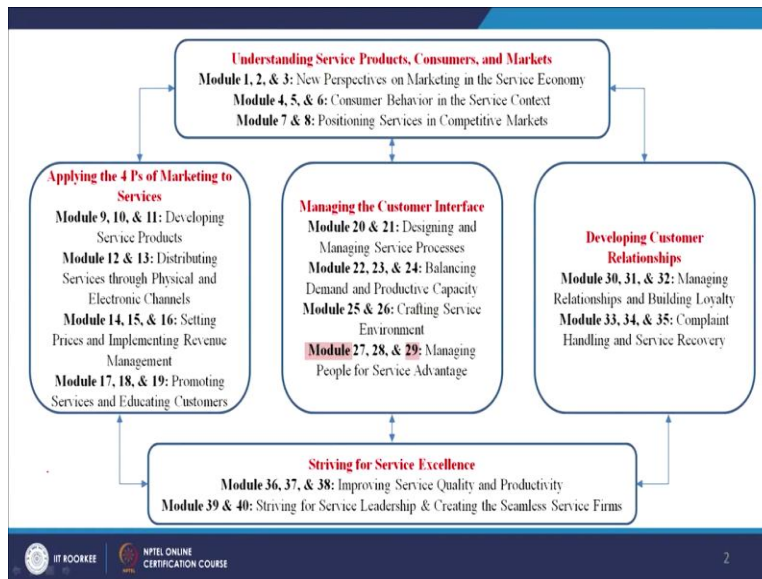


Services Marketing: Integrating People, Technology, Strategy
Professor Zillur Rahman
Department of Management Studies
Indian Institute of Technology Roorkee
Lecture 29
Managing Relationships and Building Loyalty – Part III

Welcome to Services Marketing and now we will talk about Module 29.

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As you know that we are discussing about managing people for Service Advantage and Module 27, 28 and 29 are talking about managing people for Service Advantage. So, now let us see what we will talk about in this Module. So, we have already talked about the key elements of service talent cycle, attraction, selection, hiring for service jobs, and importance of internal marketing communication.

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MODULE OVERVIEW

- Key Elements of Service Talent Cycle.
- Attraction, Selection and Hiring for Service Jobs.
- Importance of Internal Marketing Communication.
- Service Oriented Culture
- Leadership Style

Covered in Module 27 and 28




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And these were covered in Module 27 and 28. Now, we will talk about service oriented culture and the leadership style.

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MODULE OVERVIEW

- Know how to motivate and energize service employees so that they will deliver service excellence and productivity.
- Understand what is a service-oriented culture.
- Know difference between service climate and culture, and describe determinants of a climate for service.
- Explain qualities of effective leaders in service organizations.
- Understand leadership styles, importance of role modeling, and focusing entire organization on the frontline.



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So, we will try to know how to motivate and energize service employees so that they will deliver service excellence and productivity. Then, we will understand what is a service-oriented culture. Know the difference between service climate and culture, and describe the determinants of a climate for service. Then, we will understand the qualities of

effective leaders in a service organization and then, the various leadership styles, importance of role modeling, and focusing entire organization on the frontline. Because, you know that these frontline employees are very important for service quality and productivity at the same time.

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MOTIVATE AND ENERGIZE PEOPLE

- Staff performance is a function of ¹ability and ²motivation.
- Effective hiring, training, empowerment, and teams give a firm able people; and performance appraisal and reward systems are key to motivating them.
- Motivating and rewarding strong service performers are some of the most effective ways of retaining them.
- Many firms think in terms of money as reward, but it does not pass the test of an effective motivator.



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Now, how to go about motivating and energizing people? And we are basically talking about the employees and more (imp) importantly the frontline employees. So, staff performance is a function of ability and motivation. So, there are two things. First is the ability of that person and how motivated, how much motivated he is. Effective hiring, training, empowerment and teams give a firm able people; and performance appraisal and rewards systems are key to motivating them.

So, these are the, these are the things that is hiring, effective hiring, training, empowering those people and teams give the firm the able people, able people to perform the task that they are given. And the performance appraisal and reward system are the key to motivating them. So, these are the two things that we have talked about in the first point and this is how these two things are put into practice.


