

Figure 11.1
A Friendly Employee
at a San Diego Bank
Delivering a "Moment
of Truth."



Research by McKinsey & Co. in both Europe and the United States confirms the importance of focusing on moments of truth when customers have an unusual amount of emotional energy invested in the outcome. "Many companies," say consultants Marc Beaujean, Jonathan Davidson, and Stacey Madge, "make the mistake of overinvesting in humdrum transactions but fail to differentiate themselves in the customer transactions that really matter."⁷ Given that technology is relatively commoditized, the service delivered by the front line, whether it is face to face, "ear to ear," or via email, is highly visible and important to customers, and therefore a critical component of marketing strategy.

FRONT-LINE WORK IS DIFFICULT AND STRESSFUL

The service-profit chain requires high-performing, satisfied employees to achieve service excellence and customer loyalty. However, these customer-facing employees work in some of the most demanding jobs in service firms. Perhaps you have worked in one or more such jobs, which are particularly common in the health care, hospital-ity, retailing, and travel industries. Let's discuss the main reasons these jobs are so demanding (and you can relate these to your own experience, while recognizing that there may be differences between working part-time for short periods and full-time as a career).

Boundary Spanning

The organizational behavior literature refers to front-line service employees as *boundary spanners*. They link the inside of an organization to the outside world, operating at the boundary of the company. Because of the position they occupy, boundary spanners often have conflicting roles. In particular, customer contact personnel must attend to both operational and marketing goals. To illustrate, service staff are expected to delight customers, and at the same time be fast and efficient in executing

operational tasks. On top of that, they are often expected to do selling, cross-selling, and up-selling as well—for instance, “Now would be a good time to open a separate account to save for your children’s education”; or “For only \$25 more per night, you can upgrade to the executive floor.” Finally, sometimes they are even responsible for enforcing rate integrity and pricing schedules that might be in direct conflict with customer satisfaction (e.g., “I’m sorry, we don’t serve ice water in this restaurant, but we have an excellent selection of still and carbonated mineral waters”; or “I’m sorry, but we cannot waive the fee for the bounced check for the third time this quarter”).

In short, front-line staff may perform triple roles, creating service quality, improving productivity, and making sales. This multiplicity of roles in service jobs often leads to role conflict and role stress among employees,⁸ which we discuss next.

Sources of Conflict

Role stress in front-line positions has three main causes: person/role, organization/client, and interclient conflicts.

Person/Role Conflict

Service staff may have conflicts between what their job requires and their own personality, self-perception, and beliefs. For example, the job may require staff to smile and be friendly to rude customers, even jaycustomers (as described in Chapter 8). V. S. Mahesh and Anand Kasturi note from their consulting work with service organizations around the world that thousands of front-line staff, when asked, consistently tend to describe customers with a pronounced negative flavor—frequently using phrases such as “overdemanding,” “unreasonable,” “refuse to listen,” “always want everything their way, immediately,” and even “arrogant.”⁹

Providing quality service requires an independent, warm, and friendly personality. These traits are more likely to be found in people with higher self-esteem. However, many front-line jobs are perceived as low-level jobs, which require little education, offer low pay, and often lack prospects for advancement. If an organization is not able to “professionalize” its front-line jobs and move them away from this image, these jobs may be inconsistent with the staff’s self-perception and lead to person/role conflicts.

Organization/Client Conflict

Service employees frequently face the dilemma of whether they should follow the company’s rules or satisfy customer demands. This conflict is also called the two-bosses dilemma and arises when customers request services, extras, or exceptions that violate organizational rules. The problem is especially acute in organizations that are not customer-oriented. In these cases, staff frequently has to deal with conflicting customer needs and requests, as well as organizational rules, procedures, and productivity requirements.

Interclient Conflict

Conflicts between customers are not uncommon (e.g., smoking in a nonsmoking section, cutting into a line, talking on a cell phone in a movie theater, or being excessively noisy in a restaurant), and it is usually the service staff that is summoned to call the offending customer to order. This is a stressful and unpleasant task, as it is difficult and often impossible to satisfy both sides.

