to clean the plane, ground crew members collaborate with the crew, and pilots sometimes even load bags. The result is a culture that permeates all of Southwest, even in departments that never get near an aircraft. One tiny idea - the 20 minute turn - defines the operations of a \$5 billion per year organization.

Many leaders view corporate culture as a "soft skill" with as much relevance as a New Age



hot tub retreat - but in reality, research has shown that the core values of an organization are what drive its success or failure. In a landmark Harvard Business School study that later formed the basis for the groundbreaking 1992 book *Corporate Culture and Performance*, researchers John Kotter and James Heskett discovered that key clusters of cultural values towards employees, stockholders and customers had a dramatic impact on the overall financial performance of selected firms.

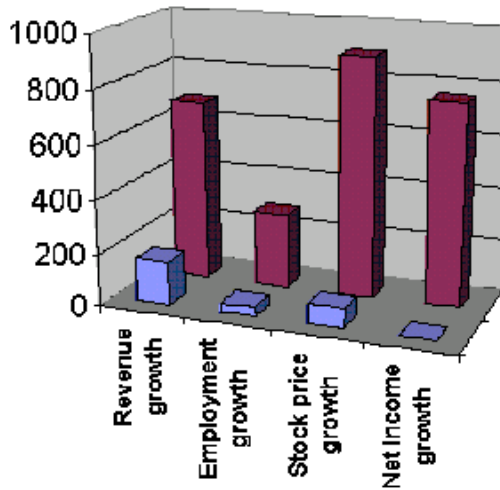


Figure 1. The effect of performance-enhancing cultural values on corporate performance, comparing two groups of companies from 1977 through 1988 (Kotter and Heskett, 1992).

In a customer support environment, these findings mean that the values behind your support center may have a much greater impact on your ultimate level of success than factors such as your metrics, operating procedures or CRM environment. More importantly, these values have a very real, measurable impact in areas such as turnover, morale and customer satisfaction levels - and in turn, the resulting success and profitability of a support center's surrounding enterprise.

Your values are not the same thing as your mission statement. The latter is a public statement of your organization's purpose, while the former are the often-unspoken values that control who you are, what people you hire, and how you respond to most business situations. It is within these values where the real culture of your organization is found, and where your ultimate level of success is defined. For most organizations, you could summarize their values and culture into one of the following categories.

Good values	No values
Decisions are made with values that resonate with your employees, customers and the marketplace.	Decisions are made by human nature.
Old values	Wrong values
Decisions are made with values that have not changed to reflect current realities.	Decisions are made with values that are dysfunctional for your employees, customers and the marketplace.

In layman's terms, you can reduce this matrix to one basic principle that drives every corporate culture:

Corporate cultures are formed by how you handle the hundreds or thousands of business decisions your organization makes every day - and these decisions are either driven by human nature, or core values that transcend this human nature.

This principle explains why many support centers use CRM to measure productivity, and

create unintended consequences such as morale and quality problems - while others use it as a tool to empower people and get closer to their customers. And why some support centers create rules and policies that breed bored employees and high turnover, while others are driven by the energy of their front line teams. Defining the right core values, and using these values to guide your daily support operations, represents your single biggest competitive advantage as a leader.

Seven core values and how they drive your support operations

Let's take a look at seven core values that drive most businesses today, and how you can apply them as a strategic competitive advantage in your own support operations:

The Strategists: Driving operational excellence

FedEx delivers packages absolutely, positively overnight. LensCrafters makes your eyeglasses in about an hour. Wendy's makes hamburgers to order behind a system where sandwiches are prepared to standards measured in single-digit seconds. Behind each of these organizations is a system that not only drives their products or services, but the philosophy behind their culture. In a customer support environment, success is also measured in terms of standards and execution. All else being equal, the support center that answers your call sooner, resolves your issues more quickly, and listens to customers better will have a greater impact on the bottom line of its parent organization.

First and foremost, a value of operational excellence starts in understanding the life cycle of a customer transaction, and having a clear, predictable process behind each point of this cycle. This means not only setting high standards and good operating procedures, but also constantly listening to your customers for those "points of pain" that need fine-tuning.