Motivating and rewarding strong service performers are some of the most effective ways to retaining them. So, you see that how important these (motivate), this motivation and

reward systems are in motivating and retaining good people. Many firms think in terms of money as a reward, but it does not pass the test of an effective motivator. So, money is not the only thing that these people want.

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MOTIVATE AND ENERGIZE PEOPLE

- Apart from money, more lasting rewards are the job content itself, recognition and feedback, and goal accomplishment.
- **Job Content-**
- People are motivated and satisfied simply by knowing they are doing a good job. This is true especially if the job-
 - Has a variety of different activities.
 - Requires the completion of “whole” and identifiable pieces of work.
 - Is seen as significant in the sense that it has an impact on the lives of others.



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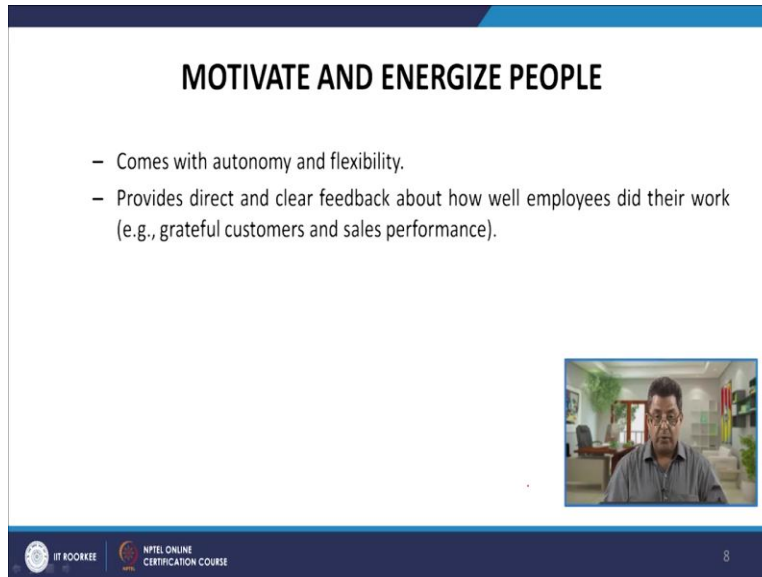
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Apart from money, more lasting rewards are the job content itself, recognition and feedback, and the goal accomplishment. So, just by giving them enough money will not work as a motivator. Another important thing in the life of a, of a service employee are the job content, the recognition for having done a good job and the feedback on that and also the goal accomplishment. Now, let us look at what is the job content. So, that is the first thing, the important thing.


So, people are motivated and satisfied simply by knowing they are doing a good job. So, that is the, the first and the most important thing. This is true, especially if the job has a variety of different activities that are to be carried out, requires the completion of “whole” and identifiable piece of work and is seen as significant in the sense that is has an impact on the lives of others.

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MOTIVATE AND ENERGIZE PEOPLE

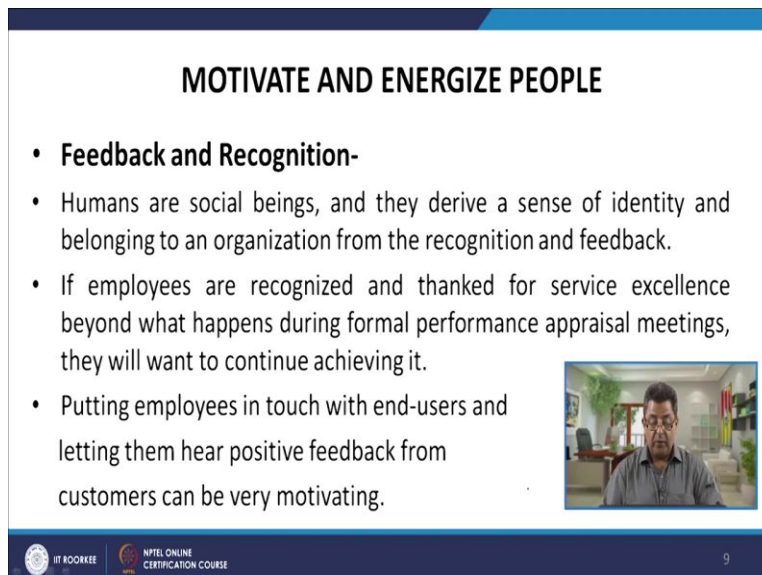
- Comes with autonomy and flexibility.
- Provides direct and clear feedback about how well employees did their work (e.g., grateful customers and sales performance).



