

CUSTOMER SERVICE EXCELLENCE:

Trust versus transaction

Executive summary

It's no surprise that many of the UK's best exemplars of exceptional customer service are drawn from the retail sector, as research data from The Institute of Customer Service consistently shows. The same goes for luxury high-end hospitality. For consumer-facing firms in the mass market the lesson is existentially obvious. A failure to serve, understand, anticipate, respond, deliver and please means just that: failure.

Dig down into how some organisations get it so right – and others so wrong – and it's clear that the fulcrum of success is about establishing, building and nurturing the trust relationship with the customer. It's no different for the property management sector and there are lessons we must learn as an industry if we are to make great service the rule and not the exception. They are not insurmountable; far from it.

Let's start with the terminology. 'Customers'. It's not a term widely used but our residents are exactly that: customers who ultimately pay us in return for our services. Ours is also a business where the first contact with the customer is often a complaint. People aren't that bothered when things go smoothly. A wrinkle-free residential experience is how it's supposed to be. Still, the pleasant surprise remains rarer than it should be. But when something has broken, an incident needs sorting out or invoices are raised that the customer

doesn't understand or was not expecting, then the property manager is on the back foot immediately. Ultimately that is our fault.

Then there's process. Yes, what we deliver as an industry is complex and multi-layered – whether it's the small print of how property management services are geared financially or managing health and safety risk. But that's not an excuse for hiding behind the complexity of contracts, deeds or liabilities and losing sight – sometimes literally – of customers in a way that creates cold, transactional relationships. All the back office processes in the world will not replace the simple human factors of get it right, get **me** right – and **wow** me if you can.

This Briefing Paper digs into the evolving face of customer service and seeks to translate the implications for the way property management can shift the service experience and define a new trust relationship with its customers.



This Briefing Paper accompanies the customer service briefing for residential property industry professionals, hosted by FirstPort and held at the Four Seasons Hotel London at Ten Trinity Square on Thursday 11th May 2017.

The Research Perspective

Brian Weston, Director of Research & Insight, The Institute of Customer Service

Customer needs are evolving to demand greater ease, speed and convenience.

Multi-channel product and service delivery, customer interactions and contact strategies across email, web and social media are driving personalization and customisation. Email now accounts

for 10% of consumer experiences, often to deal with sensitive issues, enquiries or problems. Startling breakthroughs in automation and artificial intelligence are raising the whole question about how software and the autonomous machine can work effectively alongside people. The sheer range of channels and communication types all combine to make it more challenging to manage coherent, integrated customer service strategies.

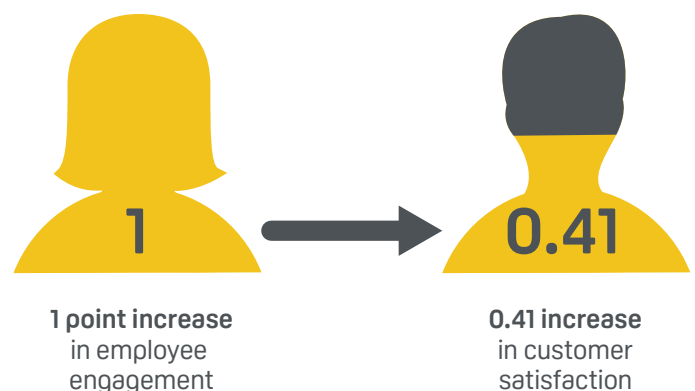
The UK Customer Satisfaction Index (UKCSI) published by the Institute measures customer experience on over 30 metrics. Many of the top customer priorities are concerned with employees' attitude, competence and empathy, as well as a focus on how complaints are managed and resolved. Let's drill into the stats.

- From a peak score of 78.2 (out of 100) in January 2013, the index dropped to 76 in January 2015 but has since recovered, reaching 77.8 by January 2017.
- However the score for customer effort – the amount of effort customers put into dealing with organisations - rose by 0.3 points (out of 10) and the number of customers experiencing a problem grew from 12.6% to 13.1%.

