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Differentiating Your Company with Excellent Customer Service



By Trudy Shay Petty
Petty and Associates

Georgia Branch, AGC members recently attended a program on 'gaining a competitive marketing advantage with excellent customer service.' This well-received presentation was delivered by Trudy Petty, who gave a similar presentation to a standing-room-only audience at last year's AGC of America annual convention. Since the convention, she has been in demand as a speaker across the U.S. The popularity of this topic is testimony to the growing importance of a new standard for customer service in the construction industry. We asked Trudy to share some of her customer service expertise and insights with us.

– Mike Dunham, Georgia Branch, AGC's executive vice president

Most everyone I interact with in the construction community readily agrees customer service is important to their business and company's success. They also agree customer service is very important to their clients. However, it is rare to find someone who has received formal education in this area or whose company has an infrastructure in place to insure customer service excellence. People have different ideas about what customer service means and the behaviors associated with it which adds to a lot of confusion when it comes to implementing excellent customer service.

The question is how do you wrap your arms around something so important to you and your customers (and what you may be giving more lip service to than anything else)? First, keep in mind, customer service is a process, and not a program, that needs to be integrated into the culture and operations of a company. Second, top service providers like Ritz Carlton Hotel, USAA, Nordstrom and Southwest Airlines live and breathe customer service – they spend a great deal of time getting to know their customers' habits, likes, dislikes, expectations, perceptions and needs. And then they put processes and systems in place based on what they learn to insure a consistent and positive experience for each customer.

Similar to contractors putting strong processes in place to insure safe jobsites, the same is required when it comes to excelling in customer service. This is exactly what Swofford Construction, Inc. in Austell is doing where a commitment to deliver "exceptional customer service" is a key component of the company's mission statement and business strategy.

"Customer service is at the forefront of everything we do," says Kelly Johnson, business development manager, "and it is integrated across the company. We start every inter-office meeting by saying our mission and core values. A lot of time is spent talking about customer service and coming up with new ways to go that extra mile to make sure customers know we have their best interest in mind. We proactively listen to owners for any concerns they have and take care of them right away."

Compelling reasons to focus on customer service – now more than ever

In this tough economy, this is definitely not the time to cut customer service or slack off in building stronger customer relationships. Your company's ability to excel in customer service will help you retain current customers, attract new customers and differentiate your firm from competitors. As the economy recovers, what you are able to put in place now to insure a higher level of customer service will help give your firm a significant competitive advantage later.

The evidence is clear – poor customer service is a huge hidden cost of doing business at a time when contractors are looking for ways to cut expenses. Consider these facts:

- It costs five to eight times more to get a new customer than it does to retain a current customer.
- An exceptionally satisfied customer tells five people about their positive experience working with you.*
- 25 to 50% of operating cost can be due to poor service

quality and not doing the right thing right the first time. (Profit Impact of Market Strategy study)

- 90% of dissatisfied customers who experience poor service will not complain and one dissatisfied customer tells an average of 10 other people about their bad experience. 12% tell up to 20 people.*
 - 54 to 70% return if complaints are resolved and 95% return if the problem is resolved quickly.*
 - 80% of companies believe they deliver a superior customer service experience, but only 8% of their customers agree. (Bain & Co. study)
 - Customer loyalty equals profitability – a 6% increase in customer retention can increase profits by up to 100%. (Bain & Co. – Frederick Reichheld in *The Loyalty Effect*)
- * Cited by Technical Assistance Research Programs (TARP Study).

Defining customer service

With many different definitions of customer service to choose from, the most important thing is to settle on one definition at your company so everyone is on the same page. One definition frequently used – “customer service is what we do to meet customer needs and expectations.” Or taking it a step further – “customer service is what we do to meet and ‘exceed’ customer needs and expectations.” The biggest challenge is not assuming you know what is on the customer’s mind when it comes to their “needs” and “expectations.”

Today, more emphasis is placed on defining customer service as “meeting and ‘anticipating’ customer needs and expectations to deliver an exceptional ‘customer experience’ from the customers’ point of view.” It includes the many activities and behaviors a company engages their people in to create both an enjoyable and satisfying experience for the customer, resulting in *service quality*. The focus is on the customer relationship and giving clients what they want.

While it may seem obvious, knowing who your customers are when we talk about customer service is key. Drawing from total quality management principles, the customer is defined as anyone who depends on your effort to get his or her need met or job done. This means each of you have internal customers (your co-workers) and external customers (the client who pays for your service plus the other professionals and vendors you work with and depend on to insure customer satisfaction).

Quality work doesn’t mean quality service

Consider the following scenario: You are a new developer who used a well-known contractor to build a retail space. When the project is complete, a friend curious about whether they should also use this contractor asks, “Did they build your project well?” “I think so,” you reply. “It seems it was built correctly and everything is working okay.” Your friend

asks an interesting second question: “Did you get good service?” What does this second question mean? Surely, building the retail space is service, isn’t it? Well, yes and no. Building the space is part of it, but by itself doesn’t constitute good customer service.