Emotional Labor

The term *emotional labor* was coined by Arlie Hochschild in her book, *The Managed Heart*.¹⁰ Emotional labor arises when there is a discrepancy between the way front-line staff feel inside and the emotions that management requires them to show in front of customers. Front-line staff are expected to have a cheerful disposition, be genial, compassionate, sincere, or even self-effacing—emotions that can be conveyed

through facial expressions, gestures, tone of voice, and words. Although some service firms make an effort to recruit employees with such characteristics, there will inevitably be situations when employees do not feel such positive emotions, yet are required to suppress their true feelings in order to conform to customer expectations. As Pannikkos Constanti and Paul Gibbs point out, "the power axis for emotional labor tends to favor both the management and the customer, with the front line employee . . . being subordinate," thus creating a potentially exploitative situation.¹¹

The stress of emotional labor is nicely illustrated in the following, probably apocryphal story: A flight attendant was approached by a passenger with "Let's have a smile." She replied with "Okay. I'll tell you what, first you smile and then I'll smile, okay?" He smiled. "Good," she said. "Now hold that for 15 hours," and walked away.¹²

Companies are now taking steps to help employees deal with the problem of emotional labor. For example, because of Singapore Airlines' reputation for service excellence, its customers tend to have very high expectations and can be very demanding. This puts considerable pressure on its front-line employees. The commercial training manager of Singapore Airlines (SIA) explained:

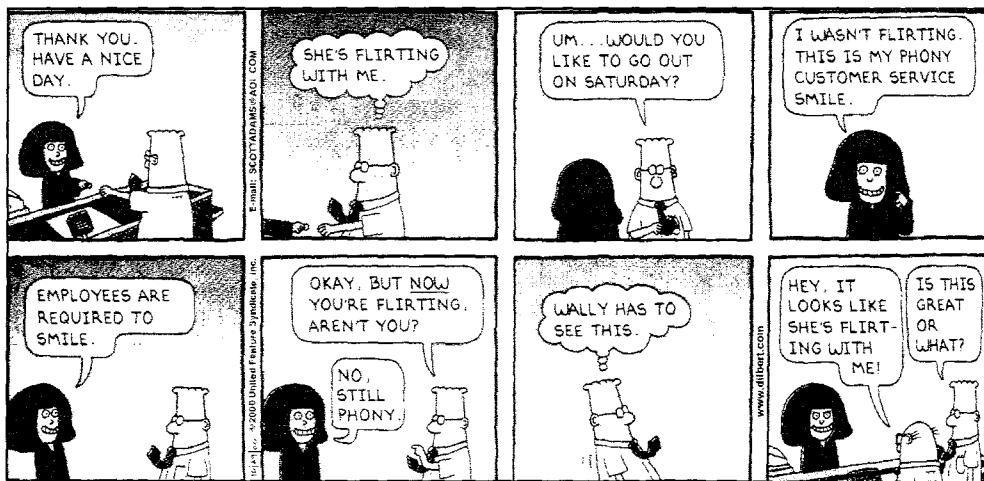
We have recently undertaken an external survey and it appears that more of the 'demanding customers' choose to fly with SIA. So the staff are really under a lot of pressure. We have a motto: 'If SIA can't do it for you, no other airline can.' So we encourage staff to try to sort things out, and to do as much as they can for the customer. Although they are very proud, and indeed protective of the company, we need to help them deal with the emotional turmoil of having to handle their customers well, and at the same time, feel they're not being taken advantage of. The challenge is to help our staff deal with difficult situations and take the brickbats. This will be the next thrust of our training programs.¹³

Firms need to be aware of ongoing emotional stress among their employees and to devise ways of alleviating it, which should include training on how to deal with such stress and how to cope with pressure from customers. Figure 11.2 captures emotional labor with humor.

Service Sweat Shops?

