

# Leadership

*Guiding the Customer-Centered Organization*

Maintaining production capability in a service-oriented business requires a different emphasis than in the world of manufacturing. Your ability to provide service is overwhelmingly affected by how engaged—how professionally “alive”—the employees are who come in contact with customers. Employee engagement, in turn, is propelled by organizational leadership.

## Service Leaders Matter Because People Power Service

On an assembly line, there are traditionally two measures. One measure may be termed “theoretical capacity,” the theoretical maximum output of that assembly line during a shift: for example, 100 units. The other counter let’s call “forecasted actual production,” and also start at an optimistic 100, since nothing generally goes wrong on an assembly line *before* the start of the production day. (Note: This is an admittedly simplified illustration in several respects.) As the day goes on, the units come through the assembly line, until suddenly one unit arrives with a component that won’t fit right. This marks the first drop, or “dis-

count,” in the “forecasted actual production” number. Ultimately, this second count settles some notches below the ideal 100 by the end of the shift.

By contrast, let’s look at the beginning of the shift in a service-focused department. The employees are just showing up. They haven’t seen a customer yet. The first employee to arrive is Aviva. On the way back from work yesterday, she had a little car accident. Nothing serious: a little scratch on the door and fender. Unfortunately, this is the new car that she had just picked up on Saturday. Is Aviva upset? Oh, yeah—she’s *really* upset.

The second to show up is Mark. How’s Mark doing? Well, he just found out that a bill he had overlooked for a couple months is now affecting his ability to buy a house. That stupid \$20 medical bill went into collections without him knowing it, and now his credit rating is going to be affected: He’s going to be paying \$70 to \$80 more a month on a thirty-year mortgage. Is he thrown off his game? You’d better believe it.

Do you think that these things don’t happen to your employees? They happen all the time—and they downgrade your company’s service production capability. Remember: Aviva and Mark *haven’t seen a customer yet*. They haven’t interacted with another employee. They haven’t opened their paychecks to learn that someone in accounting forgot to enter their overtime. But already you’re starting with a hobbled organization—in contrast to manufacturing, where production only begins its downward drift once the day has begun.

This is one of the reasons that leadership, starting at the top and spreading throughout the managerial ranks, is so crucial in a service organization. Constant reconnection with workers, as well as constant reconnection of workers with the organization, is your greatest tool. The goal? Having people get to work and think, “*You know what? Maybe if I didn’t have to go to work at all it would be better, but since I do have to work, I like this place. It’s healthy, clean, supportive, and engaging. So I’m going to give it my attention, performance, commitment, loyalty, and effort.*”

Reaching for this state is a central function of a leader in a customer-focused organization.

## Five Characteristics of Great Service Leaders

Great service leaders, in our experience, share certain characteristics. The following five are the most crucial for building an exceptional service organization.

1. *Vision:* The leader is able to dream of the future vividly and then distill that dream into a clear view of where the organization needs to go; to envision, in rich detail, what is to come.

2. *Alignment:* The successful service leader works to align the entire organization behind a single accessible idea, such as “Customer Focus.” Great leaders actively work to simplify complex or abstract ideas into simple, concrete phrases and metaphors that keep people on track. Employees won’t always catch implied or obscurely-expressed messages, especially not in diversified, multi-site organizations.

### The Cynics Among Us

A leader who assumes the helm in an established organization (or, even more importantly, in a turnaround situation) should address the issue of established cynics and skeptics and their roles in the realignment process. There are at least two possible approaches. One is to terminate the cynics, which is often legally and practically complicated and runs the risk of promoting a new generation of cynics. (*“Do you remember Cheryl in Accounting? She was always saying that management was out to get her. Guess what? They just did . . . I guess they are out to get us!”*)

A more successful approach is to use positive energy and benign neglect to help realign the cranks. Taking this approach, think of your staff in terms of three groups: positive employees,

skeptical employees, and cynical employees. Then put nearly all your energy into the positive employees. In such a situation, the true naysayers will tend to quickly move on, and the more moderate “skeptic” sector will fall in line with the positive element that they see receiving your support.

3. *Standard Setting*: A leader needs to be a manager of processes and a force for performance measurement—there is much more to leadership than just cheerleading. For example, when launching an improvement effort, a leader will not only provide the vision (“*This new packaging initiative is important because it will allow us to become the industry leader in the use of recycled packing materials by the end of next year. And as the recognized leader, we’ll have a chance to be an inspiration for many.*”). The leader will also insist that appropriate time and other support for the fledgling undertaking are built in to the daily work schedule. Important steps forward need to be given the room they require for proper execution.