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And it comes with autonomy and flexibility. It provides direct and clear feedback about how well employees did their work. So, that is, for example, grateful customers and sales performance. So, the sales performance is great and the customers are also grateful. So, that is the most important motivator for service employees.

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MOTIVATE AND ENERGIZE PEOPLE

- **Feedback and Recognition-**
- Humans are social beings, and they derive a sense of identity and belonging to an organization from the recognition and feedback.
- If employees are recognized and thanked for service excellence beyond what happens during formal performance appraisal meetings, they will want to continue achieving it.
- Putting employees in touch with end-users and letting them hear positive feedback from customers can be very motivating.



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Then, what is meant by this feedback and recognition? Humans are social beings, and they derive a sense of identity and belongingness to an organization from the recognition


and feedback. So, when organization recognize and, and gives feedback, so that the employees, they derive a sense of identity and belongingness to that organization. If employees are recognized and thanked for service excellence beyond what happens during formal performance appraisal meeting, they will want to continue achieving it.


So, that is very important that it is not only about the formal performance appraisal meetings, but the employee should be continuously recognized and thanked for service excellence. Putting employees in touch with end-users and letting them hear positive feedback from customers can be very motivating. So, when the customers, they give the positive feedback about the employees, so that is the, is the greatest motivator for the employees.

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MOTIVATE AND ENERGIZE PEOPLE

- **Goal Achievement-** 2 3
- Goals that are ¹specific, difficult but attainable, and accepted by the staff are strong motivators.
- Specific goals result in higher performance as compared to no goals, or vague goals (“do your best”), or goals that are impossible to achieve.
- In short, well-communicated and mutually accepted goals are effective motivators.



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So, next is what is this goal achievement? Goals that are specific, difficult but attainable and accepted by staff are the strong motivator. So, these are the characteristics of these goals. First is they should be specific. The second is they should be difficult but not so difficult that they become unattainable and also accepted by the staff.

So, these are the three things that are very important so far as goal achievement is concerned. Specific goals result in high performance as compared to no goals or vague goals (“do your best”), or goals that are impossible to achieve. So, important here is, that

there should be specific goals, not, the goal should not be too broad or too narrow. So, they should be well defined in time and space. So that makes the goal specific.

In short, well-communicated and mutually accepted, accepted goals are effective motivator. Well-communicated and mutually accepted goals. So these are to be communicated and they, they are to be mutually accepted and the goals should be specific, difficult but attainable and accepted by the staff. So, these makes the goal important or goal achievement as important motivator for the service personnel.

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**SERVICE CULTURE, CLIMATE
AND LEADERSHIP**

- So far, we have discussed the nuts and bolts of HR in service firms. Now, we take a look at the leader's role in nurturing an effective service culture within the organization.
- It is the responsibility of the leaders to create a service culture with values that inspire, energize, and guide service providers.

Handwritten diagram: A bracket on the left groups the words 'inspire', 'energize', and 'guide' under the word 'values'. A line above these three words is labeled 'leaders'. A bracket on the right groups the words 'inspire', 'energize', and 'guide' under the words 'service employees'.

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So, let us look at the service culture, climate and leadership. So, so far we have discussed the nuts and bolts of HR in service firms. Now, take a look at the leader's role in nurturing an effective service culture within the organization. It is the responsibility of the leaders to create a service culture with values that inspire, energize, and guide service providers.