Email now accounts for 10% of consumer experiences

- The net promoter score (NPS) that measures customer loyalty and advocacy fell by 5.2 points compared to January 2016.
- Sector rankings tend to be consistent. The retail sectors, where customer satisfaction is driven by competition and choice, perform relatively strongly. However, some of the most marked recent improvements have been in the traditionally lower scoring sectors, such as Telecoms, Transport, Utilities and the public sector.
- Key differentiators between the top 50 organisations and the rest are around dealing with problems and complaints effectively, getting things right first time and over the phone experiences.
- Engaged employees have a key influence on customer satisfaction. Research comparing a sample of organisations' customer satisfaction and employee engagement index scores suggests that a one point increase in employee engagement can give an average of 0.41 uplift for customer satisfaction.

The link between employee engagement on customer satisfaction.



INTERPRETING THE DATA

What is the overall direction of travel? Customer expectations are likely to continue to grow. Customers will use a range of traditional and new channels, seeking a mix of fast, efficient service and more personal care and empathy. The ability to create easy, straightforward and seamless customer experiences will be increasingly important to competitive differentiation. Customer research also shows that achieving customer satisfaction ratings of 9 or 10 out of 10 translate to much higher levels of trust, recommendation and loyalty even than an 8 out of 10.

The tangible impact on business performance is reflected, for example in the retail banking sector. Banks with the highest customer satisfaction have been the most successful in gaining current accounts. The four banks included in the Current Account Switching Service (CASS) dashboard whose customer satisfaction was higher than the sector average in January 2016 accounted for 66% of all current account gains recorded by the CASS, resulting in an average of 24,476 net current account gains.



“That small shift in satisfaction at the top is the difference between giving good service and generating genuine loyalty and advocacy. Our research with over 10,000 customers, across 13 sectors and over 200 organisations provides compelling evidence that superior customer experiences lead to better business results”.

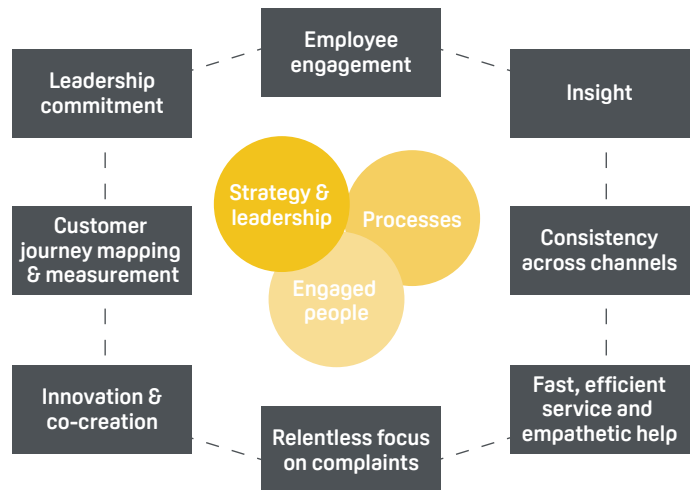
Brian Weston, The Institute of Customer Service

IDENTIFYING THE TRANSFORMATION POINTS

Delivering great customer satisfaction has many elements that must seamlessly integrate (shown in the graphic below) but the key ingredient is serious leadership commitment - and this comes only from the top. It means:

- Openly publishing customer satisfaction results for customers, shareholders and investors
- Ensuring there's a customer experience and service representative on the main Board
- Always rewarding great customer service performance throughout the organisation.

Characteristics of high performance:



Simply put, if your people believe in it and see the results, then a culture of great service becomes second nature for employees - and a guaranteed experience for customers.

The Luxury Perspective

Charlie Parker, General Manager, Four Seasons Hotel London at Ten Trinity Square

With 105 mid-range five star luxury hotels in 43 countries, Four Seasons is a niche brand built solely on exceptional service and underpinned by a customer experience designed as second to none. When your business is your service and also your brand at its most fundamental level - rather than a key part of a wider whole as it is for many other businesses – such clarity is remarkably helpful. It creates a purity of objective and a simplicity that brings the power and potential of superior customer service into crisp relief.

Nowhere is this truer than for the most recent addition to the Four Seasons portfolio at Ten Trinity Square, one of London's most illustrious and stunning buildings. The former HQ of the Port of London Authority, commissioned by David Lloyd George and home to the inaugural reception of the United Nations General Assembly in 1946, its historical heritage and architectural beauty demand a 21st century application to match. That application is all about unmatched service for a very modern and very discerning group of customers.