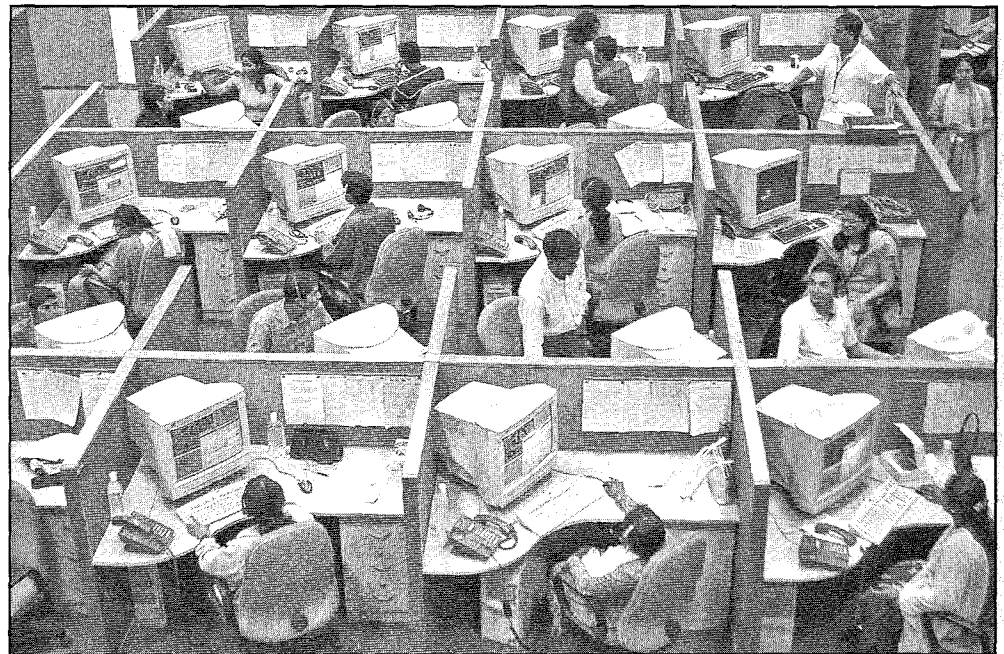
Rapid developments in information technology are permitting service businesses to make radical improvements in business processes and even completely reengineer their operations. These developments sometimes result in wrenching changes in the nature of work for existing employees. In instances where face-to-face contact has been

Figure 11.2
Dilbert Encounters
Emotional Labor at
the Bank



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Figure 11.3
Work in Customer
Contact Centers Is
Intense, but How
Customer Service
Representatives
Perform Often
Determines How a
Firm's Service Quality
Is Perceived by
Customers



replaced by use of the Internet or call center-provided services, firms have redefined and relocated jobs, created new employee profiles for recruiting purposes, and sought to hire employees with a different set of qualifications.

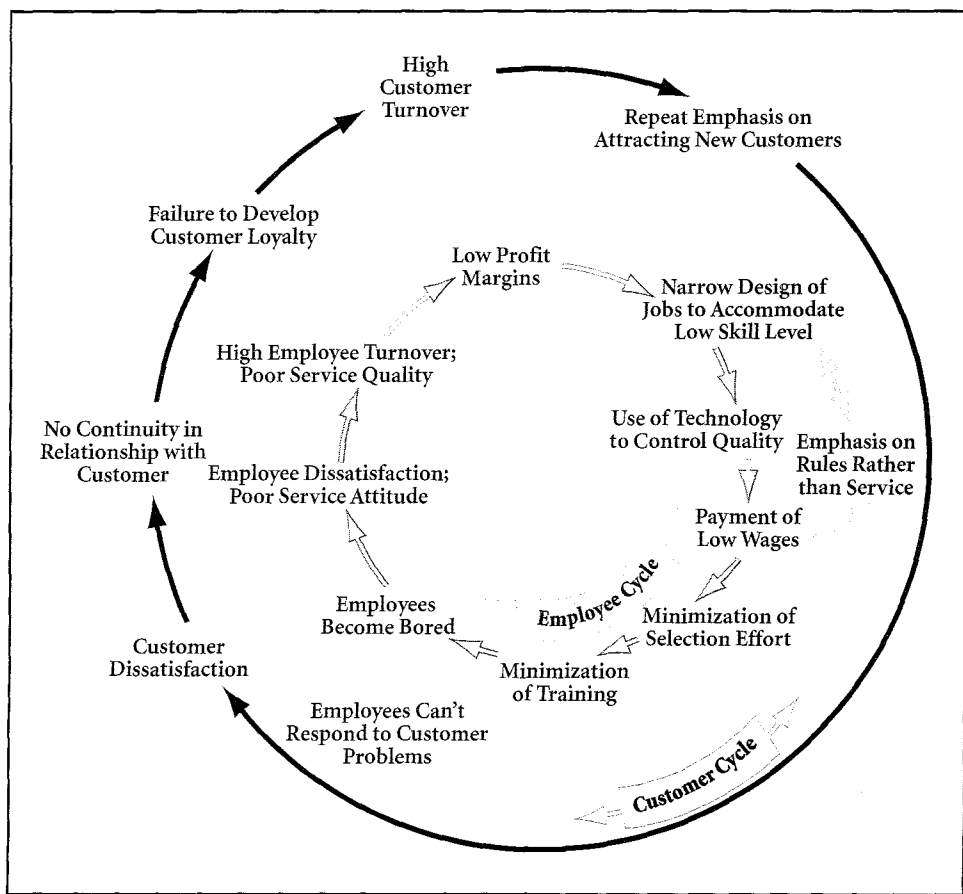
As a result of the growing shift from high-contact to low-contact services, a large and increasing number of customer contact employees work by telephone or email, never meeting customers face to face.¹⁴ For example, a remarkable 3 percent-plus of the total U.S. workforce is now employed in call centers as “customer service representatives” or CSRs.