So, these leaders, people at the top, they will, they are responsible for having those kind of values that will inspire, energize, and guide the service employees. So, we are talking of these service employees and these are the values that, these are the values that they should be able to inculcate in their service employees. So, the, the value should be that they should inspire, energize, and guide. So, this is what the leaders are supposed to do.

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SERVICE CULTURE, CLIMATE AND LEADERSHIP

Building a Service-Oriented Culture-

- Service firms that strive to deliver service excellence need a strong service culture.
- A service culture that is continuously reinforced and developed by management to achieve alignment with the firm's strategy.
- **Organizational culture** concerns the basic assumptions and values that guide organization action.

Culture -> Strategy

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Now, how to go about building a service-oriented culture. Service firms that strive to deliver service excellence need a strong service culture. So, with culture then will come actions, so it is important that first, a culture is to be made. The service organization should have a strong service culture. Only then, the service delivery can be excellent. A service culture that is continuously reinforced and developed by management to achieve alignment with the firm's strategy.

A service culture that is continuously reinforced. So, this culture has to be continuously reinforced and developed by management to achieve alignment with the firm's strategies. So, this culture should be, culture and strategy should be in line. Organizational culture concerns the basic assumptions and values that guide organization action.

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SERVICE CULTURE, CLIMATE AND LEADERSHIP

- **Organizational culture** includes-
 - 1- Shared perceptions or themes regarding what is important in the organization.
 - 2- Shared values about what is right and wrong.
 - 3- Shared understanding about what works and what doesn't.
 - 4- Shared beliefs and assumptions about why these beliefs are important.
 - 5- Shared styles of working and relating to others.
- Transforming an organization to develop new culture along each of these five dimensions is no easy task for even the most gifted leader.

Culture / org. culture is the most difficult thing to change.

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And this organization culture includes, first, shared perceptions or themes regarding what is important in the organization. That is the first thing. Second is, shared values about what is right and what is wrong. The third is, shared understanding about what works and what does not. The fourth is the shared beliefs and assumptions about why these beliefs are important. And the fifth, the last one is, shared styles of working and relating to others. So, these are the various components of organization culture.

So you, now you see that everything here is shared, shared across the organization. Transforming an organization to develop new culture along each of these five dimensions is no easy task for even the most gifted leader. So, this culture is one of the most difficult thing to change and more specifically, organization culture is the most difficult thing to change. And it is very difficult even for the best of the leaders to do that, to bring about all the (change), changes in this organization culture.

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SERVICE CULTURE, CLIMATE AND LEADERSHIP

- **Leonard Berry** advocates a value-driven leadership that inspires and guides service providers.
- Leadership should bring out the passion for serving, tap the creativity of service providers, nourish their energy and commitment, and give them a fulfilled working life. → So/ Productivity
- An essential feature of a strong service culture is a strong belief in the importance of delivering superior customer value and service excellence.



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Leonard Berry advocates a value-driven leadership that inspires and guides service provider. So, we are talking, he is talks about the value-driven leadership that inspires one, and guides. So, one says it inspires, then it becomes easy to guide. Leadership should bring out the passion for serving, tap the creativity of service provider, nourish their energy and commitment, and give them a fulfilled working life. And that will lead to high service quality and productivity.

Because the employees now think that they have a much more fulfilled working life. An essential feature of a strong service culture is a strong belief in the importance of delivering superior customer value and service excellence. So, now this again comes back, so every person in the organization should, should have a strong belief that it is important to deliver superior customer value and service excellence.

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**SERVICE CULTURE, CLIMATE
AND LEADERSHIP**

- Some of the core values Berry found in excellent service firms included *excellence, innovation, joy, teamwork, respect, integrity, and social profit*.
- Berry further boils down the definition of service culture to two points-
 1. - Shared perceptions of what is important in an organization. *what*
 2. - Shared values and beliefs of why those things are important. *why*

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Some of the core values Berry found in, in excellent service firms, so that included excellence, innovation, joy, teamwork, respect, integrity and social profit. Berry further boil down the definition of service culture to two points. Shared perception of what is an, what is important in an organization. So, that is the first point, shared perception of what is important in an organization and the second is, shared values and beliefs of why those things are important. So, first is what, what is important and then, why these things are important. So, these are the two things that he has pointed out.