One year the author's employer, The CBORD Group, received high overall support ratings but one complaint - customers often received no feedback on requests submitted to its product developers. In response, CBORD set up a CRM-based process where requests went to a common location, developers reviewed them within two weeks, and perhaps most importantly, new database queries were developed that listed client cases affected by each new release. As a result, even if a customer made a request six months earlier, they would be personally notified as soon as it was implemented.

In the process of designing this procedure, CBORD also looked critically at how development requests were logged and tracked. By centralizing this function in the hands of specific product "concierges" who tracked these issues, staff time and errors were reduced substantially as well. The resulting process was well received by both customers and the support team alike.

More importantly, operational excellence revolves around having the right strategic values - and then letting these values drive the specifics of both your daily operations, and your future plans.

E-support has been seen as the next major trend in customer support operations. With the promise of much lower costs per transaction, many if not most support centers have flocked to join the e-support bandwagon, implementing tools such as support web sites, knowledgebases, and on-line case management. Yet according to a recent industry panel discussion, less than five per cent of customers were actually using e-support technology as of mid-2001.

At the same time, two major vendors, Dell and Cisco, now provide more than half of their support on-line. On both sites, you can order and track products on-line, download updates and software patches, use natural language query engines to answer complex technical questions, get training on-line, and search extensive knowledgebases of product information.

The difference? Many firms embraced e-support as a cost-cutting mechanism. Dell and Cisco, on the other hand, built e-support operations around core values of dealing more directly with their customers. As a result, both firms have created on-line support environments with a much richer array of content than what would be possible by pushing information to people one word at a time over the telephone. As a result, they also reap the

cost benefits of on-line support that have eluded the many firms who focus on them. Bringing this point home to you and your own support operations, setting a goal to be the best at what you do operationally will drive many other benefits - including cost savings, service quality and even market share - that would otherwise prove elusive.

The Motivators: Creating a positive working environment

All the infrastructure in the world won't create good service when your own employees have low morale, turn over constantly, or don't buy in to the mission of your organization. At the same time, few managers realize that these are symptoms of a deeper, unspoken relationship between them and their teams. When you understand the values that drive this relationship, you can understand and manage this relationship to the good of both the team and the organization.

Let's take one of the most fundamental values - respect. If you lined up every support manager and executive, and asked them if they respect their employees, it is unlikely that you will hear a single "no" answer. Yet many support centers are governed by a myriad of procedures that, in sum total, send a message that "we don't trust you, and we don't particularly like you either."

Absolute trust and absolute respect is impossible in any organization. You cannot let people decide to come to work whenever they want, or stop logging customer cases, for example. However, there are some fundamental questions you can ask that help define whether your values create a positive, retention-oriented environment or not:

- How much autonomy do you give your employees in managing customer situations? Can they use their judgement in helping a customer, or are they under strict time or procedural constraints?
- What happens when something goes wrong? Do you coach people or criticize them? Do you treat exceptional situations as such, or is your organization prone to creating new "thou shalt not" rules in response to situations?
- What are the prospects for personal career growth and mobility? Do you invest in your employees' professional development? Do you treat the work of your front line as a job or as a profession?
- Do you welcome diversity - not only in the traditional sense of age, race and gender, but in terms of different personalities or individual strengths?
- How much team involvement is there in your support center's business processes, and how much team responsibility is there for results?

Once, the author was involved with a support operation where everyone had the same job and the same title. Today, within this same group, many people have individual roles such as team leaders, training coordinators, development liaisons, or subject matter experts - and in short, everyone has a reason to feel important when they come to work each day. Not only did these changes add value to the support organization, but it also resulted in near-zero turnover within a busy 24x7 call center for more than two years and counting. More importantly, these kinds of responsibilities are part of a larger game plan that is important for any support center - develop the respect, importance and professionalism of each person in your support center, and make this part of the philosophy that drives your daily operations.

The Teambuilders: Getting the best from your human capital

Your people drive your culture - as a leader, you drive your support center's hiring and retention policies, and in turn your culture. Some of the most important aspects of building a strong support team include:

Value aptitude over pedigree. If you had a choice between a coal miner and a Ph.D., which would you choose? Once the author faced this exact choice for hiring a software professional, and the coal miner turned out to be one of the strongest employees that his group had ever hired. Any nowadays, if you examine the backgrounds of people who make up the support center currently managed by the author, you will find farmers, cooks, librarians and many others alongside more traditional computer experts - and each of them provides top-quality support to customers on complex client-server applications software.