At best, when they are well designed, such jobs can be rewarding, and often offer parents and students flexible working hours and part-time jobs (some 50 percent of call center workers are single mothers or students). In fact, it has been shown that part-time workers are more satisfied with their work as CSRs than are full-time staff, and perform just as well.¹⁵ At worst, these jobs place employees in an electronic equivalent of the old-fashioned sweatshop. Even in the best-managed call centers (also often called *customer contact centers*), the work is intense (see Figure 11.3), with CSRs expected to deal with up to two calls a minute (including trips to the toilet and breaks) and under a high level of monitoring. There is also significant stress from customers themselves, because many are irate at the time of contact. Mahesh and Anand’s research on call centers found that intrinsically motivated agents suffered less customer stress.¹⁶ As we will discuss in this chapter, some of the keys to success in this area involve screening applicants to make sure they already know how to present themselves well on the telephone and have the potential to learn additional skills, training them carefully, and giving them a well-designed working environment.¹⁷ For an in-depth discussion of call center management, see the reading, “Getting More from Call Centers,” by Keith A. Gibson and Deepak K. Khandelwal (pp. 346–351).

Creating a Healthy, High-Performing, and Successful

All too often, poor working environments translate into dreadful service, with employees treating customers the way their managers treat them. Businesses with high employee turnover are frequently stuck in a *cycle of failure*. Others, which offer job security but little scope for personal initiative, may suffer from an equally unde-

Figure 11.4
The Cycle of Failure



Reprinted from The Cycle of Failure from Leonard L. Schlesinger and James L. Heskett "Breaking the Cycle of Failure in Services," *MIT Sloan Management Review* 31 (Spring 1991): pp. 17–28, by permission of the publisher. Copyright © 2003 by Massachusetts Institute of Technology. All rights reserved.

sirable *cycle of mediocrity*. However, if the working environment is managed well, there is potential for a virtuous cycle in service employment, a *cycle of success*.¹⁸

The Cycle of Failure

In many service industries, the search for productivity is being carried out with a vengeance. One solution takes the form of simplifying work routines and hiring workers as cheaply as possible to perform repetitive work tasks that require little or no training. Among consumer services, department stores, fast-food restaurants and call center operations are often cited as examples in which this problem abounds (although there are notable exceptions). The cycle of failure captures the implications of such a strategy, with its two concentric but interactive cycles: one involving failures with employees and the second, with customers (Figure 11.4).

The *employee cycle of failure* begins with a narrow design of jobs to accommodate low skill levels, an emphasis on rules rather than service, and the use of technology to control quality. A strategy of low wages is accompanied by minimal effort in selection or training. Consequences include bored employees who lack the ability to respond to customer problems, who become dissatisfied, and who develop a poor service attitude. Outcomes for the firm are low service quality and high employee turnover. Because of weak profit margins, the cycle repeats itself, with the hiring of more low-paid employees to work in this unrewarding atmosphere. Some service firms can reach such low levels of employee morale that front-line staff become hostile toward customers and may even engage in "service sabotage," as described in Research Insights 11.1.¹⁹