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**SERVICE CULTURE, CLIMATE
AND LEADERSHIP**

A Climate for Service-

- While culture is more overarching and values-focused, organizational climate is the part of the organization's culture that can be felt and seen.
- Employees rely heavily on their perceptions of what is important by noting what the company and their leaders do, not so much what they say.

Climate



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A climate for service. While culture is more overarching and value-focused, organization climate is part of the organization culture that can be felt and seen. So, now we are moving from, from the culture to the climate. And obviously, climate will be dependent upon the culture. Employees rely heavily on their perceptions of what is important by noting what the company and their leaders do, not so much what they say. So, now what they do is reflected in the climate. So that is a part of the climate. And this is, this is more inspiring, that what the leaders themselves do rather than what they are saying.

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SERVICE CULTURE, CLIMATE AND LEADERSHIP

- Climate represents the shared perceptions of employees about the practices, procedures, and types of behaviors that get supported and rewarded in a particular setting.
- As a climate must relate to something specific — for instance, to service, support, innovation, or safety — multiple climates often coexist within a single organization.


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Climate represent the shared perception of employees about the practice, procedure, and type of behavior that get supported and rewarded in a particular setting. So, we are talking about the practices, procedures, and the types of behavior. As a climate must relate to something specific, for instance, to service, support, innovation, or safety, multiple climates often coexist within a single organization.

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SERVICE CULTURE, CLIMATE AND LEADERSHIP

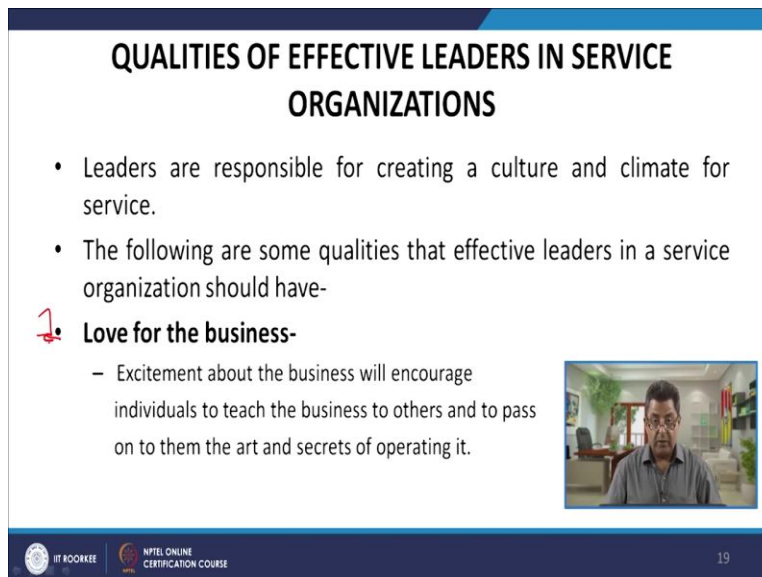
- Essential features of a climate for service include-
 - 1- Clear marketing goals.
 - 2- A strong drive and support to be the best in delivering superior customer value or service quality.



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Essential features of a climate for service includes, first, is the clear marketing goals and the second is a strong drive and support to be the best in delivering superior customer value or service quality. So, these are the two essential features of any climate of a service. First is that the marketing goal should be clear and second is the employees should have a strong drive and also support from the organization to give their best in delivering superior customer value and service quality.

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QUALITIES OF EFFECTIVE LEADERS IN SERVICE ORGANIZATIONS

- Leaders are responsible for creating a culture and climate for service.
- The following are some qualities that effective leaders in a service organization should have-

1. Love for the business-

- Excitement about the business will encourage individuals to teach the business to others and to pass on to them the art and secrets of operating it.



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What are the qualities of effective leaders in service organization? So, leaders are responsible for creating a culture and climate for the service organization. And the following are some qualities that effective leaders in a service organization should have. So, now you see that the role of leader is so important in a service organization because they create this culture, they change the culture and they also bring about a change in the climate of this organization.