One of the most important principles for recruiting success is seek aptitude first - and then

invest an above-average level of training to teach these people the skills that they need. This formula shifts the focus from who has what experience, to who is truly talented - and talent will drive an organization far beyond the level that experience alone will. While some environments do require specific skills, such as an engineering software firm who may require trained engineers to support their customers, the overall principle remains the same: seek the strongest people, not just the most experience.

Know who you are hiring. So how can you tell which librarian is going to succeed, and which computer expert is going to fail? By using the right assessment tools. Some of the things that you need to assess at the interview level include:

- *Customer skills:* Using standard tests or live interviews, determine what a candidate's core skills and beliefs are in managing customer situations.
- *Technical skills:* How much a candidate knows already, and how well he or she knows it.
- *Aptitude and learning curve:* This is perhaps the most important assessment of all. Put a candidate in a realistic work-related situation, and observe how well they learn new things and think on their feet.

Make hiring a team process. One of the most powerful messages you can send to your support team is that they ultimately get to choose who can or cannot join them as a new employee. This means bringing them in on each phase of the interview process, making sure that every member of an immediate workgroup has a role in assessing candidates, and respecting the input of the team.

When you engineer a strong recruiting process, built around a focus on aptitude, the right assessment methodology, and the involvement of the team, the benefits go far beyond obvious ones such as hiring and retention. In a very real sense, this process becomes the engine that self-perpetuates a support culture, and creates an environment where the team members themselves champion its values.

The Nimble: Building an infrastructure for change

How many people foresaw the rapid growth of CRM technology in 1990? Or the Web in 1995? Or virtual collaboration tools and remote employee teams in 2000? The only legitimate prediction that one can make for the future of customer support is that it will continue to change radically over the next few years, if the last few are any indication. This means that an ability to adapt to new technologies, and new business realities, are a key factor in cultures that survive.

Kotter and Heskett, in the study mentioned above, came to the surprising conclusion that strong corporate cultures alone are not an indication of business success. But strong cultures that can adapt with the changes of the marketplace do succeed, by a large margin.

In the personal computer market of the early 1980s, products such as Wordstar dominated by providing leading software technology, and support provided at the mercy of dealer networks. By the early 1990s another product, WordPerfect, took over the market by offering toll-free customer support, and in the process became legendary for its massive support operations replete with "disk jockeys" who played music and estimated wait times. (It is rumored that the 5.0 release of WordPerfect actually shut down Utah's single area code for two days with calls to their Provo headquarters.) But within the next decade, the word processing market was soon dominated by Microsoft Word and its integrated Office suite. Hence, the market saw a near-total shift from product features to support, and then yet another shift years later based on ease-of-use and integration.

The implication for today's firms is to understand that change is constant, and therefore nurture a culture that welcomes being an early adopter to both new technology and market trends.

The Customer Champions: Building a service-driven culture

Excellent customer service is the business of customer support, and an obvious virtue for a support center. Yet truly delivering good service depends much more upon the values of a

culture than simple interpersonal skills or "a good attitude." Some of these values include:

- Published, measurable service standards
- Ongoing coaching and training on service mechanics.
- Strong service recovery procedures.
- Customer satisfaction measurement and response.
- Going beyond call handling to client advocacy, driven by CRM data, metrics, etc.

One particularly important driver for service quality are your operating metrics - because the right metrics help track and improve your service quality, while the wrong ones can actually ruin your service quality (such as measuring calls per hour, leading to short calls and clients pushed off the phone prematurely). Perhaps the best way to differentiate between the two is to make sure you are measuring primary goals - i.e. the measures that are truly important to your organization - instead of secondary goals that you think affect primary ones.

Primary goals	Secondary goals
Customer satisfaction	Cases resolved per day
Reduced need to call support	Percentage of issues escalated
Cost-effectiveness	Hold time
Product quality	Wrap up time
Profitability	Time-in-seat

You can never have too much customer satisfaction or too much profitability - so measure and benchmark these goals fearlessly. But if you try too obviously to monitor secondary goals, you invariably reap unintended consequences as support reps try to "give you what you want." Instead, monitor these for wide variations from the group's norms, coach individuals as appropriate, and continually seek ways to improve aggregate group productivity.