A great leader must also be capable of setting performance standards and holding people accountable. Most companies suffer from being inconsistent, which is a by-product of the lack of standards. Without a full complement of well-implemented standards, even the most talented service team will have trouble fighting inconsistency. For example, think about what should be a simple concept: *timeliness*. In traveling the world, you may have noticed how drastically the definition of timeliness varies from culture to culture. If you have teenagers, you’ve probably noticed that they, too, don’t share your standard of timeliness. This is not a complaint against teenagers: They come from a different time-culture than adults, so they have a different understanding of what timeliness implies. But the discrepancy naturally disrupts and demoralizes somebody like you, an ambassador from grown-up culture, when you try to cooperate with your teenagers on an important project. In busi-

ness, to successfully manage performance you must set, track, and enforce performance standards.

4. *Support*: A good leader won't let an employee suffer with an ineffective toolkit, either literally or figuratively; few things are more demoralizing. Too often, workers are asked to perform their jobs without the proper support. A good leader knows workers need support—specifically, the resources, training, equipment, and material to execute their tasks—and they make sure this support is there.

5. *Motivation, recognition, and reward*: Many leaders underestimate the importance of these factors. Motivation is your employees' flotation device and their swimming coach. When the seas are rough, motivation keeps an employee afloat. It lets her know that she's got support: She can keep swimming and succeed. She can keep going because the goal is up ahead, and she's getting there. At a certain point, she's begun swimming well; she's helping the efforts of the company. You recognize her for the good job she's doing; you give her a prize, a medal, a bonus, or simply a thank you. Great leaders miss few opportunities to recognize somebody for a contribution, and they seek events to celebrate with the same intensity they use to find problems that need to be solved.

## Moral Leadership

An employee cannot be treated like a piece of a machine—a cog or a bolt. It's not moral, and it doesn't make business sense: A bolt can't stretch to help a customer. It can only be a bolt. But a person, inspired by a leader, can stretch a bit to the right or left to be helpful—and thus build the value of your business.

What we call the moral leadership of employees involves, at a minimum:

- ▶ Involving them in the design of the work that will affect them
- ▶ Enhancing their pride in their work

- ▶ Enhancing their purpose, rather than using them only for their function
- ▶ Supporting their community and family involvement (however they define “family”), in good times and bad
- ▶ Supporting their involvement in areas of the company outside of their strict area of assignment

And, most fundamentally, moral leadership of employees involves knowing that it’s wrong to see a worker as “eight hours of labor”—even though, if you look at your Profit & Loss report, labor may be classified as FTEs (full-time equivalents). Companies make hiring requests for shift workers this way, never writing the word *people*: “We need five FTEs, five FTEs insured, three shifts a day, 365 days a year.”

People are *not* FTEs.

### Leadership Throughout the Ranks

An organization with a great leader will spawn other leaders throughout the ranks. Let’s illustrate this in the humblest of settings: The low-level supervisor charged with helping a new worker learn to clean a restroom properly can be a service leader in her own right. How? First, she can convey her vision before any specific skills are taught: Maintaining a clean restroom is the right thing to do, because guests and visitors will appreciate it. When our guests are offered a clean restroom, they’ll feel comfortable with our company; they’ll look on us with favorable eyes and want to return to our establishment. And return business is very important to our company’s financial health.

Then, once she has explained this vision, she’ll begin to train her new employee. (“Use these particular chemicals in this particular way, with these particular safety precautions.”) She’ll establish and explain the standard for what “cleanliness” means concretely: No trash or dirt on the floor. The mirrors need to sparkle. The trash cans are never more than half full.

A service leader in this position sets up a good measurement and inspection system as well, ensuring that an appropriate level of performance can be maintained on an ongoing basis.

She also makes sure she supports her new worker properly. She supplies him with high quality supplies and ensures that he is trained in their safe and environmentally appropriate usage.

In addition, she communicates frequently and clearly: If the company is expecting an unusual number of visitors on a given day, she lets her employee know in advance.

Finally, she works continually to ensure that her employee is motivated. She lets him know when he is doing a good job and applauds the ways he is helping the organization reach its goal. She involves him in changes to the work processes that affect him, and she looks for opportunities for recognition and advancement for him in the organization.