So, the following are some qualities that effective leaders in a service organization should have. The first is the love for the business. Excitement about the business will encourage individuals to teach the business to others and to pass on to them the art and secret of operating it. So, the first important thing that these people do, the top managers do, the leaders do, is they should have the love for their business, that is that they should be

excited about the business and will encourage others to pass on to them the art and the secrets of operating this business.

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QUALITIES OF EFFECTIVE LEADERS IN SERVICE ORGANIZATIONS

- 2 • **Driven by a set of core values-**
 - Many outstanding leaders are driven by a set of core values that are related to service excellence and performance they pass on in the organization.
- 3 • **Belief in the people-**
 - Recognizing the key part played by employees in delivering service, service leaders need to believe in the people who work for them and pay special attention to communicating with employees.



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The second thing that they have is that they are driven by a set of core values. Many outstanding leaders are driven by a set of core values that are related to service excellence and performance they pass on in the organization. So, the first thing is that they should love the business, the second is they should have a set of core values. And then, belief in the people. Recognizing the key part played by employees in delivering service, service leaders need to believe in the people who work for them and pay special attention to communicating with employees. So, belief in the people that people will deliver, as has, has been designed, so this is another important quality of an effective leader.

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The slide is titled "QUALITIES OF EFFECTIVE LEADERS IN SERVICE ORGANIZATIONS". It lists three qualities with handwritten annotations:

- 4 • Ability to ask great questions-**
 - Effective leaders are able to ask great questions and get answers from the team, rather than just relying on themselves to dominate the decision-making process.
- 5 • Effective communication-**
 - Effective leaders have a talent for communicating with others in a way that is easy to understand . They know their audiences and are able to communicate even complicated ideas in simple terms accessible to all.
- Role models-**
 - Effective role models exhibit the behavior which serves as a role model for their team.

Handwritten red annotations include a bracket on the right side of the "Role models" section with the text "Walk the talk".

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The fourth is, ability to ask great questions. Effective leaders are able to ask great questions and get answers from the team, rather than just relying on themselves to dominate the decision-making process. So, that is how the teams are built. So, they will ask great question and they will get answers from the team, rather than making, asking the question, questions and giving the answers themselves always.

The fifth important quality of a effective leader is effective communication. Effective leaders have a talent for communicating with others in a way that is easy to understand. They know their audience and are able to communicate even complicated ideas in simple terms accessible to all. Then, they are the role models. Effective role models exhibit the behavior, which serves as a role model for their teams. So, this is that they walk the talk. So, they perform the work so that people are able to see and that is what makes them a role model.

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**LEADERSHIP STYLES, FOCUS ON THE BASICS, AND
ROLE MODELING**

- Leaders who demonstrate a commitment to service quality, set high standards, recognize and remove obstacles, and ensure the availability of resources required to do it — create a strong climate for service.
- One of the traits of successful leaders is their ability to role model the behavior they expect of managers and other employees, and thereby focus the organization on the basics.




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Let us look at the leadership styles, focus on the basics, and role modeling. Leaders who demonstrate a commitment to service quality, set high standards, recognize and remove obstacles, and ensure the ability of resources required to do it. And that creates a strong climate for service. So, for having a strong climate for service, it is important that there should be high standards, identify and remove the obstacles and ensure that there are, the resources are available to deliver on the goals. One of the traits of successful leader is their ability to role model the behavior that expect of managers and other employees, and thereby focus the organization on the basics. So, they are able to, they are able to play a, a role model of the behavior that is expected by the managers and other employees.

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**LEADERSHIP STYLES, FOCUS ON THE BASICS, AND
ROLE MODELING**

- Often, this requires the approach known as “*management by walking around*”, popularized by Thomas Peters and Robert Waterman in their book *In Search of Excellence*.
- Walking around involves regular visits, sometimes unannounced, to various areas of the company’s operation.




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Often, this requires the approach known as “management by walking around”, popularized by Thomas Peters and Robert Waterman in their book ‘In Search of Excellence’. Walking around involves regular visits, sometimes unannounced, to various areas of the company’s operation. So, just moving around the place without people letting to know that you will be coming. So, that is what is there in the book ‘In Search of Excellence’.