Service Sabotage by the Front Line

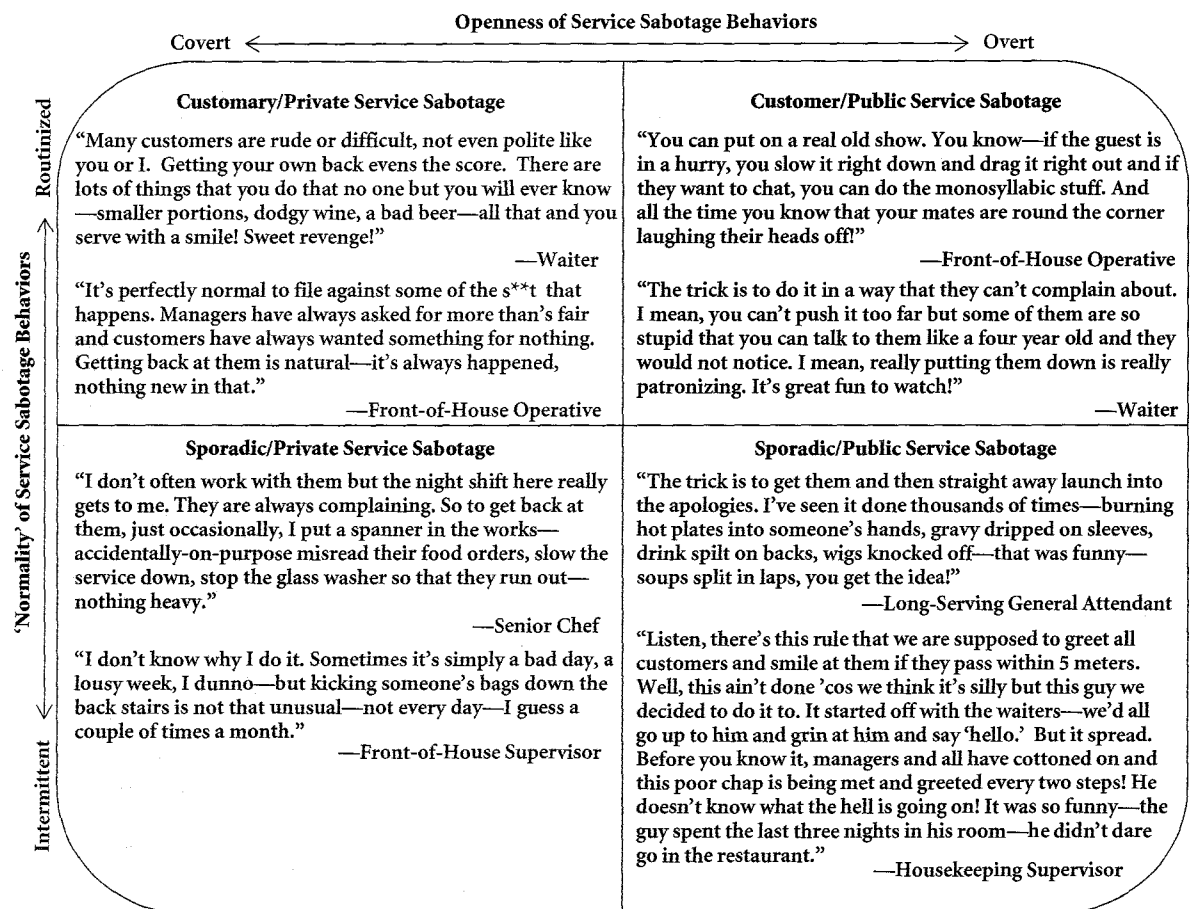
The next time you are dissatisfied with the service provided by a service employee—in a restaurant, for example—it's worth pausing for a moment to think about the consequences of complaining about the service. You might just become the unknowing victim of a malicious case of service sabotage, such as having something unhygienic added to your food.

There is actually a fairly high incidence of service sabotage by front-line employees. In a study of 182 front-line staff, Lloyd Harris and Emmanuel Ogbonna found that 90 percent of them accepted front-line behavior with

malicious intent to reduce or spoil the service—service sabotage is an everyday occurrence in their organizations.

Harris and Ogbonna classify service sabotage along two dimensions: covert–overt, and routinized–intermittent behaviors. Covert behaviors are concealed from customers, whereas overt actions are purposefully displayed, often to co-workers and also to customers. Routinized behaviors are ingrained in the culture, whereas intermittent actions are sporadic and less common. Some true examples of service sabotage classified along these two dimensions appear in Figure 11.A.