Françoise Tourniaire, in her book *The Art of Software Support*, has a simple guideline - if you can't remember all of your basic operating metrics in your head, you have too many of them. Most importantly, make sure that what you are measuring has a direct, bottom-line impact on your level of service quality.

The Passionate: Customer support as a way of life

One of the most intangible values in a support center is how much their leaders value it as a profession, and a way of life.

- *Mastery of your craft*: Coaching, training and developing people's skills to be professionals, both in managing customer transactions and understanding their products. Leverage most people's natural desire to learn more to create an environment of professional development.
- *Hunger to be the best*: Sharing industry benchmarks with the team, and focusing everyone on reachable goals to be leaders in their profession.
- *A clear path to the top*: Maintaining a sense of purpose, an atmosphere of continuous improvement, and communicating goals that motivate everyone.
- *Supporting the work-life continuum*: Supporting external activities such as public speaking, publications and outside activities where support professionals can use their skills to the good of the industry, and the community.

At CBORD, for example, the author hosts an annual "best practices workshop" that features a personal growth session, a review of support industry trends, and above all a brainstorming session on the year's upcoming strategic issues. In this session, we also assess ourselves against a corporate culture benchmarking test, and compare results with the previous year. The result is not only a good teambuilding event, but also a substantive policy-making session for the coming year, driven by the team itself. In a similar manner, each support operation must find its own ways to generate passion and enthusiasm for its own work, and share this passion with their team.

The Visionaries: Leadership with a higher purpose

Finally, perhaps the most important values in a support organization are those that come

from the top of it. Some of the key points that surround values-driven leadership include:

Selling the vision. Communicating a clear picture of who the organization is, where it is heading, and everyone's role in getting there - and perhaps most importantly, getting everyone to feel that they are part of something greater than themselves, where they look forward to coming to work every morning and being a part of it.

Personal commitment. The best leaders, in support or any other profession, exude a sense of "I am the company." This means understanding the workings of your operations, being "hands-on" enough to get involved with the details of important situations, and above all, setting an example for everyone in the company. For example, when a neighbor of Compaq CEO Michael Cappellas had hardware problems with his own Compaq computer, Cappellas insisted on coming over to fix it himself - and Dell founder and CEO Michael Dell regularly looks in to on-line message boards where customers discuss Dell products.

Developing leaders. Since leadership has such a strong influence on culture, one of the most important means of perpetuating this culture is to develop leadership from within, who understand and "buy-in" to this culture. In the best organizations, maintaining your leadership pipeline becomes both a personal growth activity for their people, and an organizational growth activity for the culture.

Summary - your values drive your success

In closing, the key point presented here - that values, and not business practices, are what drive your success - is one of the great unspoken secrets behind any successful organization. It is not an abstract theory, but a living and breathing principle that the author has personally seen fuel the growth of numerous organizations first-hand - from one software firm that grew from a five-person startup to become a major NASDAQ firm, to another that doubled in size to become a Business Week Hot 100 growth company for three years running, to many smaller examples in between. By learning how the right values drive your own support operation you will join an exclusive fraternity, within which you will see things like productivity, service quality and success itself in a light that you have never seen it before.

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About the Author:

Rich Gallagher is a leading authority on customer service and support operations. He is the author of four nationally published books including Smile Training Isn't Enough (Oasis Press, 1998), an alternate selection of the Executive Program Book Club, Delivering Legendary Customer Service (Oasis Press, 2000), and Effective Software Customer Support (ITCP, 1995), one of the first major textbooks on managing software support operations. His next book The Soul of an Organization examines the cultural values that drive successful organizations in all walks of life, and will be published by Dearborn Trade Press in late 2002.

Rich is currently head of software support operations for The CBORD Group, a major foodservice software vendor in Ithaca, NY. During his tenure at CBORD, he has re-engineered its training, recruiting and CRM processes as part of managing a 24-hour call center which now has near-perfect customer satisfaction ratings and near-zero turnover. He has also developed a complete suite of self-guided corporate training materials for help desk and teleservice environments, marketed through Skills Development International. Visit Rich on-line at www.legendaryservice.org, or contact him at rsg@cbord.com.

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