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**LEADERSHIP STYLES, FOCUS ON THE BASICS, AND
ROLE MODELING**

- Walking Around approach provides insights into both back-stage and front-stage operations, the ability to observe and meet both employees and customers, and an opportunity to see how corporate strategy is implemented at the frontline.
- **Example-** When Herb Kelleher was CEO of Southwest Airlines, no one was surprised to see him turn up at a Southwest maintenance hanger at two in the morning or even to encounter him working an occasional stint as a flight attendant.



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So, walking around approach provides insights into both back-stage and front-stage operations. So, what is happening? The ability to observe and meet both employees and the customers, and an opportunity to see how corporate strategy is implemented at the frontline. So, this walking around and going to places unannounced, so that will give you lots of insights about how the service is, is being delivered, how the customers are getting the service, what the frontline people are doing.

For example, when Herb Kelleher was CEO of Southwest Airlines, no one was surprised to see him turn up at a Southwest maintenance hanger at two in the morning or even to encounter him working an occasional stint as a flight attendant. So, he used to go there in a, in the maintenance hanger at two in the morning or he sometimes he used to work as a flight attendant. And that is how he got to know, what is happening and where are the problems, where are the bottlenecks, whether the customer is getting the service as promised, as desired.

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FOCUSING THE ENTIRE ORGANIZATION ON THE FRONTLINE

- A strong service culture is one where the entire organization focuses on the frontline, understanding that it is the lifeline of the business.
- The organization understands that today's, as well as tomorrow's, revenues are largely driven by what happens at the service encounter.
- In firms with a passion for service, top management show through their actions that what happens at the frontline is crucially important to them, by being informed and actively involved.

Top management in frontline

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Now, focusing the entire organization on the frontline. So, now this is the whole, whole story about, about service organization that the entire organization is focused on the frontline because this is where the customers come in, the customer interact with the organization. So a strong service culture is one where the entire organization focuses on frontline, understanding that it is the lifeline of the business. So, this is what is very

important that everyone is focused on the frontline because this is what, where the customers are, and this is what brings in the money for the organization.

The organization understands that today's, as well as tomorrow's revenues are largely driven by what happens at the service encounter. So, if the encounter is good, so the revenues of today and tomorrow are both assured. But if it does not so happens, then obviously the revenues for today and tomorrow are both in danger. In firms with a passion for service, top management show through their action that what happens at the frontline is crucially important to them, by being informed and actively involved.

So, here the top management is, is actively, actively involved in the frontline. And keep in mind that frontline in service organizations is very important because this is where the customers are, this is where, this is what makes customers satisfied, this will, this is what makes him come back again and again. So, that is what is very important in a service organization.

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FOCUSING THE ENTIRE ORGANIZATION ON THE FRONTLINE

- They achieve this by regularly talking to and working with frontline staff and customers.
- **For example-**
- Disney World's management spends weeks every year in frontline staff job such as sweeping the streets, selling ice-cream, or working as a ride attendant, in order to gain a better appreciation and understanding of what really happens on the ground.

Excellent service.

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So, they achieve this by regularly talking to and working with frontline staff and the customers. For example, Disney World's management spends weeks every year in frontline staff jobs, such as sweeping the streets, selling ice-cream, or working as a ride attendant, in order to gain a better appreciation and understanding of what really happens


on the ground. So, this is, this is how they keep on understanding where are the bottlenecks, what the customer wants, whether, whether the customer's wants are being, being fulfilled or not. And this is how they deliver on excellent service.



And the problem here is that, this has to be done continuously instead of doing it once in a while, because customer's requirements and their needs and wants, they will keep on changing. Therefore, they, what they expect from the frontline employees, that will also keep on changing. So, that is why they spend weeks every year, so that happens every year instead of one in 5, once in 5 or 10 years.