Figure 11.A Examples of Service Sabotage



Source: Adapted from Lloyd C. Harris and Emmanuel Ogbonna, “Exploring Service Sabotage: The Antecedents, Types, and Consequences of Front-Line, Deviant, Antiservice Behaviors.” *Journal of Service Research*, 4, no. 3 (2002): 163–183. Copyright © 2002 by Sage Publications, Inc. Reprinted by permission of Sage Publications, Inc.

The *customer cycle of failure* begins with heavy organizational emphasis on attracting new customers, who become dissatisfied with employee performance and the lack of continuity implicit in continually changing faces. These customers fail to develop any loyalty to the supplier, and turn over as rapidly as the staff. This situation requires an ongoing search for new customers to maintain sales volume. The

departure of discontented customers is especially worrying in the light of what we now know about the greater profitability of a loyal customer base.

Managers' excuses and justifications for perpetuating the cycle of failure tend to focus on employees:

- "You just can't get good people nowadays."
- "People today just don't want to work."
- "To get good people would cost too much, and you can't pass these cost increases on to customers."
- "It's not worth training our front-line people when they leave so quickly."
- "High turnover is simply an inevitable part of our business. You've got to learn to live with it."²⁰

Too many managers make short-sighted assumptions about the financial implications of low-pay/high-turnover human resource strategies. James Heskett, Earl Sasser, and Leonard Schlesinger argue that companies need to measure employee lifetime value, just as they seek to calculate customer lifetime value.²¹ Part of the problem is failure to measure all relevant costs.

Three key cost variables are often omitted: (1) the cost of continually recruiting, hiring, and training (which is as much a time cost for managers as a financial cost); (2) the lower productivity of inexperienced new workers; and (3) the costs of constantly having to attract new customers (which requires extensive advertising and promotional discounts). Also ignored are two revenue variables: (4) future revenue streams that might have continued for years but are lost when unhappy customers take their business elsewhere; and (5) the potential income lost from prospective customers who are turned off by negative word of mouth. Finally, there are less easily quantifiable costs and opportunities for revenue enhancement. On the negative side are disruptions to service while a job remains unfilled, and loss of the departing employee's knowledge of the business (and its customers); on the positive side is the value of new product and service ideas generated by experienced employees who are committed to the success of the business.