Your friend is asking about a whole range of other activities that influence your satisfaction with the contractor. Were they accessible? Was it easy to go through the steps in the construction process with them? Did they deal with problems expeditiously? Did they take the time to explain to you, in language appropriate to your level of understanding, what they were doing at various phases, why there were changes or delays?

As these questions show, the practical meaning of good service in construction extends far beyond technical excellence. It is necessary to service not just the project, but also the customer and personal relationship. Keep in mind the majority of customers are unable to assess the *technical quality* of your work. What is easier for them to assess is how you made them “feel” throughout the process and if the experience was positive or not.

Quality Work Doesn't Mean Quality Service

Technical Quality + Service Quality = Customer Satisfaction

Technical Quality
How good is the work delivered by your firm? (bricks and mortar)

Service Quality
What kind of “experience” does the customer have with your firm?
(focus is on the service, relationship and emotional connection)

This is something Tom LeMay, president of LeMay Electric and his team in Marietta are doing now more than ever before. Per a new company customer service policy, they are sitting down more often with clients and asking them questions about their experience with the firm. “For the most part,” LeMay says, “we are asking better questions and working to do a better job of listening to our client’s needs. We use this information to drive continuous improvements so we can become more customer-focused and ultimately, a continuously improving company. It is the client’s perception about the quality of the service they receive from us that is most important. Contractors can think they delivered excellent personal service, but like quality, customer service is in the eyes of the beholder.”

What customers want

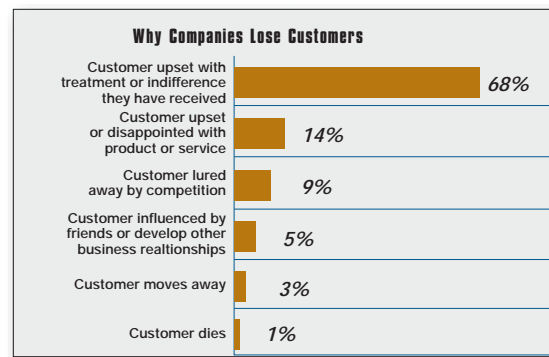
Most of all, customers want to feel they are being treated well. They want to know you care about them and you understand and will listen to what they want, need, like,

dislike and prefer when it comes to an assortment of things including communication or how problems are handled. Customers upset with how they are treated or if they feel you act indifferent toward them accounts for 68% of the reasons why companies lose customers. Customers want an emotional connection with the people and the organizations with whom they do business that transcends mere transactions and the daily interactions as you go about completing tasks.

Customers want to believe you worry as much about them as you do their business; the deeper your connection with a customer – the deeper the loyalty. The more tenuous the connection, the more the customer looks for someplace else to do business.

Customers expect a seamless and flawless experience with no *service gaps*. Chad Clark, vice president of pre-construction services at Rogers Construction Company in Lawrenceville, says, “our client’s experience starts in the marketing/sales, estimating and preconstruction phase and continues throughout the duration and closeout of the project. Clients expect us to provide the same attention to detail, thoroughness, care and follow through on what we say we will do at every stage of the construction process and this is what we work hard to deliver on a consistent basis.”

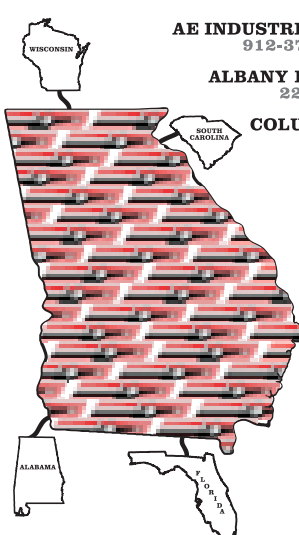
Customers want to be asked about their expectations and



needs. They want you to ask for their feedback throughout the lifecycle of the project and their relationship with you. They want you to ask about the experience they are having with your people and your firm. Without having the benefit of this ongoing feedback and waiting to the end of a project to conduct a client interview, a company really doesn’t know how they are doing and misses the opportunity to take early corrective action.

Think about your own experience as a customer and what it is you expect and want from the service you are receiving to help you better understand what clients are looking for from you. If you are a regular patron of an airline, auto repair shop, or doctor, you have certain expectations for how you want to be treated and valued as a customer. If these expectations are not met, you may not go back, you may not complain, and you may tell 20 other people about your poor experience. When expectations are

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Top dimensions of service quality

Based on customer service research by Leonard L. Berry at Texas A&M University, here are the top five dimensions of service quality all customers want and expect from a company:

1. *Reliability* – keeping the promises you make to include the reliability of your people, the reliability of your product (construction services), and the reliability of your customer service and customer experience delivered, all acting in concert.
2. *Assurance* – providing confidence things will work out well and the job will get done as the customer expects.
3. *Tangibles* – providing specific tangible evidence of the value you are delivering, whether it is effective meeting minutes, well-groomed personnel, or correspondence keeping them up to date.
4. *Empathy* – expressing how you understand and appreciate a customer's situation and feelings to connect at a deeper emotional level.
5. *Responsiveness* – making sure all the "touchpoints" a customer has with your company are done in a timely

fashion and in a manner that holds value for your customer.