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FOCUSING THE ENTIRE ORGANIZATION ON THE FRONTLINE

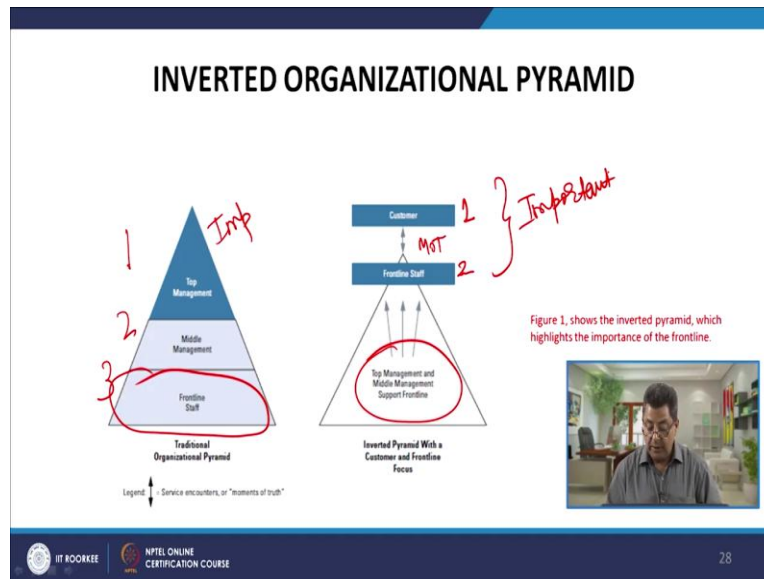
- Service leaders believe the way the firm handles little things sets the tone for how it handles everything else.
- **For example-**
- Zappos focuses all new recruits on the frontline by ensuring that everyone who is hired in its headquarters goes through the same training their call center employees (called "Customer Loyalty Team") go through.



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Service leaders believe the way the firm handles little things sets the tone for how it handles everything else. So, even a small step taken by the service leader, it goes a long way in setting the standards, because then the frontline and other people think, people will be, will be serious about their jobs. For example, Zappos focuses all new recruits on the frontline by ensuring that everyone who is hired in its headquarters goes through the same training their calls center employees also go. So, that is called as "Customer Loyalty Teams" go through.

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Now, this is the inverted organization pyramid. Now as all of you, all of us have seen and know, that this is the traditional organization pyramid. So, at the top is obviously the top management, then the middle management and the frontline staff. Now, you see that this frontline staff is at this bottom of this pyramid. Now, what happens, is now we are looking at an inverted pyramid with the customer and frontline focus. So, now this pyramid is, is turned upside down. So at the top is the customer and at, and after that comes the frontline employee, and the frontline employee, employee and customers, so that, that is this moment of truth.

And, then there are the top management and the middle management and the support function. So now, in this case what was at the top, was important and in this case, these are important. So, this is why this organizational pyramid is inverted just to show that, and just, just because everyone should keep in mind that who is important, whether it is the top management or the frontline staff and the customers. So, this Figure, this Figure 1 shows the inverted pyramid which highlights the importance of the frontline.

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CONCLUSION

- In this module we learnt how to motivate and energize service employees so that they will deliver service excellence and productivity.
- Understood what is a service-oriented culture. → *Climate, leader,*
- Learnt differences between service climate and culture, and describe determinants of a climate for service. *Qualities of great leaders, service organization.*

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Now, to conclude, in this Module we have learnt how to motivate and energize service employees so that they will deliver on excellent service and also increase in productivity at the same time. We have also understood what is a service-oriented culture, how this culture moves on to become a climate, what do, what is the role of the leaders here, what are the qualities of great leaders. We are more interested in, in service organizations, for service organizations and we have learnt the difference between service climate and culture, and describe the determinants of the climate for services.

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CONCLUSION

- Highlighted qualities of effective leaders in service organizations.
- Understood leadership styles, importance of role modeling, and focusing entire organization on the frontline.

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We have also highlighted qualities of effective leaders in service organization. And then we have understood the various types of leadership styles, importance of role modeling in services and focusing of the entire organization on the frontline.

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These are the three books from which the material for this Module was used. Thank you.