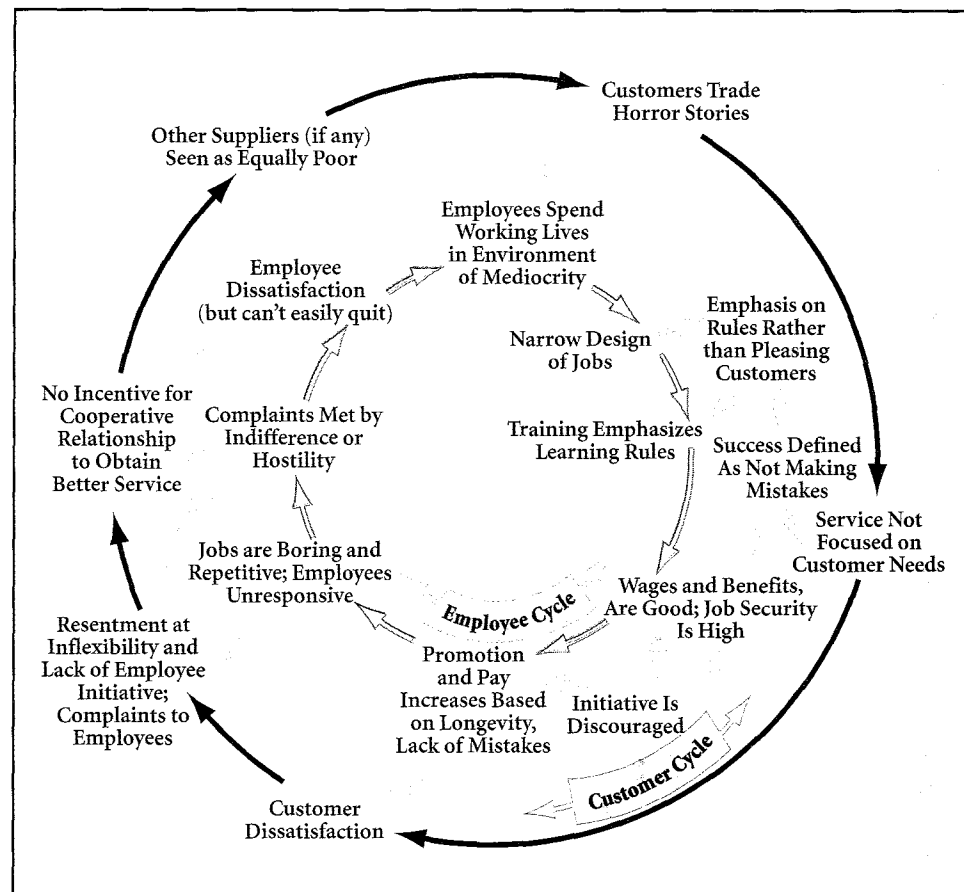
The Cycle of Mediocrity

The cycle of mediocrity is another potentially vicious employment cycle (Figure 11.5). You're most likely to find it in large, bureaucratic organizations. These are often typified by state monopolies, industrial cartels, or regulated oligopolies, in which there's little incentive to improve performance, especially from more agile competitors, and in which fear of entrenched unions may discourage management from adopting more innovative labor practices.

In such environments, service delivery standards tend to be prescribed by rigid rulebooks, oriented toward standardized service, operational efficiencies, and prevention of both employee fraud and favoritism toward specific customers. Job responsibilities tend to be narrowly and unimaginatively defined, tightly categorized by grade and scope of responsibilities, and further rigidified by union work rules. Salary increases and promotions are based largely on longevity. Successful performance in a job is often measured by absence of mistakes, rather than by high productivity or outstanding customer service. Training focuses on learning the rules and the technical aspects of the job, not on improving human interactions with customers and co-workers. Because there is minimal allowance for flexibility or employee initiative, jobs tend to be boring and repetitive. However, in contrast to the cycle of failure, most positions provide adequate pay and often good benefits, combined with high job security. Thus, employees are reluctant to leave. This lack of mobility is compounded by an absence of marketable skills that would be valued by organizations in other fields of endeavor.

Customers find such organizations frustrating to deal with. Faced with bureaucratic hassles, lack of service flexibility, and the unwillingness of employees to make an effort to serve them well, customers can become resentful. It's not surprising that dissatisfied customers sometimes display hostility toward service employees who

Figure 11.5
The Cycle of
Mediocrity



Source: Christopher Lovelock, "Managing Services: The Human Factor" in *Understanding Service Management*, ed. W.J. Glynn and J.G. Barnes (Chichester, UK John Wiley, 1995), 228.

feel trapped in their jobs and who are powerless to improve the situation. Perhaps you've been provoked by bad service and poor attitudes into reacting this way yourself. However, they often continue to be "held hostage" by the organization because there's nowhere else for them to go, either because the service provider holds a monopoly, or because all other available players are perceived as being equally bad or worse.

Employees may protect themselves through such mechanisms as withdrawing into indifference, playing overtly by the rulebook, or countering rudeness with rudeness. The net result is a vicious cycle of mediocrity in which unhappy customers continually complain to sullen employees (and also to other customers) about poor service and bad attitudes, generating greater defensiveness and lack of caring on the part of the staff. Under such circumstances, there's little incentive for customers to cooperate with the organization to achieve better service.

The Cycle of Success

Some firms reject the assumptions underlying the cycles of failure and mediocrity. Instead, they take a longer-term view of financial performance, seeking to prosper by investing in their people in order to create a cycle of success (Figure 11.6).

As with failure or mediocrity, success applies to both employees and customers. Attractive compensation packages are used to attract good-quality staff. Broadened job descriptions are accompanied by training and empowerment practices that allow front-line staff to control quality. With more focused recruitment, intensive training and better wages, employees are likely to be happier in their work and to provide higher-quality, customer-pleasing service. Regular customers also appreciate the continuity in service relationships resulting from lower turnover, and so are more likely to remain loyal. Profit margins tend to be higher, and the organization is free to focus