STAYING FOCUSED

Four simple pillars support the Four Seasons business model:

- **QUALITY:** only operate medium-sized hotels of exceptional quality each of whose objective is to offer the finest experience
- **SERVICE:** décor, architecture and location are helpful but true luxury in hospitality is defined by service alone - thus the quality of customer service must be the defining competitive advantage
- **CULTURE:** a working ethic based on a single golden rule – to treat each other the way we would like to be treated ourselves, with dignity, pride and satisfaction
- **BRAND:** build a business and a brand synonymous with high quality.

CULTURAL STANDARDS

How do those pillars translate into consistent, efficient and high quality customer service standards? Serving customers is often time bound. The ICS data clearly shows the importance to customers of timely, efficient, proactive and thoughtful responses. If a guest requests an item – for instance food, a particular newspaper or a charging adaptor to fit a Swiss power cable – then there's a set time it takes to procure or prepare that item and get it to any room in the hotel. Understanding physical logistics ensures we can satisfy needs on time and in the same time - consistently.

Then there's the personal ethos. At Four Seasons, it's called SERVICE: **S**mile **E**ye contact **R**ecognition **V**oice **I**nformed **C**are **E**xceed

In short, proactive engagement that thinks about the guest, anticipates the guest based on observed or stated needs and makes the most of the unscripted opportunity. Our cultural standards break the task and the customer into a three-step objective: get the task right, get the guest right and then pleasantly surprise them – with a wow if possible. What this encourages people to do is use their imagination, think laterally, think on their feet and think in advance. Above all it's about thinking personally and we're back to the importance of the customised, personal experience where delivering against detail is all.

“There are clear parallels between property management services and our type of service-centric hospitality. We are a management company; we do not own the property asset, we lease it and let our brand do the talking. Our guests are your residents; both are customers. What occurs invisibly below the waterline is of little consequence to them – and rightly so. Customers simply ask that the system works from first touch: imaginatively, intuitively, responsively, attractively, seamlessly, consistently and personally. First time and every time.”

Charlie Parker, Four Seasons Hotel London at Ten Trinity Square

The Property Management Perspective

Nygel Scourfield, Managing Director, FirstPort Property Services

The lesson we can learn here today is this: always do the right thing. Why? Because customers stay with a brand or a business that makes it easy for them to get on with their lives - smoothly and happily. A firm with a customer service problem has to deal with a fundamental truth: you cannot talk your way out of something you have behaved your way into. We are back to core ethos and the tone of interaction from that very first contact.

'Customers' is a term that's rarely used in the property management sector: but it should be. Crunching the feedback stats is one thing: it's important. However, to build and deliver consistently great customer service, the question has to be 'how will we be judged on this?' When we fail that question has to be 'why didn't we see that coming?'

THE OLD WAY

In this sector, customers move in and the property manager is responsible for the smooth steering of the community ship. All is fine until there's a problem: it may be a major issue or a minor niggle but one thing is clear. If it's not handled well – or it should have been obviously nipped in the bud - then that customer will be scarred by it. It might just be the case they check that the property management company is not you when they make their next move.

- In many ways, property managers in the UK have over-indexed the problem.
- The stats may say that the majority is happy but that's not good enough.
- The complexities of the day-to-day property management job have created a distance between property manager and their customers and process has obscured contact.
- If property managers are just firefighters then the business cannot move from back foot to front.
- Without human interaction and honest exchange, the business becomes coldly transactional, without opportunity for loyalty, without chance of advocacy – in short, without heart.

...AND THE RISKS

A clear lesson here is that customer service feedback statistics are essentially two-dimensional – both for the customer and for the employee. There has to be a human reconnection, one that gives voice to customer needs and one that enables employee imagination. Why? Because the two do actually converge given the right circumstances, as ICS research and the Four Seasons culture clearly demonstrate. Without that convergence it becomes inevitable that customers can lose faith, employees lose motivation and property management employers lose both custom and talent.