What clients really want from contractors

A majority of contractors are under the impression that what clients want the most from them is to make sure projects are completed on schedule and within budget. Certainly these are very important and are often talked about the most. However, a FMI study interviewed buyers of construction services who ranked the following in order of importance to them:

- | | |
|-------------------------|-----------------|
| 1. personal attention | 5. schedule |
| 2. dependability | 6. no surprises |
| 3. returned phone calls | 7. budget |
| 4. good communication | |

This sheds important light on what your clients want to experience and hear more about from you during sales meetings, on your websites, in your proposal responses, in your presentations, and in your marketing materials. They also want to see more of these things demonstrated by you throughout the construction process and once work is completed. Sandy Stephens, service coordinator at Tebarco Mechanical Corporation in Alpharetta, says he keeps all of this in mind as he interacts on a daily basis with the firm's customers. "Tebarco welcomes every call,

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question, inquiry, problem or complaint as an opportunity to build the relationship and provide a personal touch. We now ask more questions up front to help us better understand and respond to a customer's expectations. This helps create an atmosphere where our customers trust and depend on us more."

The urgent need for service leadership

There is a real challenge in explaining the incongruity that service excellence pays off and yet is in such short supply. Signs of indifferent, careless and incompetent service are everywhere. Customer service horror stories abound. Ken Blanchard and Sheldon Bowles in their best-selling book *Raving Fans* conclude, "Most service is awful and customers are only satisfied because their expectations are so low and because no one else is doing better. Just having satisfied customers isn't good enough anymore. If you really want a booming business, you have to create raving fans."

There is a central role leadership plays in delivering excellent service. A strong management commitment to service quality will energize and stimulate an organization to improve service performance to create the kind of experience customers want and expect. True service leadership builds a climate for excellence that prevails over operational complexities, external market pressures, or any of the other impediments to quality service that might exist. Mediocre service is common, but it is not a given. Managing is not enough. Service leaders must have a service vision and see service as integral to the organization's future, they need to set high standards and aspire to legendary service, they need to possess an "in-the-field" leadership style where the action is rather than from their desks, and they must demonstrate a great deal of personal integrity where they value doing the right thing even when it is inconvenient or costly. Effective service leaders place a premium on being fair, consistent and truthful.

The key is to develop genuine service leadership at all levels of an organization – leadership that offers the direction and inspiration to sustain committed "servers." This ties in nicely to the "servant leadership" philosophy embraced by many Georgia Branch, AGC members and other construction leaders across the U.S.

Implementing best practices in customer service

What follows are a few of the many proven practices top service providers are using to consistently deliver customer service excellence.

1. Recruit, hire and retain good people with a strong service attitude.
2. Get to know your customers really well and understand

what is most important to them – spend time asking open-ended questions to learn about their preferences, habits, needs and expectations and design your operational processes taking this *customer intelligence* into account.

3. Invest in educating your employees about customer service and coach for the desired behaviors.
4. Make sure company leaders and managers are setting a good example for the customer service behaviors expected on the front line and throughout the company.
5. Develop a common definition of what customer service means at your company to get everyone on the same page and integrate what customer service means to your client into this definition.
6. Make sure job descriptions, performance reviews, hiring practices and reward/incentive programs address your expectations for customer service to maximize accountability.
7. Celebrate and recognize customer service successes.
8. Become more customer-focused in everything you do – when decisions are made, when problems are solved, when opportunities are pursued, how things are communicated, etc.
9. Develop a regular feedback loop to make sure you know at all times how you are doing and if your customers are satisfied or dissatisfied in any way.
10. Make it easy for your customers to complain so they are telling you what is on their mind and not someone else outside your company.
11. Develop customer service standards around what is important to your customers and measure your results.
12. Make customer service excellence a strategic priority and include how you are going to accomplish it in your business and marketing plans.

A concluding note

You will know you are achieving a higher level of customer service when your customers understand, feel and attest to the "exceptional quality of experience" they receive from you and recognize this is what differentiates you from your competitors. The secret is in knowing what your customers really want and what they truly value! ■

Trudy Petty is owner of Petty and Associates, a Dallas, Texas-based management consulting firm founded in 1989. For the past 15 years, she has worked with the AEC industry helping successful companies and industry professionals become even more high-performing and customer-focused. Recognized as an expert in customer service and marketing, she has worked with numerous AGC chapters including Georgia Branch, AGC and other high profile clients in the U.S. Contact Trudy at 214.341.1713 or trudy@pettyandassociates.com.