THE NEW WAY

The Home Builders Federation and other industry bodies are now asking the broad question 'are you good enough to manage the homes we build?' There is only one way the industry can respond and that's by rising to a changed environment and a changed customer-led, resident prerogative.

There's a simple message here: if you and your people can't deliver brilliant basics, then you have no permission to deliver the clever stuff. At FirstPort, we've rebuilt our approach to service using our own four pillars:

- **STRONG HEALTH & SAFETY STANDARDS:** customer protection is key and we are five-star rated by the British Safety Council (BSC)
- **HIGH SITE STANDARDS:** looking the best and feeling the best
- **GREAT CUSTOMER COMMUNICATIONS:** obligatory when you care for the places people love to call home
- **HEALTHY ESTATE FINANCES:** a bottom line that ensures clear and transparent site longevity and maximised customer satisfaction.

This is just the start. Beyond these basics it is imperative that property management companies adapt their way of working in order to develop a genuine trust relationship with customers. It's not simply a case of ensuring that the right processes are in place to meet the legal requirements of a contract, this is about much more than bricks and mortar.

We must enable our people to deliver the job on the front door and make the lives of our customers easier. At FirstPort, our focus is on creating supportive, sustainable communities in order to build trust with our customers and identify more proactive solutions to issues when they occur.

- From our own perspective we now ensure that our property managers visit 97% of our managed properties every month.
- Calls to our support centres have halved – and that means complaints have halved.
- We used to measure performance against complaint volume and frequency: now the language is different. We measure it in terms of communication and feedback.

“The good service foundation is, as we know, time bound and reliant on consistency. The industry standard is 40 days to close off a complaint or operational difficulty. We are now resolving many in just 36 hours: the times have changed.”
Nygel Scourfield, FirstPort Property Services

TAKING IT FURTHER

These areas are still just the basics of expectation. Our Concierge Academy is unique in the market and takes a lesson directly from the likes of Four Seasons and other leading customer service-centric hospitality brands. That lesson is how we transform bricks and mortar into communities using light touch, considerate and personalised support that is always on, always available and always with the choices that suits each customer best.



The FirstPort Concierge Academy is a tiered training programme comprising classroom and on-the-job learning for all site-based staff.

What's the learning?

Merely good customer service in the property management sector is obsolete. Transactional, back foot problem solving to maintain an apparently contented status quo has had its day. Our residents are our customers. It's the industry's job to ensure those customers are treated with the same respect, consideration, personalisation, choice and innovation they enjoy when they leave home to shop at their retailer of choice – or choose to treat themselves to something special.

The trust relationship is now in our backyard and knocking on our door. We ignore its arrival at our peril. The good news, we believe, is that the widespread critical thinking for enabling this shift is both in place and in play. The lessons of customer service excellence are found everywhere else. It's time to bring it home.

Meet the speakers



Brian Weston,

Director of Research and Insight,
Institute of Customer Service

With a proven track record of creating thought leadership, insight and commercial propositions to improve customer satisfaction and generate profitable revenue, Brian leads the Marketing, Research and Insight function for the UK's professional body for customer service, serving over 500 FTSE and Corporate clients.



Charlie Parker,

General Manager, Four
Seasons Hotel London at
Ten Trinity Square

An accomplished luxury hotelier with a career spanning more than 20 years at Four Seasons, Charlie leads the team behind one of London's newest and most exciting hotels – Four Seasons Hotel London at Ten Trinity Square.



Nygel Scourfield,

Managing Director,
FirstPort Property Services

Nygel has devoted his career to leading customer facing teams across a range of business disciplines including retail, financial services and property. Initially joining FirstPort in June 2015 in a consultative capacity, Nygel took on the role of Customer Experience Director in January 2016 before becoming Managing Director of FirstPort Property Services in November 2016.

Like to explore more?

If you would like to discuss the findings from this paper in more detail, or if you would like to learn more about the comprehensive range of expert residential management services we provide, then come and talk to us.

FirstPort is the UK's premier property management group, spanning 180,000 homes across 3,700 developments in the residential, retirement and luxury markets. With a 30-year track record, we offer homebuilders and institutional investors a uniquely scalable combination of residential property planning and management that blends national reach with a local, personal touch.



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